



吉林省輝南長龍生化藥業股份有限公司
Jilin Province Huinan Changlong Bio-pharmacy Company Limited

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 8049)

(於中華人民共和國註冊成立之股份有限公司)

(股份代號：8049)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

**全年業績公佈
截至二零一七年十二月三十一日止年度**

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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This announcement, for which the directors of Jilin Province Huinan Changlong Bio-Pharmacy Company Limited and its subsidiaries (the "Group" and the "Directors", respectively) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

香港聯合交易所有限公司(「聯交所」)GEM之特色

GEM的定位，乃為中小型公司提供的市場，此等公司相比起其他在聯交所主板上市的公司帶有較高投資風險。有意投資的人士應了解投資於該等公司的潛在風險，並應經過審慎周詳的考慮後方作出投資決定。

由於GEM上市公司普遍為中小型公司，在GEM買賣的證券可能會較於聯交所主板買賣之證券承受較大的市場波動風險，同時無法保證在GEM買賣的證券會有高流通量的市場。

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本公佈乃遵照聯交所GEM證券上市規則的規定而提供有關吉林省輝南長龍生化藥業股份有限公司及其附屬公司(「本集團」)的資料，本公司各董事(「董事」)願共同及個別對此負全責。董事經作出一切合理查詢後確認，就彼等所知及所信，本公佈所載資料在所有重大方面均準確完整及並無誤導或欺詐成分，及概無遺漏其他事宜，致使本公佈中任何聲明或本公佈存在誤導成分。

CHAIRMAN'S STATEMENT

As the Chairman and on behalf of the Board of Directors (the "Board"), I am pleased to present the audited consolidated result of Jilin Province Huinan Changlong Bio-pharmacy Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2017.

During the year under review, the total revenue of the Group for the year ended 31 December 2017 was RMB645,303,000, representing a decrease of 1% as compared with RMB654,119,000 for the previous year. Profit for the year attributable to owners of the Company increased to RMB144,402,000 from RMB142,670,000 last year. For the year ended 31 December 2017, basic earnings per share increased to RMB25.77 cents from RMB25.47 cents last year.

The achievements in 2017 were the results of joint effort of our staff at all levels. As the state speeded up the reform of the health care system and increased the anti-corruption effort in the area of pharmaceutical distribution, we overcame the unfavorable factors relating to increasing production cost, dropping drug prices, restriction on prescription of medicines and rising raw material costs, and achieved the goals of projects set out in the beginning of the year. As such, the Board would like to share its view on the Company's competitive edges with shareholders since these edges would allow the Company to achieve further success in the coming years.

Firstly, we continued to emphasize on sales and achieved breakthrough with the rapid growth of sales of our dominant products to push our sales to a new height. While firmly focusing on the sales target of one single product, namely, the Hai Kun Shen Xi capsule (海昆腎喜膠囊), we exerted effort in increasing the sales of mainline products, continued to strengthen academic promotion and strived to explore uncharted markets while proactively organizing and participating in academic conferences in relation to nephrology at state level. Meanwhile, we continued to increase the sales of Compound Huonaoshu capsule (複方活腦舒膠囊), our branded product, and made further efforts in the production and marketing of injecting drugs, including Edaravone injection (依達拉奉注射液), which propelled our sales to a new level.

主席報告

本人謹代表董事會(「董事會」)欣然提呈吉林省輝南長龍生化藥業股份有限公司(「本公司」)及其附屬公司(合稱「本集團」)截至二零一七年十二月三十一日止年度之經審核綜合業績。

於回顧年度內，截至二零一七年十二月三十一日止年度本集團總收入為人民幣645,303,000元，較去年人民幣654,119,000元減少1%。本年度本公司股權持有人應佔溢利由去年人民幣142,670,000元增加至人民幣144,402,000元。截至二零一七年十二月三十一日止年度每股基本盈利由去年人民幣25.47分增加至人民幣25.77分。

二零一七年業績是全體員工共同努力的成果。在國家繼續加快推進醫療體制改革，加大醫藥流通環節反腐力度的大背景下，我們克服了生產環節成本費用上升、藥品降價、醫藥藥品處方限量及原材料上漲等不利因素，圓滿的完成年初確定各專案目標。因此，董事會欣然與各股東分享本公司具有以下競爭力的優勢，該等優勢將為本公司以後之年度的發展再創新的輝煌。

首先，我們繼續堅持以銷售工作為重點，以主導品種快速增長為突破，銷售業績再上新台阶。我們緊緊圍繞「海昆腎喜膠囊」單品種銷售量的增長目標，堅持在擴大主導產品銷售上下功夫，繼續強化學術推廣，努力開發空白市場，積極組織和參與國家級腎病學術會議。繼續擴大公司名牌產品「複方活腦舒膠囊」的銷售量，加大「依達拉奉注射液」等針劑品種和招商品種產銷力度，使銷售業績再上一個新台階。

On the other hand, we emphasized on the research and development of new drugs. The Research and Development Center worked with a number of pharmaceutical universities, research institutes and a number of experts in the field of drug research and development and scholars to develop technologically advanced new drugs, with special efficacy and a broad market prospect.

Moreover, we have strictly followed the management regulations of the new version Good Manufacturing Practice, strengthened the production management, enhanced quality, reduced costs, increased efficiency, so as to guarantee the supply of goods with the goal of achieving rapid growth of sales.

The Group acknowledges the importance of environmental, social and corporate governance as key elements in enhancing shareholders' value. Thus it is dedicated to improving its policies in compliance with the respective regulatory requirements and in accordance with internationally recommended practices. To achieve this aim, the Group has continuously reviewed its resources, strengthened internal training and sought professional advice from experts so as to safeguard interests of the Group and the Company's shareholders as a whole.

Looking ahead, we will demonstrate our capability and persistence in adhering to our business philosophy, that is, "focusing on technological innovation and serving the public and endeavouring in the pursuit of health for people around the world", with the ultimate goal to achieve rapid growth and create a brighter future.

On behalf of the Board, I would like to express my heartfelt thanks to all levels of staff and the management for their efforts and contributions in 2017 and my deep gratitude to our clients, business partners and owners for their utmost support.

By order of the Board
Zhang Hong
Chairman

Jilin Province, PRC
29 March 2018

另一方面，我們重視新藥研發工作，新藥研發中心與國內多家藥科大學、研發機構以及多名藥物領域研發專家、學者共同合作，不斷開發具有科技含量高、療效獨特、市場前景廣闊的新藥。

再者，我們認真貫徹執行新版GMP管理規程，強化生產管理，提品質、降成本、增效益，為銷售快速增長提供貨源保障。

本集團認同環境、社會及企業管治之重要性乃提升股東價值之關鍵要素，故本集團致力改善其相關政策，以遵守相應監管規定及符合國際建議慣例。為達致此目標，本集團持續審視其資源、加強內部培訓，以及尋求專家之專業意見，以保障本集團及本公司股東之整體利益。

展望未來，我們將以真正的實力和自強不息的信念來體現「科技、創新、厚德、濟世」的企業發展理念，全力打造一個快速騰飛的新長龍，鑄就更加輝煌的明天。

本人謹代表董事會對各級員工及管理層在二零一七年之努力工作和付出表示衷心感謝，對客戶、業務夥伴及本公司股權持有人之鼎力支持致以深切謝意。

承董事會命
張弘
主席

中國吉林省
二零一八年三月二十九日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017
(Expressed in Renminbi)

綜合損益及其他全面收益表

截至二零一七年十二月三十一日止年度
(以人民幣呈示)

		Notes 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Revenue	收入	3	645,303	654,119
Cost of sales	銷售成本		(114,250)	(135,266)
Gross profit	毛利		531,053	518,853
Other income	其他收入	5	24,008	15,635
Other gains	其他收益	6	–	500
Distribution and selling costs	分銷及銷售開支		(335,128)	(327,202)
Administrative expenses	行政開支		(47,165)	(40,400)
Profit from operations	經營溢利		172,768	167,386
Finance costs	融資成本	7	–	(101)
Profit before income tax	除所得稅前溢利	8	172,768	167,285
Income tax expense	所得稅支出	9	(28,366)	(24,615)
Profit for the year	本年度溢利		144,402	142,670
Other comprehensive income	其他全面收益		–	–
Total comprehensive income for the year	本年度全面收益總額		144,402	142,670
Profit attributable to:	以下應佔溢利：			
Owners of the Company	本公司擁有人		144,402	142,670
Total comprehensive income attributable to:	以下應佔全面收益總額：			
Owners of the Company	本公司擁有人		144,402	142,670
Earnings per share	每股盈利			
– Basic (RMB cents)	– 基本(人民幣分)	10	25.77	25.47

CONSOLIDATED BALANCE SHEET

As at 31 December 2017

(Expressed in Renminbi)

綜合資產負債表

於二零一七年十二月三十一日

(以人民幣呈示)

			2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
	Notes 附註			
ASSETS AND LIABILITIES		資產及負債		
Non-current assets		非流動資產		
Bearer biological assets		不記名生物資產	11,440	10,844
Property, plant and equipment		物業、廠房及設備	166,133	172,672
Prepaid land lease payments		預付土地租金	15,520	15,974
Construction in progress		在建工程	44,127	23,271
Intangible assets		無形資產	—	—
Deferred tax assets		遞延稅項資產	316	—
			237,536	222,761
Current assets		流動資產		
Inventories		存貨	50,722	26,055
Trade receivables	12	應收貿易賬款	244,855	269,703
Other receivables, deposits and prepayments		其他應收款項、訂金及 預付款項	108,577	93,005
Loans receivables		應收貸款	2,500	5,000
Prepaid land lease payments		預付土地租金	454	454
Available-for-sale financial assets		可供出售財務資產	483,000	303,540
Cash and cash equivalents		現金及現金等值物	110,428	154,738
			1,000,536	852,495
Current liabilities		流動負債		
Trade payables	13	應付貿易賬款	35,201	31,698
Other payables, deposits received and accruals		其他應付款項、已收 訂金及應計費用	111,697	105,413
Deferred income		遞延收入	1,789	1,949
Income tax payable		應付所得稅	27,380	20,120
Other tax payables		其他應付稅項	21,236	18,853
Loans from government authority		政府機關貸款	1,333	697
Dividend payable		應付股息	1,447	1,468
			200,083	180,198
Net current assets		流動資產淨值	800,453	672,297
Total assets less current liabilities		總資產減流動負債	1,037,989	895,058

		Notes 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Non-current liabilities	非流動負債			
Loans from government authority	政府機關貸款		1,637	2,273
Deferred income	遞延收入		25,325	25,914
Deferred tax liabilities	遞延稅項負債		–	246
			26,962	28,433
Net assets	資產淨值		1,011,027	866,625
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	本公司擁有人應佔 權益			
Share capital	股本		56,025	56,025
Reserves	儲備		955,002	810,600
Total equity	權益總額		1,011,027	866,625

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 綜合權益變動表

For the year ended 31 December 2017
(Expressed in Renminbi)

截至二零一七年十二月三十一日止年度
(以人民幣呈示)

		Share capital 股本 RMB'000 人民幣千元	Share premium 股份溢價 RMB'000 人民幣千元	Statutory surplus reserve 法定盈餘儲備 RMB'000 人民幣千元	Retained profits 保留溢利 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Balance at 1 January 2016	於二零一六年一月一日之結餘	56,025	51,098	33,242	583,590	723,955
Comprehensive income	全面收益					
Profit for the year	本年度溢利	-	-	-	142,670	142,670
Other comprehensive income	其他全面收益	-	-	-	-	-
Total comprehensive income	全面收益總額	-	-	-	142,670	142,670
Transactions with owners	股東之交易					
Appropriation to statutory surplus reserve	撥款至法定盈餘儲備	-	-	-	-	-
At 31 December 2016	於二零一六年十二月三十一日	56,025	51,098	33,242	726,260	866,625
Balance at 1 January 2017	於二零一七年一月一日之結餘	56,025	51,098	33,242	726,260	866,625
Comprehensive income	全面收益					
Profit for the year	本年度溢利	-	-	-	144,402	144,402
Other comprehensive income	其他全面收益	-	-	-	-	-
Total comprehensive income	全面收益總額	-	-	-	144,402	144,402
Transactions with owners	股東之交易					
Appropriation to statutory surplus reserve	撥款至法定盈餘儲備	-	-	-	-	-
At 31 December 2017	於二零一七年十二月三十一日	56,025	51,098	33,242	870,662	1,011,027

1. GENERAL INFORMATION

The Company was established as a state-owned enterprise in the People's Republic of China (the "PRC") in 1989. On 29 December 1995, under the relevant provisions of the Company Law of the PRC, the Company was re-organised from a state-owned enterprise to a limited liability company. On 16 August 1996, with the approval of the Economic Restructuring Commission of Jilin Province, the Company was further converted into a joint stock limited company. On 20 April 1999, the Company made a bonus issue from capitalisation of retained profits in the proportion of one bonus share for every two existing shares.

The Company's H shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 24 May 2001.

The Company is principally engaged in the manufacture and distribution of Chinese medicines and pharmaceutical products in the PRC under the brand names of Changlong and Qing Tong.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretation issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong, applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and the applicable requirements of the Hong Kong Companies Ordinance.

1. 一般資料

本公司於一九八九年在中華人民共和國（「中國」）成立為一間國有企業。一九九五年十二月二十九日，根據中國公司法有關條文，本公司由一間國有企業重組為一間有限責任公司。於一九九六年八月十六日，經吉林省經濟改革委員會的批准，本公司再改組為一間股份有限公司。於一九九九年四月二十日，本公司按每兩股現有股份派發一股紅股的比例，將保留溢利撥充資本以發行紅股。

本公司H股於二零零一年五月二十四日在香港聯合交易所有限公司（「聯交所」）GEM上市。

本公司主要以長龍及清通品牌在中國從事製造及分銷中藥及醫藥產品。

2. 重大會計政策概要

編製該等綜合財務報表所採納之主要會計政策載於下文。除另有指明外，該等政策乃貫徹應用於所呈報之年度。

(a) 遵例聲明

該等綜合財務報表乃按照香港會計師公會（「香港會計師公會」）頒佈的香港財務報告準則（「香港財務報告準則」，此統稱包括所有適用之個別香港財務報告準則、香港會計準則（「香港會計準則」）及其詮釋）、香港普遍採納的會計原則、香港聯合交易所有限公司GEM證券上市規則（「GEM上市規則」）適用的披露條文及香港《公司條例》的適用規定而編製。

(b) Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, as modified by certain biological assets measured at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Group's accounting policies.

(c) Changes in the accounting policy and disclosures

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the HKICPA that are effective for accounting periods beginning on or after 1 January 2017.

HKAS 7 (Amendments)	Disclosure initiative
HKAS 12 (Amendments)	Income tax
HKFRSs (Amendments)	Annual improvement HKFRSs 2014 - 2016 cycle

HKAS 40 (Amendments)	Transfer of Investment Property
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The application of the new and revised HKFRSs in the current year has had no material impact on the financial performance and positions of the Company and the Group for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) 編製基準

本綜合財務報表已按歷史成本法慣例編製，並以公平值計量之若干生物資產作出修訂。

根據香港財務報告準則編製財務報表須運用若干關鍵會計估計，而管理層於應用本集團會計政策亦須作出判斷。

(c) 會計政策及披露之變更

於本年度，本集團已應用以下由香港會計師公會頒佈並對二零一七年一月一日或其後開始的會計期間生效的新訂及經修訂準則、修訂及詮釋（「新訂及經修訂香港財務報告準則」）。

香港會計準則第7號(修訂本)	披露計劃
香港會計準則第12號(修訂本)	所得稅
香港財務報告準則(修訂本)	香港財務報告準則二零一四年至二零一六年週期之年度改進
香港會計準則第40號(修訂本)	轉讓投資物業

於本年度應用新訂及經修訂香港財務報告準則對本公司及本集團於本年度及過往年度之財務表現及狀況及／或於該等綜合財務報表內載列之披露並無重大影響。

New and amended standards have been issued but are not effective for the financial year beginning 1 January 2017 and have not been early adopted

HKFRS 9	Financial instruments ¹
HKFRS 15	Revenue from contracts with customers ¹
HKFRS 16	Leases ²

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

The Group did not early adopt any of these new or revised HKASs and HKFRSs, amendments and interpretation to existing HKASs and HKFRSs. The management is currently assessing the financial impact of these revisions to the financial performance and positions of the Company and the Group.

已頒佈但於二零一七年一月一日起財政年度尚未生效及提早採納的新訂及經修訂準則

香港財務報告準則第9號	金融工具 ¹
香港財務報告準則第15號	客戶合約收益 ¹
香港財務報告準則第16號	租賃 ²

¹ 於二零一八年一月一日或之後開始年度期間生效

² 於二零一九年一月一日或之後開始年度期間生效

本集團並無提早採納任何此等新訂或經修訂香港會計準則及香港財務報告準則、對現有香港會計準則及香港財務報告準則之修訂及詮釋。管理層目前正在評估該等修訂對本公司及本集團財務表現及狀況的影響。

3. REVENUE

The principal activities of the Group are manufacture and distribution of Chinese medicines and pharmaceutical products. Revenue represents the invoiced value of merchandise sold less allowances for returns, discounts, value-added tax and other sales related taxes.

3. 收入

本集團之主要業務是製造及分銷中藥及醫藥產品。收入指銷售商品的發票值，並已減去有關退貨、折扣、增值稅及其他銷售相關稅項的金額。

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Sales of Chinese medicines and pharmaceutical products	中藥及醫藥產品銷售	645,303	654,119

4. SEGMENT INFORMATION

Segment information

Information reported to the Executive Directors of the Company, being the chief operating decision-makers ("CODM"), for the purpose of resource allocation and assessment of segment performance focuses on type of goods delivered.

The executive directors have identified that, the Group has only one reportable operating segment, which is the manufacture and distribution of Chinese medicines and pharmaceutical products in the PRC. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

In addition, the Group's revenue, expenses, results, assets and liabilities and capital expenditures are predominantly attributable to a single geographical region, which is the PRC. Therefore, no analysis by geographical regions is presented.

Information about major customers

There is no revenue from customers for the years ended 31 December 2017 and 2016 contributed over 10% of the total operating revenue of the Group.

5. OTHER INCOME

4. 分類資料

分部資料

本集團按所交付貨物種類向本公司執行董事，即主要經營決策人（「主要經營決策人」），就資源分配及評核分類表現呈報分類資料。

執行董事已識別本集團僅有一個可呈報經營分部，而該唯一分部於中國製造和分銷中藥及醫藥產品。由於此分部為本集團僅有的一個可呈報經營分部，因此，並無呈報其進一步經營分部分析。

地區資料

此外，本集團的收入、開支、業績、資產及負債以及資本開支絕大部份來自單一地區，即中國。因此，並無呈報地區分析。

有關主要客戶之資料

截至二零一七年及二零一六年十二月三十一日止年度，並無來自客戶之收入佔本集團總營運收入超過10%。

5. 其他收入

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Recovery of bad debts previously written off	收回已撇銷壞賬	16	—
Bank interest income	銀行利息收入	2,356	1,406
Government subsidies (Note)	政府補貼(附註)	4,950	102
Recognition of deferred income	確認遞延收入	1,949	3,849
Interest income on loans receivables	應收貸款利息收入	390	3,816
Yield gain on available-for-sale financial assets	可供出售財務資產回報收益	10,555	2,837
Reversal of provision for impairment of loans receivables	應收貸款減值撥備回撥	2,500	2,500
Others	其他	1,292	1,125
		24,008	15,635

Note: During the year ended 31 December 2017 and 2016, the Group received subsidies from various local municipal government bodies in the PRC, which aimed at the general financing of the business and technology development of the Group.

附註：於截至二零一七年及二零一六年十二月三十一日止年度，本集團獲得中國不同地方市政府機關的資助，旨在為本集團的業務及技術發展提供一般性資金。

6. OTHER GAINS

6. 其他收益

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Gain on disposal of a subsidiary	出售一間附屬公司收益	-	500
		-	500

7. FINANCE COSTS

7. 融資成本

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Interest expenses on loans from government authority	政府機關貸款之利息費用	-	101
		-	101

8. PROFIT BEFORE INCOME TAX

8. 除所得稅前溢利

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Profit before income tax for the year is arrived at after charging:–	本年度除所得稅前溢利已扣除下列各項：–		
Cost of inventories sold (excluding additional provision for, and write off of obsolete and slow-moving inventories)	已出售存貨成本(不包括增加撥備及撇銷廢棄及滯銷存貨)	105,023	127,856
Provision for obsolete and slow-moving inventories	廢棄及滯銷存貨撥備	179	–
Write off of bearer biological assets	不記名生物資產撇銷	–	499
Write off of slow-moving inventories	滯銷存貨撇銷	–	1,558
Write off of construction in progress	在建工程撇銷	–	8,537
Impairment loss on trade receivables	應收貿易賬款之減值虧損	24,698	8,286
Impairment loss on other receivables, deposit and prepayment	其他應收款項、訂金及預付款項之減值虧損	–	95
Auditor's remuneration:–	核數師酬金：–		
Provision for the year	年內撥備	277	274
Amortisation of intangible assets (included in cost of sales)	無形資產攤銷(列入銷售成本)	–	659
Research and development cost	研發成本	1,477	278
Amortisation of prepaid land lease payments (included in cost of sales)	預付土地租金攤銷(列入銷售成本)	454	454
Depreciation of property, plant and equipment	物業、廠房及設備折舊	20,874	18,322
Employee benefits expenses and human resources cost (excluding directors' and supervisors' remuneration):	員工福利費用及人力資源成本(不包括董事及監事酬金)：		
Salaries and allowances	薪金及津貼	16,941	28,448
Sales Commission	業務員佣金	135,789	126,817
Pension scheme contributions	退休金計劃供款	2,033	2,554
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	–	12

9. INCOME TAX EXPENSE

(a) Income tax represents:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
PRC enterprise income tax	中國企業所得稅		
– Current year	– 本年度	29,601	24,420
– (Overprovision)/Underprovision in prior years	– 過往年度(超額撥備)/撥備不足	(673)	276
Deferred taxation	遞延稅項	(562)	(81)
		28,366	24,615

The PRC enterprise income tax is provided according to the relevant laws and regulations in the PRC.

中國企業所得稅乃根據中國有關法律及法規撥備。

On 16 March 2007, the National People's Congress approved the PRC Enterprise Income Tax Law, which became effective from 1 January 2008. In accordance with the new tax law, a unified enterprise income tax rate of 25% is applied to both domestic-invested enterprises and foreign-invested enterprises.

於二零零七年三月十六日，全國人大會議批准中國企業所得稅法，由二零零八年一月一日起生效。根據新稅法，所有內資及外資企業按統一稅率25%繳納企業所得稅。

On 17 September 2015, the Company was accredited as a "National New and High-tech Enterprise" by the Jilin Provincial Science and Technology Bureau (吉林省科學技術廳) and is entitled to a reduced PRC Enterprise Income tax rate of 15% for the three consecutive years commenced since year 2015.

本公司於二零一五年九月十七日獲吉林省科學技術廳譽為「國家高新技術企業」。本公司於二零一五年起計連續三年可按減免中國企業所得稅率至15%繳納稅項。

(b) Reconciliation between tax expense and accounting profit at applicable tax rate:

(b) 稅項支出與會計溢利按適用稅率對賬如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Profit before income tax	除所得稅前溢利	172,768	167,285
National tax calculated at PRC enterprise income tax rate of 15% (2016: 15%)	按中國企業所得稅率15% (二零一六年：15%) 計算的國稅	25,915	25,093
Tax effect of non-taxable income	毋須課稅收入的稅務影響	–	(673)
Tax effect of non-deductible expenses	不可扣稅開支的稅務影響	3,686	–
(Overprovision)/Underprovision in prior years	過往年度(超額撥備)/撥備不足	(673)	276
Deferred tax on temporary differences in prior year	過往年度暫時差額之遞延稅項	(562)	(81)
Income tax expense	所得稅支出	28,366	24,615

10. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2017 is based on the profit attributable to owners of the Group for the year of RMB144,402,000 (2016: RMB142,670,000) and 560,250,000 shares in issue during the year (2016: 560,250,000 shares).

Diluted earnings per share is not presented as there were no dilutive potential ordinary shares in existence during the years ended 31 December 2017 and 2016.

11. DIVIDENDS

No final dividend has been proposed or paid by the Company in respect of the year ended 31 December 2017 (2016: Nil).

12. TRADE RECEIVABLES

Trade receivables	應收貿易賬款
Less: Provision for impairment	減：減值撥備
Trade receivables – net	應收貿易賬款－淨額

- (i) The Group's policy is to allow an average credit period of 180 days to its trade customers.
- (ii) The movements in the provision for impairment for doubtful debts during the year, including both specific and collective loss components, are as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
At 1 January	於一月一日	41,088	32,802
Additional provision	增加撥備	24,698	8,286
At 31 December	於十二月三十一日	65,786	41,088

Provision for doubtful debts had been made for the estimated irrecoverable amounts arising from the sale of goods. The provision was determined by the directors with reference to past default experience.

10. 每股盈利

截至二零一七年十二月三十一日止年度，每股基本盈利乃根據年內本集團擁有人應佔溢利人民幣144,402,000元（二零一六年：人民幣142,670,000元）及年內已發行股份560,250,000股（二零一六年：560,250,000股）計算。

由於截至二零一七年及二零一六年十二月三十一日止年度並無潛在攤薄普通股，故並無呈列每股攤薄盈利。

11. 股息

本公司並不建議或派付截至二零一七年十二月三十一日止年度之任何末期股息（二零一六年：無）。

12. 應收貿易賬款

- (i) 本集團政策為給予貿易客戶平均180日之信貸期。
- (ii) 年內呆賬減值撥備的變動（包括特定及集體虧損部分）如下：

	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
呆賬撥備乃就出售貨物之估計不可收回金額作出。董事已參考過往拖欠經驗釐定有關撥備金額。		

- (iii) The ageing analysis of trade receivables, based on the invoice date and net of provision for impairment of trade receivables, is as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Current	即期	43,467	34,671
31-90 days	31-90日	52,533	44,333
91-180 days	91-180日	42,892	54,146
More than 180 days	超過180日	105,963	136,553
		244,855	269,703

- (iv) The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Neither past due nor impaired	並無逾期或減值	138,892	133,150
Less than 1 month past due	逾期少於一個月	24,267	27,818
1 to 3 months past due	逾期一至三個月	16,985	30,757
Over 3 months past due	逾期超過三個月	64,711	77,978
		244,855	269,703

Trade receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the management believes that no impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

- (v) The Directors consider the carrying amount of trade receivables approximates their fair value.

- (iii) 根據發票日期及扣除應收貿易賬款減值撥備，應收貿易賬款的賬齡分析如下：

概無逾期或減值的應收貿易賬款與眾多並無近期欠款記錄之客戶有關。

逾期但無減值的應收貿易賬款與多名獨立客戶有關，該等客戶對本集團的信貸記錄良好。根據過往經驗，管理層相信，該等結餘毋須減值，原因為信貸質素並無重大變動，且結餘仍被視作可全數收回。本集團並無就該等結餘持有任何抵押品。

- (v) 董事認為，應收貿易賬款之賬面值與其公平值相若。

13. TRADE PAYABLES

The ageing analysis of trade payables, based on the invoice date, is as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Current	即期	7,654	3,838
31-90 days	31-90日	5,831	9,376
Over 90 days	超過90日	21,716	18,484
		35,201	31,698

The average credit period from the Group's trade creditors is 90 to 180 days.

Trade payables principally comprise amounts outstanding for trade purchases. The directors consider the carrying amount of trade payables approximates their fair value.

13. 應付貿易賬款

以下為基於發票日期的應付貿易賬款的賬齡分析：

	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Current	7,654	3,838
31-90 days	5,831	9,376
Over 90 days	21,716	18,484
	35,201	31,698

本集團貿易債權人之平均信貸期為90日至180日。

應付貿易賬款主要包括未償還購貨金額。董事認為應付貿易賬款之賬面值與其公平值相若。

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2017, the Group's revenue decreased to RMB645,303,000 from approximately RMB654,119,000 while the profit for the year attributable to owners of the Company increased to RMB144,402,000 from RMB142,670,000. For the year ended 31 December 2017, basic earnings per share increased to RMB25.77 cents from RMB25.47 cents last year.

For the year ended 31 December 2017, the manufacturing and sales of Hai Kun Shen Xi capsule (海昆腎喜膠囊) continued to be the Group's core source of revenue.

OPERATION REVIEW

Good Manufacturing Practice (GMP)

During the year ended 31 December 2017, the Company has already obtained GMP certificates for the following:

1. Tablets – valid until 28 January 2021
2. Capsules – valid until 28 January 2021
3. Bulk Drug (Gardema Extract) – valid until 28 January 2021
4. Membrane (Including Chinese Medicine Pretreatment & Extraction) – valid until 28 January 2021
5. Pills (Condensate) (Including Chinese Medicine Pretreatment & Extraction) – valid until 12 February 2020
6. Bulk Drug (Fucoidan) – valid until 12 February 2020
7. Powder for Injection (Cephalosporins) – valid until 29 December 2018
8. Lyophilized Powder for Injection – valid until 29 December 2018
9. Small Volume Parenteral Solutions – valid until 29 December 2018
10. Sterile Bulk Drug (Cefpiramide, Cefmenoxime Hydrachloride, Cefepime Hydrachloride), Bulk Drug (Edaravone) – valid until 17 October 2018
11. Solution (External Use) – valid until 20 June 2018
12. Granules and Pills (Water Pills) – valid until 28 August 2022

管理層討論及分析

業務回顧

截至二零一七年十二月三十一日止年度，本集團收入由約人民幣654,119,000元減少至人民幣645,303,000元。本年度本公司股權持有人應佔溢利由人民幣142,670,000元上升至人民幣144,402,000元。截至二零一七年十二月三十一日止年度，每股基本盈利由去年之人民幣25.47分增加至人民幣25.77分。

截至二零一七年十二月三十一日止年度，「海昆腎喜膠囊」的生產及銷售繼續為本集團的核心收入來源。

營運回顧

「優良製造標準」認證(GMP)

截至二零一七年十二月三十一日止年度，本公司已獲得以下的GMP認證：

1. 片劑－有效至二零二一年一月二十八日
2. 硬膠囊劑－有效至二零二一年一月二十八日
3. 原料藥(梔子提取物)－有效至二零二一年一月二十八日
4. 膜劑(含中藥前處理及提取)－有效至二零二一年一月二十八日
5. 丸劑(濃縮丸)(含中藥前處理及提取)－有效至二零二零年二月十二日
6. 原料藥(褐藻多糖酸酯)－有效至二零二零年二月十二日
7. 粉針劑(頭孢菌素類)－有效至二零一八年十二月二十九日
8. 凍乾粉針劑－有效至二零一八年十二月二十九日
9. 小容量注射劑－有效至二零一八年十二月二十九日
10. 無菌原料藥(頭孢匹胺，鹽酸頭孢甲肟，鹽酸頭孢吡肟)，原料藥(依達拉奉)－有效至二零一八年十月十七日
11. 溶液劑(外用)－有效至二零一八年六月二十日
12. 顆粒劑和丸劑(水丸)－有效至二零二二年八月二十八日

RESEARCH AND DEVELOPMENT

The Research and Development (R&D) department is essential for the future success of a pharmaceutical company. In the past, our R&D department had successfully developed the medicine, Compound Huonaoshu capsule, which had generated huge profit to the Group and finally led to the listing of the Company in Hong Kong. In the year of 2003, our R&D department completed the development of Hai Kun Shen Xi capsule, which has now become the first largest contributor of revenue and its revenue reached our target level.

PRODUCTION FACILITIES

In 2017, the property, plant and equipment of the Group increased by RMB11,012,000 and the construction in progress increased by approximately RMB24,179,000. This project is the construction of Phase II Changlong Project (Freeze-drying No.2 workshop) and we believe the production capacity of the Group will be further enhanced.

During the year, the purchase and construction of equipment and testing works of Jilin Changlong Yuan Biological Technology Company Limited, a wholly-owned subsidiary, have completed and the accreditation of health food products has passed. Its product, the Ai Ke Sai Lun Granules (艾科賽倫顆粒) has been launched to the market, providing a new profit driver for the enhancement of the Group's result.

FINANCIAL REVIEW

For the year ended 31 December 2017, the Group's recorded a revenue amounted to approximately RMB645,303,000 (2016: RMB654,119,000), a decrease of approximately 1% as compared with the figure of the previous year. The audited profit for the year attributable to owners of the Company was approximately RMB144,402,000, representing an increase of 1% as compared with RMB142,670,000 of the previous year. The basic earnings per share amounted to RMB25.77 cents (2016: RMB25.47 cents), representing an increase of RMB0.30 cents over the previous year.

The Board of Directors is pleased with the financial performance in 2017. It is believed that the maintenance of profitability is attributed to the following reasons:

Firstly, we emphasized on sales and distribution and achieved breakthrough with the rapid growth of sales of our dominant products, thereby reaching our sales target.

Secondly, we have followed the management regulations of the new version Good Manufacturing Practice, attached great importance to staff training and strengthened the production management in 2017, thereby bolstering the growth and development of the Group.

Thirdly, we continued to strengthen academic promotion and strived hard to develop the unexplored new markets while proactively organizing and participating in academic conferences in relation to nephrology at state level.

Fourthly, we further strengthened our efforts on integrating market resources, encouraged reasonable mobility of personnel, unified the price of products supplied and regulated sales practices. Focusing on enhancing clinical sales, efforts were made in various areas, such as soliciting business from the medicine departments of hospitals, in order to identify new profit drivers.

研究及開發

製藥公司之研發部對公司日後成功與否起重要之作用。以往，我們的研發部成功開發複方活腦舒膠囊，為本集團帶來龐大溢利，並最後促使本公司於香港上市。於二零零三年，我們的研發部完成開發海昆腎喜膠囊，現已成為我們第一大收入來源，來自該藥品的收入達到預期的目標。

生產設施

二零一七年度本集團新增物業、廠房及設備人民幣11,012,000元，新增在建工程約人民幣24,179,000元。此項工程為長龍二期工程（凍乾二車間）建設，我們相信本集團的生產能力將進一步提升。

本年完成了全資子公司吉林長龍源生物科技有限公司設備購建及調試工作，並通過了保健食品認證，產出的艾科賽倫顆粒已經投放市場，將為本集團業績提升提供新的增長點。

財務回顧

截至二零一七年十二月三十一日止年度，本集團錄得收入較去年減少約1%，至約人民幣645,303,000元（二零一六年：人民幣654,119,000元）。本年度本公司股權持有人應佔經審核溢利較去年人民幣142,670,000元增加1%，達到約人民幣144,402,000元。每股基本盈利較去年增加人民幣0.30分至人民幣25.77分（二零一六年：人民幣25.47分）。

董事會對二零一七年的財務業績表示滿意，董事會相信盈利能力得以維持乃歸功於以下幾點原因：

一是堅持以銷售及分銷工作為重點，以主導品種快速增長為突破，使銷售業績達到預期目標。

二是二零一七年內公司認真貫徹執行新版GMP管理規程，注重人員培訓，強化生產管理，拉動了集團持續發展。

三是繼續強化學術推廣，努力開發空白市場，積極組織和參與國家級腎病學術會議。

四是進一步加強市場資源整合，促進人員合理流動，統一供貨價格，規範銷售行為，圍繞臨床銷售增量開展各項工作，開發醫院拓展醫藥科室，尋找新的增長點。

Fifthly, we enhanced our efforts to recruit new sales staffs and are dedicated to train sales teams in order to improve their overall quality and strengthen their capabilities. We have nurtured the sense of overall awareness and the sense of responsibilities among every salesperson in charge of regional markets and provincial sales managers. Meanwhile, we have also focused on getting our products covered by local medical insurance and included in the supplemental catalogue for the new rural cooperative medical system. We also put efforts on product tender and filing of product prices. Through our concerted effort, we accelerated the development of markets and hence making our market coverage wider.

The gross profit margin for the year ended 31 December 2017 was approximately 82.3%, representing a 3.0% increase as compared with that of 79.3% for the year ended 31 December 2016.

For the year ended 31 December 2017, the Group recorded other income and gains of approximately RMB24,008,000, contrasting to a figure of RMB16,135,000 for the year ended 31 December 2016.

Distribution and selling costs increased to approximately RMB335,128,000 for the year ended 31 December 2017 from approximately RMB327,202,000 in last year. These expenses accounted for 51.93% of revenue in 2017, which represented a 1.91% increase from 50.02% as compared with the corresponding period of last year.

For the year ended 31 December 2017, administrative expenses increased to approximately RMB47,165,000 from approximately RMB40,400,000 last year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has maintained a sound financial position during this year. As at 31 December 2017, cash and bank balances of the Group amounted to RMB110,428,000 (2016: RMB154,738,000) with total borrowings of RMB2,970,000 (2016: RMB2,970,000) which were interest bearing at commercial rates and unsecured. As at 31 December 2017, the Group had total assets of RMB1,238,072,000 (2016: RMB1,075,256,000) which were financed by current liabilities of RMB200,083,000 (2016: RMB180,198,000), long term borrowings of RMB1,637,000 (2016: RMB2,273,000), deferred tax liabilities of RMB Nil (2016: RMB246,000) and shareholders' equity of RMB1,011,027,000 (2016: RMB866,625,000).

五是加大招聘新銷售人員力度的基礎上，抓好銷售隊伍培訓工作，努力提高團隊綜合素質，增強團隊整體能力。各區域市場負責人和省級銷售經理亦加強大局意識，增強責任心，重點抓好產品進入地方醫保、新農合補充目錄、產品招投標和物價備案等基礎工作，從上而下團結一致，促使開發銷售市場的時間加快，版圖更遼闊。

截至二零一七年十二月三十一日止年度，邊際毛利約為82.3%，較截至二零一六年十二月三十一日止年度之79.3%增加3.0%。

截至二零一七年十二月三十一日止年度，本集團錄得其他收入及收益約人民幣24,008,000元，而截至二零一六年十二月三十一日止年度則為人民幣16,135,000元。

截至二零一七年十二月三十一日止年度，分銷及銷售開支由去年約人民幣327,202,000元增加至約人民幣335,128,000元。於二零一七年，該等開支佔收入的百分比為51.93%，較去年同期之50.02%增加1.91%。

截至二零一七年十二月三十一日止年度，行政開支由去年約人民幣40,400,000元增加至約人民幣47,165,000元。

流動資金及財政來源

本集團於本年度維持穩健的財政狀況。於二零一七年十二月三十一日，本集團的現金及銀行結餘合共為人民幣110,428,000元（二零一六年：人民幣154,738,000元），總貸款為人民幣2,970,000元（二零一六年：人民幣2,970,000元）。該等貸款以商業利率計息，並無抵押。於二零一七年十二月三十一日，本集團的資產總值為人民幣1,238,072,000元（二零一六年：人民幣1,075,256,000元），資金來源為流動負債人民幣200,083,000元（二零一六年：人民幣180,198,000元）、長期貸款人民幣1,637,000元（二零一六年：人民幣2,273,000元）、遞延稅項負債人民幣零元（二零一六年：人民幣246,000元）及股東權益人民幣1,011,027,000元（二零一六年：人民幣866,625,000元）。

GEARING RATIO

As at 31 December 2017, the Group had a net cash and cash equivalents of RMB110,428,000. As at 31 December 2017, the ratio of the total liabilities to the total assets of the Group was 18% (2016: 19%) which was calculated by dividing the Group's total liabilities of RMB227,045,000 (2016: RMB208,631,000) by the Group's total equity and liabilities of RMB1,238,072,000 (2016: RMB1,075,256,000). The Group's gearing ratio which derived from the total borrowings to total net assets was 0.3% (2016: 0.3%).

EMPLOYEES

The Group has a total of 665 full-time employees and has employed some temporary sales persons.

Remuneration is determined by reference to market conditions and the performance, qualifications and experience of individual employee. Discretionary bonuses based on individual performance will be paid to employees as recognition of and reward for their contribution. Other benefits include contributions to retirement scheme and medical scheme.

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

As a responsible corporation, the Group is committed to maintaining the highest environmental and social standards to ensure sustainable development of its business. The Group has complied with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. The Group understands a better future depends on everyone's participation and contribution. It has encouraged employees, customers, suppliers and other stakeholders to participate in environmental and social activities which benefit the community as a whole.

The Group maintains strong relationships with its employees, has enhanced cooperation with its suppliers and has provided high quality products and services to its customers so as to ensure sustainable development.

SEGMENTAL INFORMATION

The Group has only one business segment which is the manufacture and distribution of Chinese medicines and pharmaceutical products in the PRC. In 2017, revenue of the Group was generated entirely from sales in the PRC and all identifiable assets of the Group are located in the PRC. Accordingly, no business or geographical segmental analysis is prepared for the year.

資本負債比率

於二零一七年十二月三十一日，本集團擁有現金及現金等值物淨額人民幣110,428,000元。於二零一七年十二月三十一日，本集團負債總額相對於資產總值之比率為18%（二零一六年：19%），該負債比率按本集團總負債人民幣227,045,000元（二零一六年：人民幣208,631,000元）除本集團總權益與總負債人民幣1,238,072,000元（二零一六年：人民幣1,075,256,000元）計算得出。本集團的資本負債比率（以借款總額相對於資產總淨值之比率計算）為0.3%（二零一六年：0.3%）。

僱員

本集團共僱用正式員工665人，並聘用若干臨時銷售人員。

薪酬乃參照市場條件以及個別僱員的表現、資歷及經驗而釐定。酌情花紅乃按個別僱員的表現支給予僱員，作為對他們的貢獻之認同及獎勵。其他福利包括退休計劃供款及醫療計劃。

環境、社會及企業責任

作為一間具社會責任的企業，本集團致力維持最高要求之環境及社會標準，以確保其業務可持續發展。本集團已遵守所有與其業務有關的相關法例及法規，包括健康及安全、工作環境條件、就業及環境。本集團明白有賴所有人的參與及貢獻才能成就美好將來，亦因此鼓勵僱員、客戶、供應商及其他持份者參與環境及社會活動，惠及整個社區。

本集團與其僱員維持緊密關係，加強與其供應商之間的合作，並為其客戶提供優質產品及服務，以確保可持續發展。

分類資料

本集團只有一個業務分類，即於中國製造和分銷中藥及醫藥產品。於二零一七年，本集團收入全部來自中國之銷售，且本集團所有可識別資產均位於中國。因此，本年度並無編製業務或地區分類分析。

CAPITAL STRUCTURE

The operations of the Group were financed mainly by shareholders' equity. The Group will continue to adopt its treasury policy of placing the Group's cash and cash equivalents in interest bearing deposits, and to fund operations with internal resources.

CHARGE OF ASSET

As at 31 December 2017 and 2016, the Group had no security over its assets.

FOREIGN EXCHANGE RISK

For the years ended 31 December 2017 and 2016, the Group mainly generated revenue and incurred costs in Renminbi. The directors consider the impact on foreign exchange exposure of the Group is minimal. Accordingly the Group did not employ any financial instruments for hedging purposes.

CONTINGENT LIABILITIES

As at 31 December 2017 and 2016, the Group had no material contingent liabilities.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

PERMITTED INDEMNITY PROVISION

At no time during the financial year and up to the date of this directors' report, there was or is, any permitted indemnity provisions being in force for the benefit of any of the directors of the Company or any of its subsidiaries.

股本結構

本集團之營運主要由股權支付。本集團將繼續採納其財務政策，將本集團之現金及現金等值物存放於計息存款並以內部資源支付其營運所需資金。

資產抵押

於二零一七及二零一六年十二月三十一日，本集團的資產並無抵押。

外匯風險

截至二零一七年及二零一六年十二月三十一日止年度，本集團之主要收入及成本乃以人民幣計算。董事認為，外匯風險對本集團之影響甚微。因此，本集團並無運用任何財務工具作對沖用途。

或然負債

於二零一七年及二零一六年十二月三十一日，本集團並無任何重大或然負債。

購買、出售或贖回上市證券

年內，本公司或其附屬公司概無購買、出售或贖回本公司任何上市證券。

獲准許彌償條文

於財政年度及截至本董事會報告書日期止任何時間，概無曾經存在或現存任何以本公司或其任何附屬公司之董事為受益人之獲准許彌償條文生效。

DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES

At 31 December 2017, the interests and short positions of the Directors, supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rule 5.46 to 5.67 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") were as follows:

Long positions in shares

Director 董事	Type of Interests 權益類別	Capacity 身份	Number of Domestic Shares 內資股數目	Percentage of Domestic Shares 佔內資股百分比	Percentage of total registered Share Capital 佔總註冊股本 的百分比
Zhang Hong 張弘	Personal 個人	Beneficial owner 實益擁有人	101,937,000	26.29	18.19
Zhang Xiao Guang 張曉光	Personal 個人	Beneficial owner 實益擁有人	42,315,000	10.91	7.55
Wu Guo Wen 吳國文	Personal 個人	Beneficial owner 實益擁有人	900,000	0.232	0.161

Save as disclosed above, as at 31 December 2017, none of the Directors, supervisors and chief executives of the Company has any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rule 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Saved as disclosed under the headings "Directors' and supervisors' interests in shares" above, at no time during the year were there any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director, supervisor and chief executive or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the directors, supervisors and chief executives to acquire such rights in any other body corporate.

董事及監事於股份的權益

於二零一七年十二月三十一日，本公司董事、監事及主要行政人員於本公司及其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）的股份、相關股份及債券中擁有根據證券及期貨條例第352條，須列入該條所述登記冊的權益及淡倉，或根據聯交所GEM證券上市規則（「GEM上市規則」）第5.46條至5.67條所指董事買賣最低標準而須知會本公司及聯交所的權益及淡倉如下：

於股份的長倉

除上文所披露者外，於二零一七年十二月三十一日，本公司董事、監事及主要行政人員概無於本公司及其相聯法團（定義見證券及期貨條例第XV部）的股份、相關股份及債券中擁有根據證券及期貨條例第352條，須列入該條所述登記冊的權益及淡倉，或根據GEM上市規則第5.46條至5.67條所指董事買賣最低標準而須知會本公司及聯交所的權益及淡倉。

董事購入股份的權利

除上文「董事及監事於股份的權益」一段所披露者外，各董事、監事及主要行政人員或彼等各自的配偶或十八歲以下子女概無獲授或行使任何透過購入本公司股份或債券而獲取利益之權利；而本公司、其控股公司或其任何附屬公司亦無訂立任何安排，讓董事、監事及主要行政人員可於任何其他法團購入該等權利。

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 31 December 2017, the following persons (other than the Directors, supervisors and chief executives of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

根據證券及期貨條例須予披露的權益及主要股東

於二零一七年十二月三十一日，按照本公司根據證券及期貨條例第336條置存的股東名冊顯示，以下人士(本公司董事、監事及主要行政人員除外)於本公司股份及相關股份中持有權益及淡倉。

Long positions in Domestic shares

於內資股的長倉

Name of shareholder	Capacity/ Nature of Interest	Number of Domestic Shares	Percentage of Domestic Shares	Percentage of total registered Share Capital 佔總註冊股本 的百分比
股東名稱	身份／權益性質	內資股數目	佔內資股百分比	
Huinan County SAB (Note) 輝南縣財源投資有限責任公司(附註)	Beneficial owner 實益擁有人	81,975,000	21.14	14.63

Note: Apart from the equity interest in the Company, Huinan County SAB does not have any direct or indirect interest in the Company, including representatives in the Board of Directors.

附註：除卻佔本公司的股本權益外，輝南縣財源投資有限責任公司並無擁有本公司的任何直接或間接權益，包括在董事會內的代表。

Long positions in H shares

於H股的長倉

Name of shareholder	Capacity	Number of H Shares	Percentage of H Shares	Percentage of total registered Share Capital 佔總註冊股本 的百分比
股東名稱	身份	H股數目	佔H股百分比	
Chen Jingwei 陳京偉	Beneficial owner 實益擁有人	29,520,000	17.11	5.269
Shen Qianzhen 沈茜珍	Beneficial owner 實益擁有人	13,996,000	8.11	2.498

Save as disclosed above, as at 31 December 2017, the Directors were not aware of any other person (other than the Directors, Supervisors and Chief Executives of the Company) who had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

除上述所披露者外，於二零一七年十二月三十一日，按證券及期貨條例第336條存置之股東名冊所示，董事並不知悉任何其他人士(本公司董事、監事及主要行政人員除外)擁有本公司股份及相關股份的權益及淡倉。

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group and the Company were entered into or were in existence during the year.

管理合約

年內，本公司概無訂立任何有關本集團及本公司全部或任何重大部分業務之管理及行政之合約，亦無仍有效之該等合約。

COMPETING INTEREST

None of the Directors, the management shareholders, the significant shareholders or the substantial shareholders (as defined in the GEM Listing Rules) of the Company had any interest in a business, which competes or may compete with the business of the Group.

競爭權益

本公司各董事、管理層股東、高持股量股東或主要股東(定義見GEM上市規則)概無於對本集團業務構成或可能構成競爭的任何業務中擁有任何權益。

PRE-EMPTIVE RIGHT

There are no provisions for pre-emptive rights under the article of association of the Company or the laws of the PRC, being the jurisdiction in which the Company was established, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

CONNECTED TRANSACTIONS

During the year, the Group had no material related party transactions, which constituted connected transactions under the GEM Listing Rules.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieve high standards of corporate governance to safeguard the interest of its shareholders and enhance its corporate value. Throughout the year ended 31 December 2017 and up to the date of this announcement, the Company has complied with the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zhang Hong assumes the role of both the chairman and the chief executive officer of the Company. The Board is of the view that this has not compromised accountability and independent decision making for the following reasons:

- the Audit Committee composes exclusively of Independent Non-executive Directors;
- the Independent Directors have free and direct access to the Company's external auditors and independent professional advice when considered necessary.

Mr. Zhang Hong, the chairman, is a substantial shareholder of the Company and has considerable industry experience. He is motivated to contribute to the growth and profitability of the Group. The Board is of the view that it is in the best interests of the Group to have an executive chairman so that the Board can have the benefit of a chairman who is knowledgeable about the business of the Group and is most capable to guide discussions and brief the Board in a timely manner on pertinent issues and developments to facilitate open dialogue between the Board and the management.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less than the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors throughout the year ended 31 December 2017.

優先購股權

本公司之公司章程細則或中國(即本公司成立之司法權區)法律並無有關優先購股權之規定，並無要求本公司須按比例向現有股東發售新股。

關連交易

於本年度內，本集團並無根據GEM上市規則構成關連交易之重大關連人士交易。

企業管治常規

本公司致力於達致高標準的企業管治，以保障其股東權益及提升其企業價值。截至二零一七年十二月三十一日止整個年度及直至本公佈日期，本公司已遵守GEM上市規則附錄15所載企業管治守則。

主席及行政總裁

根據守則條文A.2.1條規定，主席及行政總裁的角色應各自獨立，不應由同一人士所擔任。張弘先生現同時擔任本公司之主席及行政總裁。董事會認為，此情況並未影響其問責及作出獨立決定，原因如下：

- 審核委員會僅由獨立非執行董事組成；
- 獨立董事可於認為有需要時隨時和直接尋求本公司外聘核數師意見及獨立專業意見。

主席張弘先生現為本公司主要股東且具備資深行業經驗。彼受推動為本集團之增長及盈利能力作出貢獻。董事會認為，擁有一位執行主席乃符合本集團之最佳利益，因為藉此董事會可受惠於獲得一位對本集團業務具深厚認識，並有能力於有關事宜及發展適時引導董事會作出討論和向董事會進行簡報的主席，藉以促進董事會與管理層之間的公開交流。

董事進行證券交易的標準守則

本公司已就董事進行證券交易採納操守準則，條款不寬於GEM上市規則第5.48至5.67條所載董事進行證券交易的標準守則。本公司經向全體董事作出特定查詢後，於截至二零一七年十二月三十一日止年度全年，本公司並不知悉任何不遵守證券交易規定交易準則和有關董事進行證券交易操守準則之情況。

BOARD OF DIRECTORS AND BOARD MEETINGS

The Directors of the Company during the year and up to the date of this announcement were:

Executive Directors

Mr. Zhang Hong (*Chairman*)
Mr. Zhang Xiao Guang
Mr. Zhao Bao Gang
Mr. Wu Guo Wen

Independent Non-Executive Directors

Mr. Gao Yong Cai
Ms. Tian Jie
Ms. Qiu Fang Ping

As at the date of this announcement, the Board comprised seven Directors, four of whom are Executive Directors, three of whom are INEDs of the Company.

AUDIT COMMITTEE

The Audit Committee was established in 2001 and currently comprises three members, Mr. Gao Yong Cai, Ms. Tian Jie and Ms. Qiu Fang Ping. All of them are INEDs. The chairman of the Audit Committee is Mr. Gao Yong Cai. The Board considers that each Audit Committee has broad commercial experience and there is a suitable mix of expertise in business, legal, accounting and financial management in the Audit Committee.

None of the members of the Audit Committee has any personal financial interests, conflicts of interests arising from cross-directorships or day-to-day involvement in the running of the business. The Audit Committee oversees the financial reporting process and the adequacy and effectiveness of the Company's system of internal control. During the year, the Audit Committee carried out their own independent review of the interim and annual financial statements and financial reports and statements included in circulars of the Company published during the year. And with the assistance of the internal audit department, which reports directly to the committee, the Audit Committee completed its review of the adequacy and effectiveness of the Company's systems of internal control and reported its findings and recommendations to the Board.

董事會及董事會會議

年內及截至本公佈日期，本公司董事有：

執行董事

張弘先生(主席)
張曉光先生
趙寶剛先生
吳國文先生

獨立非執行董事

高永才先生
田傑女士
邱芳萍女士

於本公佈日期，董事會由七名董事組成，其中四名為本公司之執行董事，三名為本公司之獨立非執行董事。

審核委員會

審核委員會成立於二零零一年，目前由高永才先生、田傑女士及邱芳萍女士三名成員組成。彼等均為獨立非執行董事。審核委員會主席為高永才先生。董事會認為各審核委員會成員均具有廣泛的商業經驗，審核委員會內適當地融合了商業、法律、會計及財務管理等方面的專業知識。

審核委員會概無成員擁有任何個人權益、自跨董事身份產生利益衝突或參與日常本公司業務經營。審核委員會監督財務報告程序及本公司內部監控系統之充足性和有效性。年內，審核委員會曾獨立審閱年內刊發載於本公司通函之中期及年度財務報表及財務報告及報表。審核委員會亦於直接向委員報告之內部審核部門協助下，完成審核本公司內部監控系統之充足性和有效性，並向董事會報告其調查結果及建議。

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for ensuring that the Group has a sound and effective internal control system. The Group is committed to the identification, monitoring and management of risks associated with its business activities and has implemented a practical and effective control system which includes a defined management structure with limits of authority, a sound cash management system and periodic review of the Group's operation and performance by the Audit Committee and the Board. The internal control system is reviewed on an ongoing basis by the Board to ensure it is effective. The Board is satisfied that, based on information furnished to it and on its own observations, the present internal controls of the Group are satisfactory. The Board has conducted review of the effectiveness of the system of internal control and is of the view that the system of internal control adopted for the year is sound and effective. The Group does not maintain its own internal audit team for cost-saving reason but the work is shared between related parties in the company to assist the Audit Committee to review the effectiveness of the Group's risk management and internal control system.

AUDITORS

A resolution will be submitted to Annual General Meeting of the Company to re-appoint the auditors, Reanda Lau & Au Yeung (HK) CPA Limited.

By order of the Board

Zhang Hong
Chairman

Jilin Province, PRC
29 March 2018

As at the date of this announcement, the Board comprises four executive directors, being Zhang Hong, Zhang Xiao Guang, Zhao Bao Gang and Wu Guo Wen and three independent non-executive directors, being Qiu Fangping, Gao Yong Cai and Tian Jie.

This announcement will remain on the "Latest Company Announcements" page on the GEM Website at www.hkgem.com for at least 7 days from the date of its posting.

內部監控及風險管理

董事會負責確保本集團的內部監控系統健全及有效。本集團致力於識別、監控及管理與其業務有關之風險，並已實施一項實際可行和行之有效之監控系統，包括清晰界定許可權之管理結構、良好之現金管理系統，以及由審核委員會及董事會定期對本集團之營運及業績進行檢討。內部監控系統乃由董事會持續進行檢討是否有效。董事會根據向其獲提供之資料及本身之觀察，對本集團現有之內部監控感到滿意。董事會亦已審閱內部監控系統之有效性，認為於年內採納之內部監控系統屬健全及有效。為節省成本，本集團自身並無成立內部審核團隊，而是與其關聯方共同協助審核委員會檢討本集團風險管理及內部監控系統的有效性。

核數師

本公司將於週年股東大會上提呈決議案以續聘利安達劉歐陽(香港)會計師事務所有限公司為本公司核數師。

承董事會命

張弘
主席

中國吉林省
二零一八年三月二十九日

於本公佈日期，本公司董事會成員包括4名執行董事張弘、張曉光、趙寶剛及吳國文及3名獨立非執行董事邱芳萍、高永才及田傑。

本公佈將由其刊載日期起計至少七天於GEM網站www.hkgem.com「最新公司公告」一欄刊登。