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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)*

**(Stock Code: 8049)**

## **SUPPLEMENTAL ANNOUNCEMENT ON THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019**

Reference is made to the announcement of Jilin Province Huinan Changlong Bio-pharmacy Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 31 March 2020 on unaudited annual results announcement for the year ended 31 December 2019 (the “**Announcement**”).

The board of directors (the “**Board**”) of the Company is pleased to announce that as at the date of this announcement, the Company’s external auditor has completed its audit of the annual results of the Group for the year ended 31 December 2019 (the “**2019 Annual Results**”). The audited annual results for the year ended 31 December 2019 were approved by the Board on 30 June 2020. This announcement, containing the full text of the 2019 annual report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“**GEM Listing Rules**”) in relation to information to accompany preliminary announcements of the annual results.

### **MATERIAL DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS**

The auditing process for the 2019 Annual Results had not been completed as at the date of publication of the unaudited annual results announcement. Since subsequent adjustments have been made to the unaudited annual results of the Group contained in the Announcement upon the completion of audit, shareholders and potential investors of the Company are advised to pay attention to certain differences between the unaudited annual results of the Group contained in the Announcement and the audited annual results of the Group in this announcement. Set forth below are principal details and reasons for the differences in such financial information.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

|                    | Audited<br>Annual Results<br>2019<br><i>RMB'000</i> | Unaudited<br>Annual Results<br>Disclosed<br>in the<br>Announcement<br>2019<br><i>RMB'000</i> | Difference<br><i>RMB'000</i> | Notes |
|--------------------|-----------------------------------------------------|----------------------------------------------------------------------------------------------|------------------------------|-------|
| Other income       | 29,487                                              | 36,041                                                                                       | (6,554)                      | (i)   |
| Other gains        | 8,483                                               | –                                                                                            | 8,483                        | (ii)  |
| Income tax expense | (30,568)                                            | (28,135)                                                                                     | (2,433)                      | (iii) |

## CONSOLIDATED BALANCE SHEET

|                                                       | Audited<br>Annual Results<br>2019<br><i>RMB'000</i> | Unaudited<br>Annual Results<br>Disclosed<br>in the<br>Announcement<br>2019<br><i>RMB'000</i> | Difference<br><i>RMB'000</i> | Notes  |
|-------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------------------------------------------|------------------------------|--------|
| <b>Non-current assets</b>                             |                                                     |                                                                                              |                              |        |
| Property, plant and equipment                         | 145,242                                             | 146,761                                                                                      | (1,519)                      | (iv)   |
| Prepaid land lease payments                           | –                                                   | 14,614                                                                                       | (14,614)                     | (v)    |
| Right-of-use assets                                   | 38,340                                              | –                                                                                            | 38,340                       | (v)    |
| Deferred tax assets                                   | 1,510                                               | 4,585                                                                                        | (3,075)                      | (iii)  |
| <b>Current assets</b>                                 |                                                     |                                                                                              |                              |        |
| Trade receivables                                     | 260,154                                             | 268,619                                                                                      | (8,465)                      | (vi)   |
| Contract assets                                       | 34,934                                              | 30,115                                                                                       | 4,819                        | (vi)   |
| Other receivables, deposits and prepayments           | 232,817                                             | 255,237                                                                                      | (22,420)                     | (vii)  |
| Prepaid lease payments                                | –                                                   | 454                                                                                          | (454)                        | (v)    |
| Financial assets at fair value through profit or loss | 683,483                                             | 681,612                                                                                      | 1,871                        | (viii) |
| <b>Current liabilities</b>                            |                                                     |                                                                                              |                              |        |
| Contract liabilities                                  | 8,902                                               | 12,898                                                                                       | (3,996)                      | (ix)   |

*Notes:*

- i. The difference in other revenue was mainly due to adjustments of yield gains on financial assets at fair value through profit or loss included in other income.
- ii. The difference in other gains was mainly due to recognition of net gain on financial assets at fair value through profit or loss.
- iii. The differences in Income tax expense and deferred tax assets were mainly due to adjustment on current year PRC corporate income tax and deferred taxation.
- iv. The difference in property, plant and equipment was mainly due to adjustment on depreciation.
- v. The difference in prepaid land lease payments was mainly due to the reclassification of land use right to right-of-use assets upon adoption of the new accounting standard HKFRS 16 Leases.
- vi. Loss allowance adjustments on trade receivables and contract assets is resulted from impairment reassessment. The loss allowance stated in the Announcement was based on the business valuation carried out then which was not reviewed by the auditor.
- vii. The difference in other receivables, deposits and prepayments was mainly due to the reclassification of land use right acquired during the year from prepayments to right-of-use assets.
- viii. The difference in financial assets at fair value through profit or loss was mainly due to the adjustment on fair value gain.
- ix. The difference in contract liabilities was mainly due to the reclassification of balances.

## **AUDITOR'S AGREEMENT ON THE 2019 ANNUAL RESULTS**

Following the adjustments described in Notes (i) to (ix) above, the Company's external auditor has agreed on the 2019 Annual Results (including the financial figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated balance sheet and the related notes thereto) as set out in the 2019 Annual Results. The audited annual results of the Group for the year ended 31 December 2019 have been reviewed by the Audit Committee of the Company and were approved by the Board on 30 June 2020.

By order of the Board  
**Jilin Province Huinan Changlong Bio-pharmacy Company Limited**  
**Zhang Hong**  
*Chairman*

Jilin Province, the PRC  
30 June 2020

*As at the date of this announcement, the Board comprises six executive directors, being Zhang Hong, Zhang Xiao Guang, Zhao Bao Gang, Wu Guo Wen, Zhang Yi and Xu Xiang Fu; and three independent non-executive directors, being Gao Yong Cai, Gao Qi Pin and Tian Jie.*

*This announcement, for which the directors of Jilin Province Huinan Changlong Bio-pharmacy Company Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Jilin Province Huinan Changlong Bio-pharmacy Company Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the “Latest Company Announcements” page on the GEM Website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting.*





## 吉林省輝南長龍生化藥業股份有限公司

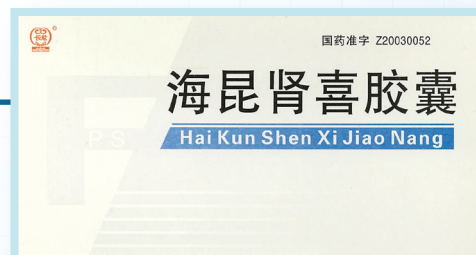
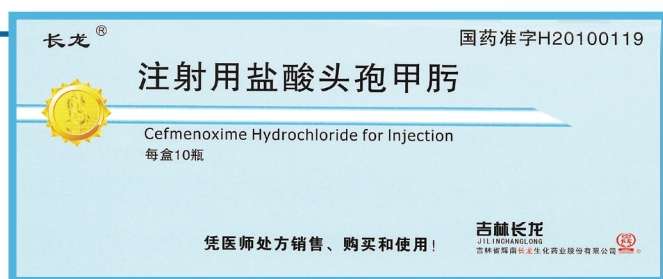
Jilin Province Huinan Changlong Bio-pharmacy Company Limited

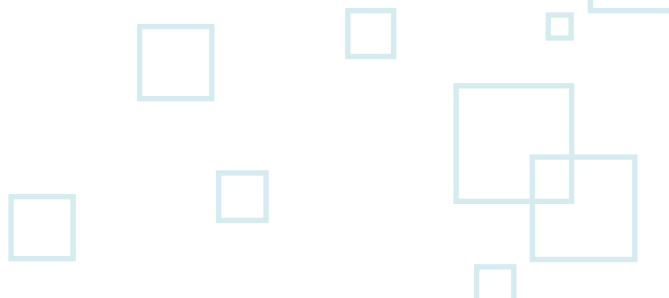
(於中華人民共和國註冊成立之股份有限公司)

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

(股份代號：8049)

(Stock Code : 8049)





## CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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Given that the companies listed on the GEM are generally small and mid-sized companies, there is a risk that securities traded on the GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on the GEM.

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*This annual report, 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 annual report 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 annual report misleading.*

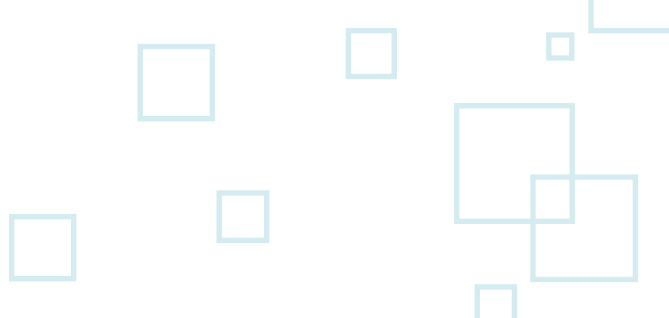
### 香港聯合交易所有限公司(「聯交所」)GEM之特色

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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本年度報告乃遵照聯交所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，本年度報告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，致使本年度報告中任何聲明或本年度報告存在誤導成分。



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## CORPORATE INFORMATION

### 公司資料

#### BOARD OF DIRECTORS

##### Executive Directors

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

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Gao Yong Cai  
Ms. Tian Jie  
Mr. Gao Qi Pin

#### SUPERVISORS

Mr. Wang Ying Xu  
Mr. Yan Li Yu  
Ms. Qiao Xiao Chun

#### COMPLIANCE OFFICER

Mr. Zhang Hong

#### AUTHORIZED REPRESENTATIVES

Mr. Zhang Hong  
Mr. Zhao Bao Gang

#### AUDITORS

Reanda Lau & Au Yeung (HK) CPA Limited  
Certified Public Accountants  
Hong Kong

#### AUDIT COMMITTEE

Mr. Gao Yong Cai  
Ms. Tian Jie  
Mr. Gao Qi Pin

#### REMUNERATION COMMITTEE

Mr. Gao Yong Cai  
Ms. Tian Jie  
Mr. Gao Qi Pin  
Mr. Zhang Hong

#### COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Mok Sai Cheong Mark, CPA, FCCA

#### 董事會

##### 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  
張翼先生  
徐向夫先生

##### 獨立非執行董事

高永才先生  
田傑女士  
高其品先生

##### 監事

王英旭先生  
鄒禮玉先生  
喬曉春女士

##### 監察主任

張弘先生

##### 授權代表

張弘先生  
趙寶剛先生

##### 核數師

利安達劉歐陽(香港)會計師事務所有限公司  
執業會計師  
香港

##### 審核委員會

高永才先生  
田傑女士  
高其品先生

##### 薪酬委員會

高永才先生  
田傑女士  
高其品先生  
張弘先生

##### 公司秘書兼合資格會計師

莫世昌先生，CPA, FCCA

## CORPORATE INFORMATION

### 公司資料

#### NOMINATION COMMITTEE

Mr. Gao Yong Cai  
Ms. Tian Jie  
Mr. Gao Qi Pin  
Mr. Zhang Xiao Guang

#### H SHARE SHARE REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited  
17M/F  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

#### PRINCIPAL BANKER

Industrial and Commercial Bank of China  
Huinan County Branch  
Tonghua  
Jilin Province  
PRC

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#### STOCK CODE

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#### 提名委員會

高永才先生  
田傑女士  
高其品先生  
張曉光先生

#### H股過戶登記處

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香港  
皇后大道東183號  
合和中心  
17M樓

#### 主要往來銀行

中國工商銀行  
輝南縣支行  
中國  
吉林省  
通化市

#### 香港主要營業地點

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#### 股份代號

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通化市  
輝南縣  
朝陽鎮  
北山街31號

#### 網址

<http://www.jlchanglong.com>

# CHAIRMAN'S STATEMENT

## 主席報告

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 2019.

During the year under review, the total revenue of the Group for the year ended 31 December 2019 was RMB645,885,000, representing a decrease of 0.3% as compared with RMB647,672,000 for the previous year. Profit for the year attributable to owners of the Company decreased to RMB144,726,000 from RMB161,216,000 last year. For the year ended 31 December 2019, basic earnings per share decreased to RMB25.83 cents from RMB28.78 cents last year.

In 2019, with its 30-year history, under the new historical conditions, the Company explored and adjusted its business strategy and innovated development model, with the aim of pursuing the path of sustainable development. We gave full play to our technological advantages, increased investment in technology, and intensified product research and development, so as to capture the market with our leading technology and high-end products.

This year's achievements were the results of joint effort of our staff at all levels. As the state further deepened the reform of the health care system and continued to increase the anti-corruption effort in the area of pharmaceutical distribution, we overcame the factors relating to increasing production cost, dropping drug prices, restriction on prescription of medicines, two invoice system, reform of traditional marketing mode and rising costs of certain raw materials, 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.

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」)截至二零一九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，截至二零一九年十二月三十一日止年度本集團總收入為人民幣645,885,000元，較去年人民幣647,672,000元減少0.3%。本年度本公司股權持有人應佔溢利由去年人民幣161,216,000元減少至人民幣144,726,000元。截至二零一九年十二月三十一日止年度每股基本盈利由去年人民幣28.78分減少至人民幣25.83分。

二零一九年公司走過了30年歷程，在新的歷史條件下，公司探索和調整經營策略，創新發展模式，走可持續發展之路。進一步發揮科技優勢，增加科技投入，加大產品研發力度，以領先技術和高端產品搶佔市場創高點。

本年業績是全體員工共同努力的成果。在國家進一步深化醫療體制改革，繼續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、兩票制、傳統營銷模式變革及部分原材料上漲等諸多因素影響，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。

## CHAIRMAN'S STATEMENT

### 主席報告

Firstly, with emphasis on sales as always, we persisted in expanding the market through diverse channels and have established a professional marketing team that primarily consists of clinical academic members, supplemented by OTC members, which enabled the steady growth of sales. While firmly focusing on the sales target of the Hai Kun Shen Xi capsule (海昆腎喜膠囊), our dominant product, we strived to ensure no loss of existing market, continued to strengthen academic promotion, strived to explore uncharted markets, proactively organized and participated in academic conferences in relation to nephrology at state level and gained market share. 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), and blood serum tablet (血脈清片), which propelled our sales to a new level.

On the other hand, we emphasized the research and development of new drugs. We cooperated with a number of pharmaceutical universities, research institutes and a number of experts in the field of drug research and development and scholars and increased investment in developing technologically advanced new drugs, with independent intellectual property rights.

Moreover, we have strictly followed the management regulations of the new version of Good Manufacturing Practice, strengthened management of production sites, established a rigorous quality control system, applied quality concepts to production management, and enhanced our efforts in quality control throughout the production process. In connection with Company's strategic development plan, we strictly implemented production management, enhanced quality, reduced costs, increased efficiency, so as to guarantee the supply of goods against rapid growth in sales.

首先，我們始終堅持以銷售工作為重點，堅持多渠道開拓市場，建成了以自健臨床學術隊伍以主、OTC隊伍為輔的專業化營銷團隊，使銷售業績穩步發展。我們緊緊圍繞「海昆腎喜膠囊」這一主導品種，堅持確保現有市場不丟失，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，努力提高市場佔有率；同時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」等注射劑品種和「血脈清片」等招商品種產銷力度，使銷售業績再上一個新台階。

另一方面，我們重視新藥研發工作，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，加大新藥研發的投入，開發具有高科技含量，自主智慧財產權的新藥。

再者，我們嚴格執行新版GMP管理規程，加強生產現場管理，建立嚴謹的品質管制體系，把品質觀念貫徹到生產管理中，強化生產過程中品質監控力度，結合公司戰略發展部署，嚴抓生產管理，提品質、降成本、增效益，為銷售快速增長提供貨源保障。



## CHAIRMAN'S STATEMENT

### 主席報告

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 continue to adhere to our business philosophy, that is, "focusing on technological innovation and serving the public and endeavoring in the pursuit of health for people around the world". We will strive to become globalized and contribute to the healthiness of the people around the world as the endeavor and pursuit of "Changlong people". Our ultimate goal is to achieve rapid growth for "New Changlong" and grow into a centennial enterprise.

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 2019 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  
30 June 2020

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，我們將繼續秉承「科技創新厚德濟世」的企業經營理念。把走全球化道路，為世界人類健康做貢獻作為「長龍人」的不懈努力和追求，全力打造一個快速騰飛的新長龍，向百年企業奮進！

本人謹代表董事會對各級員工及管理層在二零一九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  
二零二零年六月三十日



# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### BUSINESS REVIEW

For the year ended 31 December 2019, the Group's revenue decreased to RMB645,885,000 from approximately RMB647,672,000 while the profit for the year attributable to owners of the Company decreased to RMB144,726,000 from RMB161,216,000. For the year ended 31 December 2019, basic earnings per share decreased to RMB25.83 cents from RMB28.78 cents last year.

For the year ended 31 December 2019, 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.

### Investments in wealth management products

During the reporting year, the Group subscribed for and held various short-term investments, from time to time, in the wealth management products (the "Wealth Management Products") issued by Industrial and Commercial Bank of China, Agricultural Bank of China, China Construction Bank, Bank of China, Postal Saving Bank of China and Bank of Jilin. The Wealth Management Products were mainly relatively lower risk of default. The expected annualised rate of return of the Wealth Management Products subscribed during the year was around 2.8%–4.1% (2018: 2.1%–5%), which was relatively higher than the comparable market bank deposit interest rates.

The subscriptions were carried out by the Group for treasury management purpose in order to maximize the utilization of its surplus cash received from its business operations, with a view to achieving balanced yields whilst maintaining high liquidity and a low level of risks. Taking into account of, among others, the low level of risks and the expected rates of return, the Group considers that the subscriptions will provide the Group with better returns than the returns on deposits generally offered by commercial banks and increase the Group's overall earnings in the long run. The Group will monitor and manage the subscriptions more closely and effectively.

As at 31 December 2019, the Group did not experience any losses on the wealth management products. Further, the subscriptions were funded by the surplus cash of the Company and are redeemable on demand or highly liquid, therefore they would not affect the working capital or the operation of the Group. As such, the Directors are of the view that the subscriptions are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

### 業務回顧

截至二零一九年十二月三十一日止年度，本集團收入由約人民幣647,672,000元減少至人民幣645,885,000元。本年度本公司股權持有人應佔溢利由人民幣161,216,000元下降至人民幣144,726,000元。截至二零一九年十二月三十一日止年度，每股基本盈利由去年之人民幣28.78分減少至人民幣25.83分。

截至二零一九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。

### 於理財產品的投資

於本報告年度內，本集團不時申購及持有多項由中國工商銀行、中國農業銀行、中國建設銀行、中國銀行、中國郵政儲蓄銀行及吉林銀行所發行的理財產品（「理財產品」）短期投資。該等理財產品主要為違約風險相對較低。於年內申購的理財產品的預期年化回報率約為2.8%至4.1%（二零一八年：2.1%至5%），相對高於可比市場銀行存款利率。

本集團就庫務管理目的而進行該等認購事項，以盡量利用自其業務營運所得的現金盈餘，以達致收益平衡並維持較高資本流動性及較低風險。考慮到（其中包括）較低風險及預期收益率；本集團認為該等認購事項為本集團所帶來的回報將較商業銀行一般提供的存款回報更佳，就長遠而言可增加本集團的整體盈利。本集團將更密切及更有效監察及管理該等認購事項。

於二零一九年十二月三十一日，本集團並未出現任何理財產品方面的損失。此外，該等認購事項乃以本集團盈餘現金撥付，可按要求贖回或流動性高，因此不會對本集團的營運資金或營運造成影響。因此，董事認為，該等認購事項屬公平合理，並符合本集團及股東的整體利益。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

As at 31 December 2019, the Group's investments in the Wealth Management Products were classified as financial assets at fair value through profit or loss in its consolidated statement of financial position, and amounted to approximately RMB683,483,000 (2018: RMB571,612,000). For the year ended 31 December 2019, the gain realised by the Group from the Wealth Management Products amounted to approximately RMB11,428,000 (2018: RMB16,994,000).

### OPERATION REVIEW

#### Good Manufacturing Practice (GMP)

During the year ended 31 December 2019, 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 30 January 2024
8. Lyophilized Powder for Injection – valid until 30 January 2024
9. Small Volume Injection – valid until 30 January 2024
10. API (Edaravone) – valid until 30 January 2024
11. Solution (External Use) – valid until 28 August 2022
12. Granules and Pills (Water Pills) – valid until 28 August 2022

於二零一九年十二月三十一日，本集團於理財產品的投資在其綜合財務狀況表分類為透過損益按公允值列賬的金融資產，金額約為人民幣683,483,000元（二零一八年：人民幣571,612,000元）。截至二零一九年十二月三十一日止年度，本集團自理財產品實現的收益約為人民幣11,428,000元（二零一八年：人民幣16,994,000元）。

#### 營運回顧

#### 「優良製造標準」認證(GMP)

截至二零一九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)－有效至二零二四年一月三十日
8. 凍乾粉針劑－有效至二零二四年一月三十日
9. 小容量注射液－有效至二零二四年一月三十日
10. 原料藥(依達拉奉)－有效至二零二四年一月三十日
11. 溶液劑(外用)－有效至二零二二年八月二十八日
12. 顆粒劑和丸劑(水丸)－有效至二零二二年八月二十八日

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### 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 largest contributor of revenue and its revenue reached our target level.

The Group invested approximately RMB41,752,000 in research and development projects during the year.

### PRODUCTION FACILITIES

During the year, the Company put in more efforts in hardware transformation by upgrading and transforming small-volume injection workshop, lyophilized powder injection workshop, membrane workshop and injection raw material workshop and acquiring new equipment, which resulted in improved production capacity and satisfied the demand of the market.

During the year, a solid medicine workshop has been newly-built and some testings had been carried out. The workshop is used for research and development and consistency evaluation of generic drugs such as irbesartan tablets, febuxostat tablets and metformin compound preparations. The Company's product mix has continued to expand, its research and development capabilities and market competitiveness have also improved. Pharmaceutical research for irbesartan tablets was completed recently.

### FINANCIAL REVIEW

For the year ended 31 December 2019, the Group's recorded revenue amounted to approximately RMB645,885,000 (2018: RMB647,672,000), representing a decrease of approximately 0.3% as compared with the figure of the previous year. The audited profit for the year attributable to owners of the Company was approximately RMB144,726,000, representing a decrease of 10.2% as compared with RMB161,216,000 of the previous year. The basic earnings per share amounted to RMB25.83 cents (2018: RMB28.78 cents), representing a decrease of RMB2.95 cents over the previous year.

The Board of Directors is pleased with the financial performance in 2019. It is believed that the maintenance of profitability is attributed to the following reasons:

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

### 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。

本集團於本年度投放於研究及開發項目的資金約人民幣41,752,000元。

### 生產設施

本年公司加大了硬件改造力度，對小容量注射劑車間、凍乾粉針劑車間、前處理提取車間、針劑原料車間進行升級改造，購置新型設備，提高了生產能力，滿足市場供應需求。

本年新建固體化藥車間，完成了設備構建及調試工作，用於厄貝沙坦片、非布司他片和二甲雙胍複方製劑等仿製藥的研發與一致性評價，公司產品目錄不斷豐富，提高了公司的研發能力和市場競爭力，目前厄貝沙坦片已完成藥學研究。

### 財務回顧

截至二零一九年十二月三十一日止年度，本集團錄得收入較去年減少約0.3%，至約人民幣645,885,000元（二零一八年：人民幣647,672,000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161,216,000元減少10.2%，至約人民幣144,726,000元。每股基本盈利較去年減少人民幣2.95分至人民幣25.83分（二零一八年：人民幣28.78分）。

董事會對二零一九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，以主導品種穩步增長為突破，使銷售業績達到預期目標。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

Secondly, we have followed the management regulations of the new version of Good Manufacturing Practice, attached great importance to staff training and strengthened the production management in 2019, thereby bolstering the growth and development of the Group.

Thirdly, we continued to strengthen academic promotion, enhance our understanding of clinical performance of various medicines and explore the unique value of our products while proactively organizing and participating in academic conferences in relation to nephrology at national 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.

Fifthly, we continued to strengthen the buildup of our sales teams, fill up market gaps, and link staff recruitment and filling up market gaps together with leadership responsibility system, increase the efforts in developing new products and lay a solid foundation for better corporate development.

The gross profit margin for the year ended 31 December 2019 was approximately 83.4%, representing a 1.2% increase as compared with that of 82.2% for the year ended 31 December 2018.

For the year ended 31 December 2019, the Group recorded other income and gains of approximately RMB37,970,000, contrasting to a figure of RMB58,188,000 for the year ended 31 December 2018.

Distribution and selling costs decreased to approximately RMB336,217,000 for the year ended 31 December 2019 from approximately RMB375,480,000 in last year. These expenses accounted for 52.06% of revenue in 2019, which represented a 5.91% decrease from 57.97% as compared with the corresponding period of last year.

For the year ended 31 December 2019, administrative expenses increased to approximately RMB64,691,000 from approximately RMB28,450,000 last year.

二是二零一九年內公司嚴格執行新版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，加強對藥品臨床情況的瞭解，挖掘產品獨特價值，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。

五是繼續加強銷售隊伍建設，填補空白市場，提高產品市場佔有率，把人員招聘、填補市場與領導責任制度掛鉤，加大新品種開發力度，為企業更好的發展奠定堅實基礎。

截至二零一九年十二月三十一日止年度，邊際毛利約為83.4%，較截至二零一八年十二月三十一日止年度之82.2%增加1.2%。

截至二零一九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37,970,000元，而截至二零一八年十二月三十一日止年度則為人民幣58,188,000元。

截至二零一九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375,480,000元減少至約人民幣336,217,000元。於二零一九年，該等開支佔收入的百分比為52.06%，較去年同期之57.97%減少5.91%。

截至二零一九年十二月三十一日止年度，行政開支由去年約人民幣28,450,000元增加至約人民幣64,691,000元。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### LIQUIDITY AND FINANCIAL RESOURCES

The Group has maintained a sound financial position during this year. As at 31 December 2019, cash and bank balances of the Group amounted to RMB137,389,000 (2018: RMB158,340,000) with total borrowings of RMB2,350,000 (2018: RMB2,350,000) which were interest bearing at commercial rates and unsecured. As at 31 December 2019, the Group had total assets of RMB1,671,477,000 (2018: RMB1,554,841,000) which were financed by current liabilities of RMB387,872,000 (2018: RMB375,484,000), long term borrowings of RMB490,000 (2018: RMB1,100,000), deferred tax liabilities of RMB Nil (2018: RMB52,000) and shareholders' equity of RMB1,238,533,000 (2018: RMB1,133,025,000).

### GEARING RATIO

As at 31 December 2019, the Group had a net cash and cash equivalents of RMB137,389,000. As at 31 December 2019, the ratio of the total liabilities to the total assets of the Group was 26% (2018: 27%) which was calculated by dividing the Group's total liabilities of RMB432,944,000 (2018: RMB421,816,000) by the Group's total equity and liabilities of RMB1,671,477,000 (2018: RMB1,554,841,000). The Group's gearing ratio which derived from the total borrowings to total net assets was 0.2% (2018: 0.2%).

### EMPLOYEES

The Group has a total of 856 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.

### 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。於二零一九年十二月三十一日，本集團的現金及銀行結餘合共為人民幣137,389,000元（二零一八年：人民幣158,340,000元），總貸款為人民幣2,350,000元（二零一八年：人民幣2,350,000元）。該等貸款以商業利率計息，並無抵押。於二零一九年十二月三十一日，本集團的資產總值為人民幣1,671,477,000元（二零一八年：人民幣1,554,841,000元），資金來源為流動負債人民幣387,872,000元（二零一八年：人民幣375,484,000元）、長期貸款人民幣490,000元（二零一八年：人民幣1,100,000元）、遞延稅項負債人民幣零元（二零一八年：人民幣52,000元）及股東權益人民幣1,238,533,000元（二零一八年：人民幣1,133,025,000元）。

### 資本負債比率

於二零一九年十二月三十一日，本集團擁有現金及現金等值物淨額人民幣137,389,000元。於二零一九年十二月三十一日，本集團負債總額相對於資產總值之比率為26%（二零一八年：27%），該負債比率按本集團總負債人民幣432,944,000元（二零一八年：人民幣421,816,000元）除本集團總權益與總負債人民幣1,671,477,000元（二零一八年：人民幣1,554,841,000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0.2%（二零一八年：0.2%）。

### 僱員

本集團在職職工856名，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付予僱員，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。

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### 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.

#### 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。



# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## 董事及高級管理層簡歷

### EXECUTIVE DIRECTORS

#### Zhang Hong

Aged 65, male, is the Chairman and secretary of the Party committee. He holds a bachelor degree and is a senior economist. His previous positions are as follows: He was a teacher and the secretary of Youth League Committee of Huinan No. 4 Middle School from September 1978 to October 1983; he worked in county and town governments from November 1983 to September 1989, during which he held the position of deputy town head; he has been the Chairman, and secretary of the Party committee of Jilin Province Huinan Changlong Bio-pharmacy Company Limited since October 1989.

Mr. Zhang Hong is the father of Mr. Zhang Yi, our executive director.

#### Zhang Xiao Guang

Aged 56, male, is an executive director and general manager. He holds a bachelor degree and is a senior economist. He held the positions of the secretary of Youth League Committee of Chaoyang Town Engineer Affairs Equipment Factory of Shenyang Railway Bureau from July 1983 to September 1989; deputy director of Foreign Trade Bureau of Huinan County from October 1989 to November 1990; executive director and deputy general manager of the Company since December 1990; appointed as general manager since January 2015.

#### Zhao Bao Gang

Aged 53, male, is an executive director and chief finance officer. He holds a bachelor degree and is a senior accountant, a certified accountant and certified estimator. From August 1990 to May 1995, he acted as director of Finance Bureau of Huinan County; from June 1995 to February 2007, he held the position of director and equipment executive director and finance officer of Jilin Province Huinan Changlong Bio-pharmacy Company Limited and was appointed as executive director and chief finance officer of the Company since March 2007.

#### Wu Guo Wen

Aged 55, male, is an executive director and deputy sale director. He holds a master degree and is a senior engineer. From September 1988 to August 1991, he studied in Shanghai Medicine University; from February 1993 to May 1996, he pursued master degree in Jilin University; from June 1996 to August 2007, he acted as chief engineer of Huinan Changlong Bio-pharmacy Company and was appointed as executive director and chief engineer on 9 August 2007; appointed as deputy sale director of part of east China since 2010.

### 執行董事

#### 張弘

董事長、黨委書記，男，65歲，大學學歷，高級經濟師。曾經擔任的重要職務及任期：1978年9月~1983年10月，任輝南四中教師、校團委書記；1983年11月~1989年9月，在縣直機關及鄉鎮工作，曾任大椅山鄉副鄉長；1989年10月起任吉林省輝南長龍生化藥業股份有限公司董事長及黨委書記至今。

張弘先生為我們的執行董事張翼先生的父親。

#### 張曉光

執行董事、總經理，男，56歲，大學學歷，高級經濟師。1983年7月~1989年9月，任瀋陽鐵路局朝陽鎮工務器材廠團委書記；1989年10月~1990年11月，任輝南縣外貿局副局長；1990年12月起任公司執行董事、副總經理；2015年1月起任總經理。

#### 趙寶剛

執行董事、財務總監，男，53歲，大學本科學歷，正高級會計師，註冊會計師，註冊評估師。1990年8月~1995年5月，在輝南縣財政局任科長；1995年6月~2007年2月，任吉林省輝南長龍生化藥業股份有限公司執行董事及財務科長兼設備科長；2007年3月起任公司執行董事兼財務總監至今。

#### 吳國文

執行董事、銷售副總，男，55歲，碩士研究生，高級工程師。1988年9月~1991年8月，在上海醫藥大學學習；1993年2月~1996年5月，在吉林大學攻讀碩士學位；1996年6月~2007年8月任輝南長龍藥業公司總工程師；2007年8月9日任公司執行董事兼任總工程師；2010年任分管華東銷售副總經理至今。



## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

### 董事及高級管理層簡歷

#### Zhang Yi

Aged 39, male is an executive director and executive deputy general manager, held a Master's degree. He attended combined Bachelor's and Master's degree programs in the clinical department of Jilin University for seven years from September 2000 to July 2007. He studied in the First Hospital of Jilin University from 2007 to 2008 and took up IMBA courses in Beijing Jiaotong University from 2009 to 2011. From 2011 to 2014, he worked as the General Manager in Changchun Changyuan Pharmaceutical Industry. He has been working in Jilin Province Huinan Changlong Bio-pharmacy Company Limited as executive deputy general manager.

Mr. Zhang Yi is son of Mr. Zhang Hong, the chairman and executive director of the Company.

#### Xu Xiang Fu

Aged 50, male, held a tertiary qualification. He graduated from the School of Medicine in Jilin, specializing in medicine, and is a senior engineer. He has been working for Changlong Pharmacy since 1992 and is currently the Deputy Technical General Manager of the Company. In 2015, he was awarded two patents for inventing the "Methodology for Retrieving Fucoidan" and "A Methodology for Retrieving Fucoidan". In 2016, he participated in the project of development and application in Haikun Shenxi Capsule and was awarded the second-tier prize in Jilin Province Science and Technology Award.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

#### Gao Yong Cai

Aged 64, male, Mr. Gao is a Chinese Certified Public Accountant. He has over 30 years of experience in audit and accounting services. He is currently serving as a partner of the Huinan Jin Shi Joint Certified Public Accountant (輝南金實聯合會計師事務所). Prior to this, he was a partner of Huinan County Audit Firm (輝南縣審計師事務所). He worked at the Resources Bureau of Huinan County (輝南縣物資局) from 1974 to 1994.

#### 張翼

執行董事、常務副總經理，男，39歲，碩士學歷，2000年9月~2007年7月，吉林大學臨床系7年本碩連讀。2007年~2008年，吉林大學一院。2009年~2011年，北京交通大學IMBA。2011年~2014年，長春長源藥業公司總經理。2015年至今在吉林省輝南長龍生化藥業股份有限公司任常務副總經理。

張翼先生為本公司執行董事及主席張弘先生的兒子。

#### 徐向夫

男，50歲，大專學歷，畢業於吉林醫學院藥學專業，高級工程師。1992年~至今在長龍藥業工作，現任公司技術副總經理。2015年參與獲得「褐藻多糖硫酸酯提取方法」和「一種褐藻多糖硫酸酯提取方法」兩項發明專利，2016年參與海昆腎喜膠囊的開發與應用的項目，並獲得吉林省科學技術二等獎。

### 獨立非執行董事

#### 高永才

男，64歲，為中國註冊會計師。高先生於審計及會計服務具逾三十年經驗。彼現時在輝南金實聯合會計師事務所任職合夥人。在這之前，他曾於輝南縣審計師事務所任職合夥人。於1974年至1994年於輝南縣物資局工作。

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

### 董事及高級管理層簡歷

#### Gao Qi Pin

Aged 68, male, is currently the Professor and Lecturer for Doctoral students in the research and development centre of Changchun University of Chinese Medicine. He graduated from Shenyang Pharmaceutical University with a Master's degree in 1982. He was the Deputy Dean and researcher of the provincial Academy of Sciences for Chinese Traditional Medicine from 1982 to 1998, during which he had been working in Kitasato Institute Hospital in Japan for two years and obtained the Doctoral degree after working in the University of Tromsø in Norway for more than four years. He was the Head of Jilin Provincial Institute for Drug Control and Secretary of party committee from 1998 to 2006. He is now the Professor and Lecturer for Doctoral students of Changchun College of Traditional Chinese Medicine, the Officer of Key Laboratory of Chinese Medicine Macromolecules in Jilin Province and the Officer of Key Research Centre for Active Components of Chinese Medicines in the Ministry of Education. He was the committee member of the eighth, ninth and tenth Chinese Pharmacopoeia Commission; the National New Drug Appraisal Expert; Science Advancement Award Appraisal Expert from the Ministry of Science, the Honoured President of provincial medicine society, senior associate expert from Jilin Province and the winner of special allowance from the State Council. He was once the person in charge for more than 20 national, provincial and divisional projects. He was involved in the research and development for three new medicines (Infantile spleen-strengthening oral solution (小兒健脾口服液), Colon Recovery Capsule (結腸康膠囊), Ginseng Glycopeptide Injection (人參糖肽注射液)), and initiated around 100 enhancements of standard revision for medicines, which have been implemented by our provincial enterprises. He possessed five invention patents. As the first awardee, he won one top-tier provincial and divisional prize, three second-tier prizes and a number of participant prizes. He has reached a leading international level with certification on the research studies of the structural effect and relationship among ginseng polysaccharide, tremella polysaccharide, polysaccharide and microsphere connectors. He was ranked the Outstanding Communist Party model of the Work Committee for Organs Under Direct Supervision for twice. His study background and working experience are as follows: educated youth in remote villages (November 1968 to August 1973); the student of the medicine department of Shenyang Medical College (August 1973 to October 1976); the pharmacist of the Jilin Provincial Institute (Baicheng District) for Drug Control (October 1976 to October 1980); the Master's degree postgraduate of Shenyang Medical College (October 1980 to December 1982); the Research Assistant, Research Associate, Researcher, Deputy Head, Head, Deputy Dean of School of Research of Chinese Medicines of the Jilin Province (December 1982 to March 1998), and among which: the Research Assistant of Kitasato Institute Hospital in Japan (August 1986 to August 1988); the Doctoral Postgraduate, Senior Visiting Scholar and Guest Researcher in the University of Tromsø in Norway (October 1993 to March 1998); the Senior Pharmacist and Head of Jilin Provincial Institute for Drug Control and Secretary of party committee (March 1998 to March 2006); the Professor and Officer of the research and development centre of Changchun University of Chinese Medicine (March 2006 until now).

#### 高其品

男，68歲，現為長春中醫藥大學研發中心教授，博士生導師。1982年畢業於瀋陽藥科大學，獲碩士學位；1982年~1998年工作在省中醫藥科學院，任副院長、研究員。在此期間，到日本北裡研究所工作兩年，到挪威特魯姆瑟大學工作四年多，獲得博士學位。1998年~2006年在吉林省藥品檢驗所任所長、黨委書記。現任長春中醫學院教授、博士生導師、吉林省中藥大分子重點實驗室主任、教育部中藥有效成分重點研究室主任。第八／九／十屆國家藥典委員會委員；國家新藥評審專家；科技部科技進步獎評審專家；省藥學會名譽理事長、吉林省資深高級專家、國務院特殊津貼獲得者；曾主持國家、省部級課題二十餘項。研發新藥三項(小兒健脾口服液、結腸康膠囊、人參糖肽注射液)，主持藥品標準修訂提高近百項，均已在我省企業轉化。獲有關發明專利五項。作為第一獲獎人獲省、部級一等獎一項，二等獎三項，參加人多項。在人參多糖、銀耳多糖、多糖與微球連接物等構效關係的研究，經鑒定達到了國際領先水準。曾兩次評為省直工委優秀共產黨員標兵。學習及工作經驗：1968年11月~1973年8月下鄉知識青年。1973年8月~1976年10月瀋陽藥學院藥學系學員。1976年10月~1980年10月吉林省白城地區藥品檢驗所藥師。1980年10月~1982年12月瀋陽藥學院碩士研究生。1982年12月~1998年3月吉林省中醫中藥研究院、助研、副研、研究員、副所長、所長、副院長。其中：1986年8月~1988年8月日本北裡研究所助理研究員。1993年10月~1998年3月挪威特魯姆瑟大學博士研究生高訪學者客座研究員。1998年3月~2006年3月吉林省藥品檢驗所主任藥師、所長、黨委書記。2006年3月至今長春中醫藥大學研發中心教授、主任。

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

### 董事及高級管理層簡歷

#### Tian Jie

Aged 48, female, holds a bachelor's degree. Ms. Tian has been working at Jilin Huifa Law Firm (吉林省輝發律師事務所) since March 1993 and has over 20 years of experience in legal matters. She is currently serving as the director of Jilin Huifa Law Firm.

### SUPERVISORS

#### Yan Li Yu

Aged 49, male, held a tertiary qualification. He has been working in Jilin Province Huinan Changlong Bio-pharmacy Company Limited since 1989 and is now the Superintendent of sales division of Changlong Pharmacy. He worked in the material division of Changlong Pharmacy from 1989 to 1994. He worked in the marketing and sales division of Changlong Pharmacy from 1994 to 1996. He worked in the material division of Changlong Pharmacy from 1996 to 2007. From 2007 until now, he has been working in the sales division of Changlong Pharmacy.

#### Qiao Xiao Chun

Aged 44, female, held a tertiary qualification. She has been working in Jilin Province Huinan Changlong Bio-pharmacy Company Limited since 1994 and is now the Workshop Officer of the solid pharmacy workshop of Changlong Pharmacy. She worked as a supporting staff for Changlong Pharmacy from July 1994 to January 1997. She was the Sales Manager stationed in Tianjin for Changlong Pharmacy from 1997 to 2003. She assumed the position of Superintendent of quality control division of Changlong Pharmacy from 2003 to 2012. Between 2012 and 2014, she was the Merchandiser of production supplies division of Changlong Pharmacy. She was the Deputy Head of production management division of Changlong Pharmacy from 2014 to 2016. From 2017 until now, she is the Workshop Officer of the solid pharmacy workshop of Changlong Pharmacy.

#### Wang Ying Xu

Aged 36, male, holds an associate degree. He worked in Jilin Huatai Certified Public Accountants (吉林省華泰會計師事務所) from September 2006 to December 2006. Since 2007, he has been working in Jilin Province Huinan Changlong Bio-pharmacy Company Limited and now serves as officer in finance department of the Company.

### OTHER SENIOR MANAGEMENT

#### Mok Sai Cheong Mark

Aged 39, male, is the qualified accountant and company secretary. He holds a Bachelor's degree in accounting. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. He has over 15 years of experience in auditing and accounting.

#### 田傑

女，48歲，大學本科學歷，1993年3月在吉林省輝發律師事務所工作任職至今，有法律專業工作二十多年經驗。現任吉林省輝發律師事務所主任。

#### 監事

#### 鄒禮玉

男，49歲，大專學歷，1989年至今在吉林省輝南長龍生化藥業股份有限公司工作，現任長龍藥業銷售部科員。1989年~1994年長龍藥業物料部。1994年~1996年長龍藥業市場銷售部。1996年~2007年長龍藥業物料部。2007年至今長龍藥業銷售部。

#### 喬曉春

女，44歲，大專學歷，1994年至今在吉林省輝南長龍生化藥業股份有限公司工作，現任長龍藥業固體制劑一車間車間主任。1994年7月~1997年1月長龍藥業後勤工作。1997年~2003年長龍藥業駐天津銷售經理。2003年~2012年長龍藥業質量保證部科員。2012年~2014年長龍藥業生產供應部採購員。2014年~2016年長龍藥業生產管理部副部長。2017年至今長龍藥業固體制劑一車間車間主任。

#### 王英旭

男，36歲，大專學歷，2006年9月~2006年12月在吉林省華泰會計師事務所任職，2007年至今在吉林省輝南長龍生化藥業股份有限公司工作，現任長龍藥業財務部科員。

### 其他高級管理層

#### 莫世昌

合資格會計師，公司秘書，男，39歲，會計學學士。現為香港會計師公會註冊會計師及英國特許公認會計師公會資深會員。莫先生已有逾十五年審計及會計經驗。

# REPORT OF THE DIRECTORS

## 董事會報告書

The Directors present their report and the audited financial statements of the Company and of the Group for the year ended 31 December 2019.

### BASIS OF PREPARATION

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 PRC Company Law, 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 at 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.

### PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The Group 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. There were no changes in the nature of the Group's principal activities during the year.

Business review of the Group is set out in the paragraph headed "Management Discussion and Analysis" of this annual report.

### 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 2019, 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.

### RESULTS AND DIVIDENDS

The profit of the Group for the year ended 31 December 2019 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 51 to 128.

The Directors do not recommend the payment of a final dividend.

董事會欣然提呈其年報及本公司及本集團截至二零一九年十二月三十一日止年度經審核財務報表。

### 編製基準

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。於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，本公司進一步改組為一間股份有限公司。於一九九九年四月二十日，本公司按兩股現有股份派發一股紅股的比例，將保留溢利化作資本以進行紅股發行。

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。

### 主要業務及業務回顧

本集團業務主要在中國製造及分銷長龍和清通品牌中藥及醫藥產品。本集團的主要業務性質於本年度期間並無改變。

本集團業務回顧載於本年報「管理層討論及分析」一段。

### 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。於二零一九年，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。

### 業績及股息

本集團截至二零一九年十二月三十一日止年度之溢利，以及本公司及本集團於該日期之事務狀況已載列於財務報表第51至128頁。

董事不建議派發末期股息。

# REPORT OF THE DIRECTORS

## 董事會報告書

### SUMMARY FINANCIAL INFORMATION

The following is a summary of the published results and the assets and liabilities of the Group prepared on the basis set out in the notes below. This summary is not part of the audited financial statements.

#### Results

|                                                                                    |                     | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|------------------------------------------------------------------------------------|---------------------|-----------------------------------|-----------------------------------|
| Revenue                                                                            | 收入                  | 645,885                           | 647,672                           |
| Profit before income tax                                                           | 除所得稅前溢利             | 175,294                           | 186,323                           |
| Income tax expense                                                                 | 所得稅支出               | (30,568)                          | (25,107)                          |
| Profit for the year from ordinary activities attributable to owners of the Company | 本年度本公司股權持有人應佔日常業務溢利 | 144,726                           | 161,216                           |

#### Assets and liabilities

|                   |      | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|-------------------|------|-----------------------------------|-----------------------------------|
| Total assets      | 總資產  | 1,671,477                         | 1,554,841                         |
| Total liabilities | 總負債  | (432,944)                         | (421,816)                         |
| Net assets        | 資產淨值 | 1,238,533                         | 1,133,025                         |

### BEARER BIOLOGICAL ASSETS, PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Details of movements in bearer biological assets, property, plant and equipment, and intangible assets of the Group during the year are set out in Notes 16, 17 and 21 to the financial statements respectively.

### 財務資料概要

以下為本集團已公佈業績以及資產及負債之概要，乃按下文附註所載基準編製，本概要不屬經審核財務報表之一部分。

#### 業績

#### 資產及負債

### 不記名生物資產、物業、廠房及設備以及無形資產

於年內，本集團不記名生物資產、物業、廠房及設備以及無形資產之變動詳情分別載於財務報表附註16、17及21。



# REPORT OF THE DIRECTORS

## 董事會報告書

### MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group made no material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 December 2019. As at 31 December 2019, the Group had no other future plans for material investments or significant changes in capital assets of subsidiaries and affiliated companies.

### SUBSIDIARIES

Particulars of the subsidiaries of the Company are set out in Note 20 to the financial statements.

### BORROWINGS

Particulars of borrowings of the Group are set out in Note 29 to the financial statements.

### 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.

### SHARE CAPITAL

Details of movements in share capital of the Company during the year are set out in Note 32 to the financial statements.

### RESERVES

Details of movements in reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity and in Note 33 to the financial statements respectively.

### DISTRIBUTABLE RESERVES

As at 31 December 2019, the reserves of the Company available for cash distribution or distribution in specie was amounted to approximately RMB1,101,692,000 (2018: RMB993,808,000).

### MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group sold about 14% of its goods to its five largest customers (2018: 15%) and sales to the largest customer included therein accounted for 5% (2018: 6%) of the Group's total sales.

In the year under review, the Group's purchases from the five largest suppliers accounted for about 45% (2018: 48%) of the Group's total purchases and purchases from the largest suppliers therein accounted for 17% (2018: 22%) of the Group's total purchases.

### 重大投資、收購及出售附屬公司及聯屬公司

本集團於截至二零一九年十二月三十一日止年度內概無作出任何附屬公司及聯屬公司之重大收購及出售。於二零一九年十二月三十一日，本集團並無其他未來計劃對任何附屬公司及聯屬公司作重大投資或資本資產大幅改動。

### 附屬公司

本公司附屬公司之詳情載於財務報表附註20。

### 借貸

本集團貸款之詳情載於財務報表附註29。

### 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。

### 股本

本公司於本年度內之股本變動詳情載於財務報表附註32。

### 儲備

本集團及本公司於年內之儲備變動詳情分別載於綜合權益變動表及財務報表附註33。

### 可分配儲備

於二零一九年十二月三十一日，本公司可用作現金分配或實物分配之儲備約達人民幣1,101,692,000元（二零一八年：人民幣993,808,000元）。

### 主要客戶及供應商

於本年度內，本集團向五大客戶出售約14%（二零一八年：15%）之貨品，其中最大客戶佔本集團總銷售額5%（二零一八年：6%）。

於回顧年度內，本集團五大供應商佔本集團總採購額約45%（二零一八年：48%），其中最大供應商佔本集團總採購額17%（二零一八年：22%）。

# REPORT OF THE DIRECTORS

## 董事會報告書

None of the directors of the Company or any shareholders who, to the best knowledge of the directors, own more than 5% of the Company's issued share capital had any beneficial interest in the Group's five largest customers and five largest suppliers noted above.

### FOREIGN EXCHANGE RISK

For the years ended 31 December 2019 and 2018, 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.

### CAPITAL COMMITMENTS

Details of the capital commitments of the Group as at 31 December 2019 are set out in Note 34 to the financial statements.

### CONTINGENT LIABILITIES

As at 31 December 2019 and 2018, the Group had no material contingent liabilities.

### DIRECTORS AND SUPERVISORS

The Directors and Supervisors of the Company during the year and up to the date of this report were as follows:

#### Executive Directors

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

#### Independent Non-Executive Directors

Mr. Gao Yong Cai  
Ms. Tian Jie  
Mr. Gao Qi Pin

#### Supervisors

Mr. Wang Ying Xu  
Mr. Yan Li Yu  
Ms. Qiao Xiao Chun

### DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out in the section "Biographical Details of Directors and Senior Management" of the annual report.

就董事所知，擁有本公司已發行股本5%以上的本公司董事或任何股東概無於上述本集團五大客戶及五大供應商中擁有任何實益權益。

### 外匯風險

截至二零一九年及二零一八年十二月三十一日止年度，本集團之主要收益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金融工具作對沖用途。

### 資本承擔

本集團於二零一九年十二月三十一日之資本承擔之詳情已載於財務報表附註34。

### 或然負債

於二零一九年及二零一八年十二月三十一日，本集團並無任何重大或然負債。

### 董事及監事

本公司於本年內及截至本報告日期的董事及監事如下：

#### 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  
張翼先生  
徐向夫先生

#### 獨立非執行董事

高永才先生  
田傑女士  
高其品先生

#### 監事

王英旭先生  
鄒禮玉先生  
喬曉春女士

### 董事及高級管理層簡介

本公司董事及本集團高級管理層之簡介詳情載於年報「董事及高級管理層簡歷」一節。



# REPORT OF THE DIRECTORS

## 董事會報告書

### DIRECTORS OF SUBSIDIARIES

Listed below are the names of all the Directors who have served on the boards of the Group's subsidiaries during the year and up to the date of this Report:

Zhang Hong  
Zhang Xiao Guang  
Zhao Bao Gang  
Wu Guo Wen  
Zhang Yi

### EMOLUMENTS OF DIRECTORS AND SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' and Supervisors' emoluments and those of the five highest paid individuals in the Group are set out in Note 14 to the financial statements.

### DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS OR LETTERS OF APPOINTMENT

Each of the Directors and Supervisors (including the Independent Non-Executive Directors and the Supervisors) has entered into a service contract or letter of appointment with the Company for a term of three years. None of the Directors or the Supervisors had entered into any service contract or letter of appointment with the Company which is not terminable by the Company within one year without payment of compensation, other than statutory compensation.

### DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

No directors had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or its subsidiaries was a party during the year.

### 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.

### 附屬公司董事

以下為所有於本年度內及截至本報告日期止之期間出任本集團附屬公司董事的人士：

張弘  
張曉光  
趙寶剛  
吳國文  
張翼

### 董事、監事及五位最高薪人士之酬金

董事、監事及本集團五位最高薪人士之酬金詳情載於財務報表附註14。

### 董事及監事之服務合約或委任書

各董事及監事(包括獨立非執行董事及監事)已與本公司訂立為期三年之服務合約或委任書。董事及監事概無與本公司訂有本公司不得於一年內終止而毋需支付賠償款項(法定賠償除外)之服務合約或委任書。

### 董事及監事於合約中之權益

董事於年內概無於本公司或其附屬公司作為一方且對本集團的業務屬重要的任何合約中擁有直接或間接的重大實益權益。

### 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。

# REPORT OF THE DIRECTORS

## 董事會報告書

### DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES

At 31 December 2019, 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                | Type of Interests | Capacity                  | Number of Domestic Shares | Percentage of Domestic Shares | Percentage of total registered Share Capital |
|-------------------------|-------------------|---------------------------|---------------------------|-------------------------------|----------------------------------------------|
| 董事                      | 權益類別              | 身份                        | 內資股數目                     | 佔內資股百分比                       | 佔總註冊股本的百分比                                   |
| Zhang Hong<br>張弘        | Personal<br>個人    | Beneficial owner<br>實益擁有人 | 101,937,000               | 26.29                         | 18.19                                        |
| Zhang Xiao Guang<br>張曉光 | Personal<br>個人    | Beneficial owner<br>實益擁有人 | 42,315,000                | 10.91                         | 7.55                                         |
| Xu Xiang Fu<br>徐向夫      | Personal<br>個人    | Beneficial owner<br>實益擁有人 | 5,227,000                 | 1.348                         | 0.933                                        |
| Wu Guo Wen<br>吳國文       | Personal<br>個人    | Beneficial owner<br>實益擁有人 | 900,000                   | 0.232                         | 0.161                                        |

Save as disclosed above, as at 31 December 2019, 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.

### 董事及監事於股份的權益

於二零一九年十二月三十一日，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，於二零一九年十二月三十一日，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。

# REPORT OF THE DIRECTORS

## 董事會報告書

### 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.

### INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 31 December 2019, 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.

#### Long positions in Domestic shares

| Name of shareholder                           | Capacity/<br>Nature of Interest | Number of<br>Domestic Shares | Percentage of<br>Domestic Shares | Percentage of<br>total registered<br>Share Capital |
|-----------------------------------------------|---------------------------------|------------------------------|----------------------------------|----------------------------------------------------|
| 股東名稱                                          | 身份／權益性質                         | 內資股數目                        | 佔內資股百分比                          | 佔總註冊股本<br>的百分比                                     |
| Huinan County SAB (Note)<br>輝南縣財源投資有限責任公司(附註) | Beneficial owner<br>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.

### 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。

### 根據證券及期貨條例須予披露的權益及主要股東

於二零一九年十二月三十一日，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。

#### 於內資股的長倉

#### Long positions in H shares

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

#### 於H股的長倉

# REPORT OF THE DIRECTORS

## 董事會報告書

Save as disclosed above, as at 31 December 2019, 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.

### 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.

### 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.

### 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.

### STAFF RETIREMENT SCHEME

Details of the staff retirement scheme of the Group and the employer's staff retirement costs charged to the profit and loss account for the year are set out in note 15 to the financial statements.

### AUDIT COMMITTEE

The Company set up an Audit Committee on 24 May 2001 with written terms of reference in compliance with the requirements as set out in Rules 5.28 and 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and provide supervision over the financial reporting procedures and internal control system of the Group.

The committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, including a review of the audited results of the Group for the year ended 31 December 2019.

除上述所披露者外，於二零一九年十二月三十一日，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。

### 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。

### 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。

### 優先購股權

本公司之公司章程細則或中國法律（即本公司成立之司法權區）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。

### 僱員退休計劃

本集團之僱員退休計劃及於年內損益賬中扣除之僱主所承擔之僱員退休成本之詳情載於財務報表附註15。

### 審核委員會

本公司於二零零一年五月二十四日成立審核委員會，並遵照GEM上市規則第5.28及5.29條之規定，訂立書面職權範圍。審核委員會之主要職責是審核及監督本集團之財務報告程序及內部監控系統。

委員會已與管理層檢討本集團採納之會計原則及慣例，並商討有關內部監控及財務報告事宜，包括審核本集團截至二零一九年十二月三十一日止年度之經審核業績。

# REPORT OF THE DIRECTORS

## 董事會報告書

### FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and reclassified as appropriate, is set out on page 128 of the annual report. This summary does not form part of the audited financial statements.

### PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best of the directors' knowledge, as at the date of this annual report, there was a sufficient prescribed public float of the issued shares of the Company under the GEM Listing Rules.

### CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out on pages 27 to 34 of the annual report.

### 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  
30 June 2020

### 五年財務摘要

本集團過去五個財政年度之業績、資產及負債摘要，乃摘錄自己刊發之經審核財務報表，且已於合適時作出重新歸類，載於年報第128頁。該摘要並不構成經審核財務報表之一部分。

### 公眾持股量

根據本公司獲得之公開資料及據董事所知，於本年報刊發日期，根據GEM上市規則，本公司已發行股份之公眾持股量充足。

### 企業管治

有關本公司所採納主要企業管治常規之報告載於年報第27至34頁。

### 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  
二零二零年六月三十日

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### 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 2019 and up to the date of this annual report, the Company has complied with the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules.

### 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 2019.

### BOARD OF DIRECTORS AND BOARD MEETINGS

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

#### Executive Directors

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

#### Independent Non-Executive Directors

Mr. Gao Yong Cai  
Ms. Tian Jie  
Mr. Gao Qi Pin

As at the date of this report, the Board comprised nine Directors, six of whom are Executive Directors, three of whom are INEDs of the Company. Details of backgrounds and qualifications of each Director are set out on the section headed "Biographical Details of Directors and Senior Management" of this annual report.

### 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。截至二零一九年十二月三十一日止整個年度及直至本年報刊發日期，本公司已遵守GEM上市規則附錄15所載企業管治守則。

### 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，於截至二零一九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。

### 董事會及董事會會議

年內及截至本報告日期，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  
張翼先生  
徐向夫先生

#### 獨立非執行董事

高永才先生  
田傑女士  
高其品先生

於本報告日期，董事會由九名董事組成，其中六名為本公司之執行董事，三名為本公司之獨立非執行董事。各董事的背景及資歷詳情載於本年報「董事及高級管理層簡歷」一節。



# CORPORATE GOVERNANCE REPORT

## 企業管治報告

The Board is responsible for corporate strategy, annual and interim results, succession planning, risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. Major corporate matters that are specifically delegated by the Board of Directors to the management include the preparation of annual and interim accounts for Board approval before public reporting, execution of business strategies, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations. Executive Directors are responsible for running the Group and executing the strategies adopted by the Board. The INEDs serve the relevant function of bringing independent judgement on the development, performance and risk management of the Group through their contributions in board meeting.

All Directors have been given sufficient time and attention to the affairs of the Group. Each executive Director has sufficient experience to hold the position so as to carry out his duties effectively and efficiently.

The Board considers that each INED of the Company is independent in character and judgement. The Company has received from each INED a written confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules.

The Board meets at least four times each year at approximately quarterly intervals to discuss the Group's business development, operation and financial performance. Board papers are circulated not less than 7 days before the Board meetings to enable the Directors to make informed decisions on matters to be raised at the board meetings. Minutes of board meetings are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

To the best knowledge of the Directors, other than the family relationship disclosed in the biographical details of directors and senior management set out on pages 14 to 17 of this annual report, there is no financial, business and family relationship among the members of the Board.

董事會負責企業策略、年度及中期業績、繼任籌劃、風險管理、主要收購、出售及資本交易，以及其他重大營運及財務事宜。董事會特別授予管理層處理之重大公司事宜包括編製年度及中期賬目並於公開公佈前供董事會批准、執行業務策略、實施足夠的內部控制系統及風險管理程序，以及遵守相關法定規定、規則和條例。執行董事負責本集團之運作及執行董事會採納之策略。獨立非執行董事透過在董事會會議上發表意見，履行為本集團的發展、表現和風險管理計入獨立判斷的有關功能。

所有董事已獲給予充份時間和資料關注本集團事務。每名執行董事均有足夠經驗擔任其職位以有效和有效率執行職務。

董事會認為，本公司各獨立非執行董事的身份及判斷均具獨立性。本公司已接獲各獨立非執行董事之確認書，確認彼等符合GEM上市規則第5.09條所載有關獨立性之規定。

董事會每年最少舉行四次會議，約每一季度舉行一次，討論本集團的業務發展、營運及財務表現。董事會文件須於董事會會議前最少7天發出，使董事可就提呈董事會會議的事項作出知情決定。董事會會議記錄由公司秘書備存，任何董事可在發出合理通知下於任何合理時段查閱董事會會議記錄。

據董事所知悉，除於本年報第14至17頁所載的董事及高級管理層簡歷中披露的親屬關係外，董事會各成員之間並無財務、業務及親屬關係。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### Board meetings

During the year, six regular board meetings were held. Details of the attendance of the Directors are as follows:

### 董事會會議

年內，已舉行六次常規董事會會議。董事會出席詳情如下：

| Directors                           | 董事       | Meetings attended/Held<br>已出席／已舉行會議 |
|-------------------------------------|----------|-------------------------------------|
| Executive Directors                 | 執行董事     |                                     |
| Mr. Zhang Hong ( <i>Chairman</i> )  | 張弘先生(主席) | 6/6                                 |
| Mr. Zhang Xiao Guang                | 張曉光先生    | 6/6                                 |
| Mr. Zhao Bao Gang                   | 趙寶剛先生    | 6/6                                 |
| Mr. Wu Guo Wen                      | 吳國文先生    | 6/6                                 |
| Mr. Zhang Yi                        | 張翼先生     | 6/6                                 |
| Mr. Xu Xiang Fu                     | 徐向夫先生    | 6/6                                 |
| Independent Non-Executive Directors | 獨立非執行董事  |                                     |
| Mr. Gao Yong Cai                    | 高永才先生    | 6/6                                 |
| Ms. Tian Jie                        | 田傑女士     | 6/6                                 |
| Mr. Gao Qi Pin                      | 高其品先生    | 6/6                                 |

Apart from the above regular board meetings of the years, the Board of Directors will meet on other occasions when a board-level decision on a particular matter is required. The Directors will receive details of agenda items for decision and minutes of committee meetings in advance of each board meeting.

除上述各年度之定期董事會會議外，董事會可在必須就特定事宜作出董事會層次之決定時另行召開會議。於每次召開董事會會議前，董事將預先收到須作決定之議程項目及委員會會議記錄詳情。

### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under the code provision A.2.1, the roles of chairman and chief executive officer should be separated 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.

### 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。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

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.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company appointed INEDs who have appropriate and sufficient experience and qualification to carry out their duties so as to protect the interests of shareholders. Mr. Gao Yong Cai, Mr. Gao Qi Pin and Ms. Tian Jie are the INEDs.

All INEDs are subject to retirement by rotation in accordance with the articles of association of the Company. All the existing INEDs are appointed for an initial term of three years and the term of office shall continue after the expiration of the initial term until at least 1 month's prior written notice is given by either party or the Company to terminate the same.

### DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMME

Every Director receives comprehensive, formal and tailored induction on appointment and they are continually updated on developments in the statutory and regulatory regime, and the business and market changes to facilitate the discharge of their responsibilities and obligations under the GEM Listing Rules and relevant statutory requirements.

To ensure that all Directors' contribution into the Board remain informed and relevant, they have participated in continuous professional development for the year ended 31 December 2019 to develop and refresh their knowledge and skill. During the year under review, the Company has provided updates and coordinated training on the GEM Listing Rules and relevant regulatory requirements to the Directors.

### REMUNERATION COMMITTEE

According to the Code, the Company has set up a Remuneration Committee on 29 September 2005. As at the date of this report, the chairman of the committee is Mr. Gao Yong Cai, an INED, and other members include Ms. Tian Jie, Mr. Gao Qi Pin and Mr. Zhang Hong. The remuneration committee schedules meet at least once a year and the quorum necessary for the transaction of business is two.

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。

### 獨立非執行董事

本公司委任的獨立非執行董事擁有適當和足夠經驗及學歷履行職務，以保障股東權益。高永才先生、高其品先生及田傑女士為獨立非執行董事。

所有獨立非執行董事均須根據本公司組織章程細則輪席告退。所有現有獨立非執行董事獲委任之任期初步為三年，初步任期屆滿後任期將會繼續，直至任何一方發出最少一個月書面通知或本公司予以終止為止。

### 董事的持續專業發展課程

各董事於獲委任時均會獲得全面、正式及訂做的就任指引，並持續獲知會有關法定及監管制度的最新發展以及業務及市場變化，以協助其履行其於GEM上市規則及有關法例規定項下的職責及義務。

為確保全體董事均能為董事會作出知情及相關的決策，截至二零一九年十二月三十一日止年度內，彼等已持續參與專業發展，以精進並更新其知識和技能。於回顧年度內，本公司已根據GEM上市規則及相關監管規定為董事提供最新資訊及舉辦培訓。

### 薪酬委員會

根據守則，本公司已於二零零五年九月二十九日設立薪酬委員會。於本報告日期，委員會主席為獨立非執行董事高永才先生，其他成員包括田傑女士、高其品先生及張弘先生。薪酬委員會定期每年最少舉行一次會議，議事所須之法定人數為兩人。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

The role and function of the Remuneration Committee included the determination of the specific remuneration packages of all executive Directors, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the board of the remuneration of non-executive Directors. The remuneration committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration.

For the financial year ended 31 December 2019, the Remuneration Committee held two meetings. The individual attendance records of each member are as follows:

| Members          | 成員    | Meetings attended/Held<br>已出席／已舉行會議 |
|------------------|-------|-------------------------------------|
| Mr. Gao Yong Cai | 高永才先生 | 2/2                                 |
| Ms. Tian Jie     | 田傑女士  | 2/2                                 |
| Mr. Gao Qi Pin   | 高其品先生 | 2/2                                 |
| Mr. Zhang Hong   | 張弘先生  | 2/2                                 |

For the year ended 31 December 2019, the Remuneration Committee reviewed matters relating to remuneration for the Directors and members of senior management, and discussed the remuneration policy of the Group.

The remuneration committee of the Company has considered and reviewed the existing terms of employment contracts of the Executive Directors and appointment letters of the INEDs. The Remuneration Committee of the Company considers that the existing terms of employment contracts of the Executive Directors and appointment letters of the INEDs are fair and reasonable.

### NOMINATION COMMITTEE

The Company has established the Nomination Committee according to the relevant provisions of the GEM Listing Rules with written terms of reference. Its primary responsibilities include reviewing and supervising the framework, number of members and composition of the Board and making proposals to the Board in respect of any changes and identifying and nominating suitable persons for appointment of Director.

As at the date of this report, the Nomination Committee comprises of one Executive Director, Mr. Zhang Xiao Guang and three INEDs, Mr. Gao Yong Cai, Mr. Gao Qi Pin and Ms. Tian Jie, Mr. Gao Yong Cai is the chairman of the Nomination Committee.

薪酬委員會之角色及功能包括釐定所有執行董事之特定薪酬組合，包括實物利益、退休金及補償付款（包括因失去或終止彼等職位或委任應付之任何補償）以及向董事會就非執行董事之薪酬提供建議。薪酬委員會應考慮各種因素，例如可比較公司支付之薪金、董事承擔之時間及責任、本集團其他地方之聘用條件及按表現釐定薪酬之可取性。

於截至二零一九年十二月三十一日止財政年度，薪酬委員會舉行了兩次會議。各成員之個別出席記錄如下：

於截至二零一九年十二月三十一日止年度，薪酬委員會審核了與董事及高級管理人員薪酬相關事宜，並商討了本集團之薪酬政策。

本公司薪酬委員會已考慮和審議執行董事受聘合約及獨立非執行董事委任書之現行條款。本公司薪酬委員會認為執行董事受聘合約及獨立非執行董事委任書之現行條款屬公平合理。

### 提名委員會

本公司已根據GEM上市規則相關條文成立提名委員會，並以書面訂立其職權範圍。其主要責任包括審核和監督董事會之架構、成員人數及組織，並就任何變動向董事會作出建議和提名適當董事委任人選。

於本報告日期，提名委員會由一名執行董事張曉光先生及三名獨立非執行董事高永才先生、高其品先生及田傑女士所組成，高永才先生擔任提名委員會主席。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

Nomination procedures include identification and acknowledgement of qualified individuals by the Nomination Committee, and review and approval of such nominations by the Board. The Nomination Committee will evaluate potential candidates considering factors such as professional expertise, relevant experience, personal ethics and integrity.

For the financial year ended 31 December 2019, the Nomination Committee held two meetings. During the meeting, the Nomination Committee has reviewed and discussed the framework, number of members and composition of the Board. Also, the Nomination Committee has identified and made proposals in respect of the outstanding appointment of Executive Directors and INEDs. The individual attendance records of each member are as follows:

提名程序包括由提名委員會甄別及認可合資格人士，並由董事會審核及批准。提名委員會將評估潛在候選人，考慮專業技能、相關經驗、個人操守及誠信等因素。

截至二零一九年十二月三十一日止財政年度，提名委員會舉行了兩次會議。會上提名委員會審議並討論了董事會架構、成員人數及組成。提名委員會亦就執行董事及獨立非執行董事之空缺人選作出甄別及建議。各成員之個別出席記錄如下：

| Members              | 成員    | Meetings attended/Held<br>已出席／已舉行會議 |
|----------------------|-------|-------------------------------------|
| Mr. Gao Yong Cai     | 高永才先生 | 2/2                                 |
| Ms. Tian Jie         | 田傑女士  | 2/2                                 |
| Mr. Gao Qi Pin       | 高其品先生 | 2/2                                 |
| Mr. Zhang Xiao Guang | 張曉光先生 | 2/2                                 |

## AUDIT COMMITTEE

The Audit Committee was established in 2001 and currently comprises three members, Mr. Gao Yong Cai, Mr. Gao Qi Pin and Ms. Tian Jie. 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.

## 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、高其品先生及田傑女士三名成員組成。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。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

The Audit Committee held four meetings during the year under review. Details of the attendance of the audit committee meetings are as follows:

審核委員會於回顧年度內共舉行四次會議。審核委員會會議之出席詳情如下：

| Members          | 成員    | Meetings attended/Held<br>已出席／已舉行會議 |
|------------------|-------|-------------------------------------|
| Mr. Gao Yong Cai | 高永才先生 | 4/4                                 |
| Ms. Tian Jie     | 田傑女士  | 4/4                                 |
| Mr. Gao Qi Pin   | 高其品先生 | 4/4                                 |

The Group's unaudited quarterly and interim results and annual audited results during the year ended 31 December 2019 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results were complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

本集團截至二零一九年十二月三十一日止年度之未經審核季度、中期業績及年度經審核業績已由審核委員會審閱，彼等認為該等業績之編製乃符合適用會計準則及規定，並已適當作出披露。

### AUDITOR'S REMUNERATION

Reanda Lau & Au Yeung (HK) CPA Limited was the auditor of the Company for the year ended 31 December 2019. Other than annual auditing services, Reanda Lau & Au Yeung (HK) CPA Limited did not provide non-auditing services to the Company or any of the Group's companies during the year.

### 核數師薪酬

截至二零一九年十二月三十一日止年度，本公司之核數師為利安達劉歐陽(香港)會計師事務所有限公司。除年度審核服務外，年內利安達劉歐陽(香港)會計師事務所有限公司並無向本公司或任何本集團成員公司提供非核數服務。

Auditor's remuneration for the year ended 31 December 2019 is set out in Note 9 to the financial statements.

截至二零一九年十二月三十一日止年度核數師薪酬載於財務報表附註9。

### DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors have the responsibilities for the preparation of the financial statements of the Group and shall ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the financial statements of the Group.

### 董事對財務報表之責任

董事已負責編製本集團之財務報表，並確保該等財務報表乃遵照法定要求及適用會計準則編製。董事亦確保本集團之財務報表準時刊發。

The statements of the external auditors of the Company, Reanda Lau & Au Yeung (HK) CPA Limited, about its reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 41 to 50 of this annual report.

本公司外聘核數師利安達劉歐陽(香港)會計師事務所有限公司就其對本集團財務報表報告責任之陳述載於本年報第41至50頁「獨立核數師報告書」。

### COMPANY SECRETARY

In 2019, the Company Secretary took the relevant professional training of 15 hours relating to general corporate governance issues.

### 公司秘書

於二零一九年，公司秘書已進行有關企業管治事宜的15小時相關專業培訓。



### 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.

### INVESTOR RELATIONS

The Company disclosed all necessary information to the shareholders in compliance with GEM Listing Rules. Extensive information about the Company's activities is provided in the Annual Report and the Interim Report which are sent to shareholders. There is regular dialogue with institutional investors. Enquiries from individuals on matters relating to their shareholdings and the business of the Company are welcomed and are dealt with in an informative and timely manner.

All shareholders have 45 days' notice of the Annual General Meeting at which all directors and Committee chairs are available for questions. All shareholders are encouraged to attend the Annual General Meeting.

### LOOKING FORWARD

The Group will keep on reviewing its corporate governance standards on a timely basis and the Board endeavors to take necessary actions to ensure compliance with the required practices and standards including the provisions of the Code on Corporate Governance Practices introduced by the Stock Exchange.

### 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。

### 投資者關係

本公司已遵照GEM上市規則之規定向股東披露所有必須之資料。有關本公司活動之廣泛資料於寄發股東之年報及中期報告內提供。本公司與機構投資者保持定期聯絡。本公司歡迎個別人士就其股權事宜及本公司業務提出查詢，並會詳盡和適時處理該等查詢。

所有股東均於舉行股東週年大會前獲發45日通知，所有董事及委員會主席均出席大會回答問題。本公司鼓勵所有股東出席股東週年大會。

### 未來前景

本集團將不斷適時審核其企業管治準則，而董事會則積極採取必須行動確保遵守所須常規及準則，包括聯交所頒佈之企業管治常規守則。

# REPORT OF THE SUPERVISORY COMMITTEE

## 監事會報告書

### TO THE SHAREHOLDERS OF JILIN PROVINCE HUINAN CHANGLONG BIO-PHARMACY COMPANY LIMITED

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

During the year ended 31 December 2019, in accordance with the Company Law of the PRC, the requirements of the relevant laws and regulations of Hong Kong and the articles of association of the Company (the “relevant rules and regulations”), the Supervisory Committee of the Company exercised conscientiously its authority, safeguarded the interests of the shareholders of the Company and the Company, and followed the principle of honesty and integrity and worked cautiously and diligently.

During the year, we provided reasonable suggestions and advice on the operations and development plans to the Directors and strictly and effectively monitored whether the policies of the Company had conformed with the relevant rules and regulations or safeguarded the interests of the shareholders of the Company.

After investigation, we consider that the audited financial statements of the Company give a true and fair picture of the operating results and asset position of the Company. We also consider that the Report of the Directors and the profit distribution proposal meet the relevant rules and regulations. We have attended the meeting of the Board. We are of the opinion that the meeting was convened in accordance with the relevant rules and regulations. We consider that the members of the Board, the general manager and other senior management of the Company have strictly complied with the principle of honesty and trustworthiness, worked diligently and sincerely exercised their authority to the best interests of the Company. None of the Directors, general manager nor other senior management of the Company have abused their powers, caused damage to the interests of the Company and infringed upon the interests of the Company shareholders and its staff, nor have they violated the relevant rules and regulations.

We are satisfied with the various accomplishments and the cost-effectiveness of the Company. We are confident that the Company will have a good prospect of future development.

By order of the Supervisory Committee  
Jilin Province Huinan Changlong Bio-pharmacy Company Limited

Qiao Xiao Chun

Jilin Province, PRC  
30 June 2020

### 致吉林省輝南長龍生化藥業股份有限公司 列位股東

(於中華人民共和國註冊成立之股份有限公司)

本公司監事會於截至二零一九年十二月三十一日止年度內，遵照《中華人民共和國公司法》、香港有關法律及法規以及本公司章程細則的規定（「有關法規」），遵守誠信原則，工作克勤盡職，認真履行職權，維護本公司股東及本公司權益。

在本年度內，本監事會就業務及發展計劃方面向董事提供合理的建議及意見，並對本公司政策是否符合有關法規或否保障本公司股東的權益，進行了嚴謹及有效的監督。

經檢查，本監事會認為本公司的經審核財務報表，真實和公允地反映了本公司的經營業績和資產狀況。本監事會亦認為董事會報告及利潤分配方案建議，符合有關法規的規定。本監事會監事列席了董事會會議。本監事會認為該會議乃按有關法規召開。本監事會認為本公司董事會成員、總經理及其他高級管理人員，嚴格遵守誠信原則，工作克勤盡職，真誠地以公司最大利益出發點行使職權。未發現本公司董事、總經理及其他高級管理人員濫用職權、損害本公司利益及侵犯本公司股東和本公司員工權益的行為，亦未違反有關法規。

本監事會對本公司各項工作和取得的經濟效益表示滿意，對公司未來的發展前景充滿信心。

承監事會命  
吉林省輝南長龍生化藥業股份有限公司

喬曉春

中國吉林省  
二零二零年六月三十日

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 環境、社會及管治報告

For the year ended 31 December 2019, the Group has complied with the “comply or explain” provisions set out in the Environmental, Social and Governance Reporting Guide contained in Appendix 20 to the GEM Listing Rules and the relevant information is set out below.

### A. ENVIRONMENT

#### 1. Emissions

The major raw materials used by the Group in production are various kinds of Chinese herbal medicines and their production and operation may have a minor effect on the environment and the natural resources. The Group actively fulfils its social responsibilities, always adheres to the concept that development and environmental protection are equally important and makes rational use of various resources to protect the environment. The Group strictly complies with the provisions of the Environmental Protection Law of the People's Republic of China so as to achieve saving energy and consumption reduction, lowering discharges and improving efficiency, and try our best to minimize the impact that the production and operation process have on the ecosystem.

#### 2. Use of resources

The Group also advocates the concept of green production so as to achieve the target of energy saving, consumption lowering and discharge reduction. The Group saved various kinds of resources by optimising the technological process, enhancing the technology standard, using LED energy-saving lighting and cutting down water consumption during the production process. Moreover, with respect to the protection and recycling of water resources, the Group adopted a recycle system throughout the production process so as to reduce the amount of water resources used.

During the year ended 31 December 2019, the Group's consumption in electricity, coal and water were:

|              |               |
|--------------|---------------|
| Electricity: | 4,236,000 kWh |
| Coal:        | 11,556 Tonnes |
| Water:       | 99,976 Tonnes |

#### 3. Environment and natural resources

The Group pursues the best practice between the development and the environment, and takes into careful consideration of all the aspects and activities within the value chain to mitigate the impact on the environment. To achieve the sustainable development of the environment, the Group regularly provides environmental protection information and practical advice related to environmentally friendly living style to staff for circulation.

截至二零一九年十二月三十一日止年度，本集團已遵守GEM上市規則附錄二十所載《環境、社會及管治報告指引》載列的「不遵守就解釋」條文，有關資料如下所述。

### A. 環境

#### 1. 排放物

本集團用於生產的主要原材料為各類中草藥，其生產經營對於環境及天然資源或有輕微影響。本集團積極履行社會責任，始終堅持發展與環境保護並重的理念，合理利用各類資源，以實際行動踐行環境保護。本集團嚴格遵照《中華人民共和國環境保護法》等相關制度，進一步達到節能降耗、減污增效的目的，盡可能將生產經營過程中對生態系統造成的影響降至最低。

#### 2. 資源使用

本集團亦倡導綠色生產理念，達到節能、降耗、減污的目的。本集團在生產過程中通過完善工藝流程、提升技術含量，亦採取LED節能照明、節約用水等措施，節約各類資源。同時，在水資源保護及再利用上，本集團生產環節均採用循環水系統，以減少水資源的使用量。

於截至二零一九年十二月三十一日止年度，本集團耗電，耗煤及耗水量為：

|     |              |
|-----|--------------|
| 電力： | 4,236,000千瓦時 |
| 煤炭： | 11,556公噸     |
| 水：  | 99,976公噸     |

#### 3. 環境及天然資源

本集團追求與環境的最佳實務，以及對價值鏈內的各個營運方面及活動作出謹慎考慮，減低對環境的影響。為達成環境可持續發展，本集團定期向員工傳閱環保訊息及有關環保生活方式的實用建議。

### B. SOCIETY

#### Employment and labor practices

##### 1. Employment

Employees are regarded as the greatest and most valuable assets and core competitive advantages of the Group who continuously provide the source of innovation for the Group. The Group offers competitive remuneration and welfare, and implements comprehensive performance appraisal scheme to award and praise the staff with excellent performance and assists them with their career development and promotion within the Group by providing appropriate trainings and opportunities. Meanwhile, in order to create a favorable and fair working environment for employees and protect their physical and psychological health, the Group will give careful consideration to all the valuable suggestions for improving the working efficiency and harmonizing the working atmosphere proposed by employees, thereby establishing a united, harmonious and professional team for the Group.

The Group strictly complied with the regulations and provisions of laws in the PRC and Hong Kong, formulated and strictly implemented the relevant management system and measures, and expressly specified the employment, labor relations, treatment, promotion, benefits and retirement of the staff to safeguard their interests.

The Group strictly complied with the PRC laws and regulations and policies associated with social insurance, and made full contributions to various social insurance and housing provident fund for all the staff in a timely manner.

##### 2. Health and safety

Employees are the most important wealth and resources of the Group, therefore, the health and safety of employees are always the top priority of the Group. The Group is committed to protecting the employees with production safety while endeavour to protect and care about their healthy and to provide a safe, healthy and protected workplace.

The Group established a comprehensive management system in occupational health and safety, strictly complied with the regulations of occupational health and safety in mainland China and Hong Kong, and laid a solid foundation for safe operation. As at 31 December 2019, the Group did not experience any significant safety accident during the operation.

### B. 社會

#### 僱傭及勞工常規

##### 1. 僱傭

僱員被視為本集團最大及具價值的資產和競爭優勢的核心，同時為本集團提供不斷創新的原動力。本集團提供優厚的薪酬福利及推行全面表現評核計劃，以獎勵及表揚表現優秀的員工，並透過適當培訓及提供機會協助彼等在集團內發展事業及晉升。同時，為向僱員提供理想及公平的工作環境及保障僱員之身心健康，本集團慎重考慮僱員有關提升工作效率及和諧工作氣氛的所有寶貴意見，從而為本集團建立起團結和諧的專業團隊。

本集團嚴格執行中國及香港之相關法規條例，制訂並嚴格執行相關管理制度及辦法，對員工的聘用、勞動關係、待遇、升遷、福利、退休等方面作出明確規定，致力保障員工的權益。

本集團嚴格按照中國有關社會保險的法律法規和政策規定，為全體員工按時足額繳納各項社會保險及住房公積金。

##### 2. 健康與安全

員工是本集團最重要的財富和資源，因此本集團始終把員工的健康與安全放在首位，集團以安全生產保護員工，致力於為員工提供健康關懷，亦為員工提供安全、健康及受保障的工作環境。

本集團在職業健康安全設立了完善的管理制度，嚴格遵照中國內地及香港之職業健康安全法例，為安全營運奠定穩固基礎。於二零一九年十二月三十一日，本集團於營運時並未發生重大的安全事故。

### 3. *Development and training*

The Group adopts the principle of unified management and stratified training for the education and training of its staff. Upon joining the Group, new employees must participate in pre-service training focusing on the Group's corporate culture, corporate policies and goals, production safety, necessary skills, etc. A series of tailor-made training courses are provided to senior management and middle management on anti-corruption practices for leaders as well as trainings for middle and senior management of listed companies. The Group will evaluate the training effects subsequently, so as to enhance the pertinence and effectiveness of training, which will further enhance the technical skills and professional quality of the Group's employees of each level achieving satisfactory results.

### 4. *Labour standards*

There is a clear requirement on the age of applicants in the recruitment management system of the Group. The Group will review and check the identification information of applicants during the recruitment process and absolutely no child labor will be employed. Applicants should provide documents of educational background and working experience for our verification when they report to work. Any suspected applicants providing false documents of educational background and working experience will not be employed. The Group strives to create a safe, healthy and comfortable working environment for the employees, and provide labor protection, reasonable remuneration and various benefits to the employees. The Group enters into an employment contract with each of the employees in accordance with relevant regulations in the PRC and in Hong Kong, and forbids any kind of forced labor.

## Operational practices

### 5. *Supply chain management*

Supply chain management is always one of the key links in the Group's quality control system. The Group focuses on the risk management of product quality and keeps a close eye on signals of quality and safety crisis of its medicines. Attaching great importance to product compliance, the Group organizes self-inspections and rectifications in a timely manner to ensure product quality.

### 3. *發展及培訓*

本集團對員工的教育培訓採取統一管理，分級培訓的原則。新員工入職之日起即接受集團企業文化、方針目標、安全生產和必須崗前培訓等。針對高級管理人員及中層管理人員進行了領導幹部廉潔從業、上市公司中高層管理者培訓等一系列培訓，同時對培訓成效進行評價，加強培訓的針對性和有效性，進一步提升了本集團各級員工的技能和專業素養，取得了良好的效果。

### 4. *勞工準則*

本集團招聘管理制度中對招聘人員的年齡有明確要求，在招聘過程中審查及核對應聘者的身份證明資料，絕不聘用任何童工。應聘者於應聘時亦需要提供相關的學歷及工作證明文件進行核對，懷疑持有虛假學歷及工作經驗者將不會獲聘用。本集團致力為員工營造安全、健康及舒適的工作環境，並提供勞動保護及向員工支付合理薪酬和提供各項福利。本集團按照中國及香港之相關法規條例與每一位員工訂立僱用合約，並禁止一切強制勞動。

## 營運慣例

### 5. *供應鏈管理*

供應鏈管理始終是本集團質量控制體系重要環節之一。本集團注重產品質量的風險管理，關注藥品質量安全的危機信號，及時自檢自查，高度重視產品的合規性。



To ensure the quality of the purchased raw materials, auxiliary ingredients and packaging materials, the Group has established a supplier management system in strict compliance with the Law of the PRC on the Administration of Pharmaceuticals, GMP, and other relevant laws and regulations. A standardised management system is implemented on the procurement of materials under a comparatively well-established management system.

The Group also carries out long-term quality monitoring and regular reviews on all suppliers. In case of a significant change in supplier qualification or serious quality issue occurs, the Group may suspend the delivery of the supplier in question immediately to ensure the quality of the medicine of the Group.

### 6. *Product responsibility*

The Group is committed to ensuring product safety. Especially, as most of our products are pharmaceuticals, product quality and safety are undoubtedly the top priority of the Group.

The Group always sticks to strict product quality control throughout the production process. The Group's quality control is executed primarily in accordance with relevant requirements of GMP quality management system.

The Group has formulated a complete set of quality inspection management standards covering traditional Chinese medical materials, auxiliary ingredients, packaging materials, semi-finished and finished products, and sets out requirements on various test objects, test methods and test contents. During the year, the Group had no products recall due to quality.

Meanwhile, the Group carried out advertisement promotion in accordance with the law, further safeguarded the rights and interests of consumers, ensured the legal compliance of the Group's advertisement promotion and stringently prohibited any acts that would cause damage to the image of the Group and the brand, such as illegal advertisements.

為確保本集團所有原料、輔料及包材的供應質量，本集團嚴格按照《中華人民共和國藥品管理法》、GMP及其他相關法律法規的要求，制定了供貨商管理制度，對物料採購推行標準化管理，建立了日趨完善的管理體系。

本集團亦會對所有供貨商進行長期質量監控及定期評審，如發現供貨商資質有重大變動或出現嚴重質量問題，本集團立即停止該供貨商之供貨，確保本集團藥品質量安全。

### 6. *產品責任*

本集團致力於確保產品安全，特別是集團的產品大多屬藥品，保證產品質量及安全無疑是集團工作的重中之重。

在生產過程中，本集團始終堅持嚴格的產品質量控制。本集團的質量控制主要根據GMP質量管理體系的相關要求執行。

本集團制定了各項質量檢驗管理標準，包括中藥材、輔料、包材、半成品及成品，對各種檢驗對象、檢驗方法與檢驗內容作出了詳細規定。年內，本集團未出現因產品質量問題而召回產品之情形。

同時，本集團依法進行廣告宣傳，進一步保障消費者權益、確保集團廣告宣傳合法合規，嚴格遏制違法廣告等有損集團及品牌形象的情形發生。



### 7. *Anti-corruption*

All of the Group's operations are in compliance with local and national legislation on standards of conduct, such as with the Prevention of Bribery Ordinance in Hong Kong and relevant legislation on anti-corruption and bribery in mainland China.

The Group requires employees to strictly conform to code of business ethics and forbids any corruption bribe behavior as stipulated in the employment contracts. In case of any conflict of interest, it must be reported to the Group's management immediately. Employees, who engage in business operations and represent the Group's professional image, are strictly prohibited to use business opportunities or power for personal interest or benefit.

### Community

#### 8. *Community Investment*

The Group always seeks to become a positive momentum in the communities in which it operates and maintains close communications and interactions with the communities in order to contribute to local development.

The Group believes that the creation of a beautiful and peaceful community relies on the cooperation of people, corporations and the government. By working together with various community partners, the Group believes it can bring a tremendous impact on the sustainable development of the communities in which it operates.

The Group will also actively encourage the staff to volunteer their time and skills to benefit local communities. It provides the employees with the opportunities to explore more issues of the society and environment and reinforce the Group's corporate values.

### 7. *反貪污*

本集團所有的業務均遵守當地及國家法例的操守準則，例如香港的防止賄賂條例以及中國內地相關反貪腐法例。

在僱用合約中，本集團要求員工嚴格遵守商業道德準則，杜絕任何貪污及賄賂行為。如有利益衝突，需要及時向本集團管理層申報。參與業務營運及代表本集團的專業形象的員工，嚴禁利用商機或職權取得個人利益或好處。

### 社區

#### 8. *社區投資*

本集團努力尋求成為營運所處社區的正面力量，並一直與小區維持密切溝通和互動，為社區發展作出貢獻。

本集團相信創造一個美好平和的社區需要市民、企業及政府共同的參與。透過與不同的社區夥伴通力合作，本集團相信可為營運所處社區的可持續發展帶來重大影響。

本集團亦將積極鼓勵員工無償付出時間和技能，以惠及本地社區，借此給予僱員機會瞭解更多社會及環境問題，及增強本集團企業價值。

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告書



**Reanda Lau & Au Yeung (HK) CPA Limited**  
**利安達劉歐陽(香港)會計師事務所有限公司**

21/F, Tai Yau Building,  
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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JILIN PROVINCE HUINAN CHANGLONG BIO-PHARMACY COMPANY LIMITED

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

### 致吉林省輝南長龍生化藥業股份有 限公司成員之獨立核數師報告書

*(於中華人民共和國註冊成立之股份有限公司)*

#### OPINION

We have audited the consolidated financial statements of Jilin Province Huinan Changlong Bio-pharmacy Company Limited ("the Company") and its subsidiaries ("the Group") set out on pages 51 to 128, which comprise the consolidated balance sheet as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

#### 意見

本核數師(以下簡稱「我們」)已審計列載於第51至128頁的吉林省輝南長龍生化藥業股份有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)的綜合財務報表，此財務報表包括於二零一九年十二月三十一日的綜合資產負債表與截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表和綜合現金流量表，以及財務報表附註，包括主要會計政策概要。

我們認為，該等綜合財務報表已根據香港會計師公會頒佈的《香港財務報告準則》真實而中肯地反映了貴集團於二零一九年十二月三十一日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》的披露要求妥為擬備。

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告書



**Reanda Lau & Au Yeung (HK) CPA Limited**  
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### BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Impairment of trade receivables and contract assets
- Valuation of financial assets at fair value through profit or loss

### 意見的基礎

我們已根據香港會計師公會頒佈的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會頒佈的《專業會計師道德守則》(以下簡稱「守則」)，我們獨立於貴集團，並已履行這些道德要求以及守則中的其他專業道德責任。

我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

### 關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

我們在審計中識別的關鍵審計事項概述如下：

- 應收貿易賬款及合約資產的減值
- 按公允值計入損益的金融資產估值

# INDEPENDENT AUDITOR'S REPORT

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### KEY AUDIT MATTERS (continued)

#### Impairment of trade receivables and contract assets

Refer to Note 3 (critical accounting estimates and judgements) and Note 24 (trade receivables and contract assets) to the consolidated financial statements for the related disclosures. As at 31 December 2019, gross trade receivables and contract assets of the Group amounted to RMB365 million, which accounted for approximately 22% of the Group's total assets. The allowance for expected credit losses of trade receivables and contract assets amounted to RMB70 million, all of which was attributable to customers located in China.

Management judgement is required in assessing and determining the recoverability of trade receivables and contract assets and adequacy of allowance made using the expected credit losses ("ECL") model under HKFRS 9 "Financial Instruments". These judgement includes estimating and evaluating expected future receipts from customers based on historical experience, ageing analysis, subsequent settlement status, past collection history, current economic conditions and forward looking information.

We focused on this area due to the magnitude of the receivables and the estimation and judgement involved in the determination of the recoverable amounts of trade receivables and contract assets.

### 關鍵審計事項(續)

#### 應收貿易賬款及合約資產的減值

有關相關事項的披露，請參閱綜合財務報表附註3(關鍵會計估計及判斷)及附註24(應收貿易賬款及合約資產)。於二零一九年十二月三十一日，貴集團的應收貿易賬款及合約資產總額約為人民幣3.65億元，佔貴集團總資產約22%。應收貿易賬款及合約資產的減值撥備約為人民幣0.7億元，當中全部源自中國的客戶。

根據香港財務報告準則第9號金融工具，評估及釐定應收貿易賬款及合約資產的可收回性及使用預期信貸虧損(「預期信貸虧損」)模式計提的撥備是否充足時須管理層作出判斷。該等判斷包括基於過往經驗、應收貿易賬款賬齡分析、報告期結束後的收款情況、過往收款記錄、當前經濟情況及前瞻性資料。

我們關注此範疇是鑑於應收及合約資產賬款的重大數額，以及在釐定應收貿易賬款可收回金額時涉及的估計和判斷。

# INDEPENDENT AUDITOR'S REPORT

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### KEY AUDIT MATTERS (continued)

#### How our audit addressed the Key Audit Matter

Our audit procedures in relation to the management's assessment on recoverability of trade receivables and contract assets included:

- Understood and validated the credit control procedures performed by the management, including its procedures on periodic review on aged receivables and assessment on recoverability of these receivables;
- Evaluating the management's impairment assessment of trade receivables;
- Assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information and examining the actual losses recorded during the current financial year;
- Tested on a sample basis, the accuracy of ageing profile on trade receivables by checking to the underlying sales invoices; and
- Tested subsequent settlement of trade receivables balances. Where settlement had not been received subsequent to the year end for those unprovided aged receivables beyond the credit period as at year end, we obtained the management's assessment on the recoverability of these debts and corroborated explanations with historical settlement pattern and underlying correspondence with the relevant customers.

Based upon the above, we are satisfied that the estimation and judgement made by the management in respect of the collectability of receivables were supportable by the available evidence.

### 關鍵審計事項(續)

#### 我們的審計如何處理關鍵審計事項

我們對有關管理層評估應收貿易賬款及合約資產可收回性之審計程序包括：

- 理解和驗證管理層執行的信用監控程序，包括其對定期審閱逾期應收款項及評估該等應收款項可收回性的程序；
- 評估管理層的應收貿易賬款減值評估；
- 透過檢查管理層達致有關判斷時所用資料，評估管理層對虧損撥備的估計是否合理，包括測試歷史違約數據之準確性，根據當前經濟狀況及前瞻性資料評估歷史虧損率是否已適當調整及檢查當前財政年度內錄得的實際虧損；
- 透過檢查相關銷售發票，以抽樣方式測試應收貿易賬款賬齡之準確性；及
- 測試應收貿易賬款結餘於結算日後的償付情況。對於在年結日已超出其信貸期而未撥備的逾期應收款項在年末後仍未有付款，我們取得了管理層對該等應收賬款可收回性所作的評估，並透過相關客戶過往的償付模式和有關的往來信函佐證其解釋。

基於上述各項，我們有證據支持管理層就應收款項可收回性所作的估計及判斷。

# INDEPENDENT AUDITOR'S REPORT

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### KEY AUDIT MATTERS (continued)

#### Valuation of financial assets at fair value through profit or loss

Refer to Note 23 (financial assets at fair value through profit or loss) to the consolidated financial statements for related disclosure.

As at 31 December 2019, the Group held interest in unlisted financial assets of RMB683 million with a gain on fair value change of approximately RMB8,483,000 for the year then ended recorded in the consolidated statement of profit or loss and other comprehensive income. We focused on this area because the fair value of these financial instruments is accounted for approximately 41% of the Group's total assets which is considered significant.

#### How our audit addressed the Key Audit Matter

Our audit procedures in relation to the valuation of the financial assets at fair value through profit or loss included:

- We reviewed relevant documents to understand the key terms of the investment contracts and reviewing the accounting treatment to assess if there were any current year's changes that needed to be taken into account in our assessment of the valuation of the financial assets;
- We conducted interviews and completed questionnaires with responsible officers of the banks for validating the existence of those contracts and their major terms;
- We obtained confirmations of the instruments' market values as at 31 December 2019 directly from the banks;
- We checked to the subsequent disposal made after year end of instruments valued at RMB554 million of the unlisted financial assets; and
- Reviewing the presentation and disclosure of the financial assets to comply with relevant HKFRSs.

Based upon the above, we are satisfied that the assessment made by the management in respect of the fair value of financial assets at the year end was reasonable.

### 關鍵審計事項(續)

#### 按公允值計入損益的金融資產估值

有關相關事項的披露，請參閱綜合財務報表附註23(按公允值計入損益的金融資產)。

於二零一九年十二月三十一日，貴集團持有的非上市金融資產的賬面值約為人民幣6.83億元，而截至該日止年度於綜合損益及其他全面收益表內錄得公允值變動收益約為人民幣8,483,000元。我們關注此範疇是鑑於該等金融工具之總賬面值佔貴集團總資產約41%，該等賬面值對綜合財務報表而言實屬重大。

#### 我們的審計如何處理關鍵審計事項

我們對有關按公允值計入損益的金融資產估值之審計程序包括：

- 我們審查了相關文件，了解投資合約之關鍵條款及審閱會計處理，以評估在我們對金融資產估值時是否需要將任何本年度的變化納入考慮；
- 我們與各銀行分行負責人員作出訪談及問卷調查，以核實各投資合約的存在性和關鍵條款；
- 我們直接向銀行確認該等工具於二零一九年十二月三十一日之市場價格；
- 我們檢查了其中價值人民幣5.54億元的非上市金融資產於年結後的出售情況；及
- 審閱金融資產的呈列及披露以遵守相關香港財務報告準則。

基於上述各項工作結果，我們認為管理層評估金融資產在年結日的公允值是合理的。



# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告書



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### OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### 其他信息

董事須對其他信息負責。其他信息包括年報內的所有信息，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

結合我們對綜合財務報表的審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與綜合財務報表或我們在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

# INDEPENDENT AUDITOR'S REPORT

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### RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance is responsible for overseeing the Group's financial reporting process.

### 董事及治理層綜合財務報表須承擔的責任

董事須負責根據香港會計師公會頒佈的《香港財務報告準則》及香港《公司條例》的披露規定擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備綜合財務報表時，董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

治理層須負責監督貴集團的財務報告過程。

# INDEPENDENT AUDITOR'S REPORT

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### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

### 核數師就審計綜合財務報表承擔的 責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。本報告僅向閣下(作為整體)提供，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審計準則》進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告書



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### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### 核數師就審計綜合財務報表承擔的 責任(續)

- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對 貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致 貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。
- 就 貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責 貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

除其他事項外，我們與治理層溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告書



**Reanda Lau & Au Yeung (HK) CPA Limited**  
**利安達劉歐陽(香港)會計師事務所有限公司**

21/F, Tai Yau Building,  
181 Johnston Road,  
Wanchai, Hong Kong

香港灣仔  
莊士敦道181號  
太有大廈21樓

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yu Kwong Man.

**Reanda Lau & Au Yeung (HK) CPA Limited**  
*Certified Public Accountants*

**Yu Kwong Man**  
*Director*  
Practising Certificate number P04645

Hong Kong, 30 June 2020

### 核數師就審計綜合財務報表承擔的 責任(續)

我們還向治理層提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。

從與治理層溝通的事項中，我們確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審計項目合夥人是余廣文。

**利安達劉歐陽(香港)會計師事務所有限公司**  
*執業會計師*

**余廣文**  
*董事*  
執業證書編號P04645

香港，二零二零年六月三十日

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## 綜合損益及其他全面收益表

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

(Expressed in Renminbi)

(以人民幣呈示)

|                                                    |                    | Notes<br>附註 | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|----------------------------------------------------|--------------------|-------------|-----------------------------------|-----------------------------------|
| Revenue                                            | 收入                 | 4           | 645,885                           | 647,672                           |
| Cost of sales                                      | 銷售成本               |             | (107,533)                         | (115,554)                         |
| Gross profit                                       | 毛利                 |             | 538,352                           | 532,118                           |
| Other income                                       | 其他收入               | 6           | 29,487                            | 51,576                            |
| Other gains                                        | 其他收益               | 7           | 8,483                             | 6,612                             |
| Distribution and selling costs                     | 分銷及銷售開支            |             | (336,217)                         | (375,480)                         |
| Administrative expenses                            | 行政開支               |             | (64,691)                          | (28,450)                          |
| Profit from operations                             | 經營溢利               |             | 175,414                           | 186,376                           |
| Finance costs                                      | 融資成本               | 8           | (120)                             | (53)                              |
| Profit before income tax                           | 除所得稅前溢利            | 9           | 175,294                           | 186,323                           |
| Income tax expense                                 | 所得稅支出              | 10(a)       | (30,568)                          | (25,107)                          |
| Profit for the year                                | 本年度溢利              |             | 144,726                           | 161,216                           |
| Other comprehensive income                         | 其他全面收益             |             | —                                 | —                                 |
| <b>Total comprehensive income for the year</b>     | <b>本年度全面收益總額</b>   |             | <b>144,726</b>                    | <b>161,216</b>                    |
| <b>Profit attributable to:</b>                     | <b>以下應佔溢利：</b>     |             |                                   |                                   |
| Owners of the Company                              | 本公司擁有人             |             | 144,726                           | 161,216                           |
| <b>Total comprehensive income attributable to:</b> | <b>以下應佔全面收益總額：</b> |             |                                   |                                   |
| Owners of the Company                              | 本公司擁有人             |             | 144,726                           | 161,216                           |
| Earnings per share                                 | 每股盈利               |             |                                   |                                   |
| – Basic (RMB cents)                                | – 基本(人民幣分)         | 11          | 25.83                             | 28.78                             |

The accompanying notes form an integral part of these consolidated financial statements.

隨附之附註屬本綜合財務報表整體之一部分。



# CONSOLIDATED BALANCE SHEET

## 綜合資產負債表

As at 31 December 2019

於二零一九年十二月三十一日

(Expressed in Renminbi)

(以人民幣呈示)

|                                                          |                    | Notes<br>附註 | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|----------------------------------------------------------|--------------------|-------------|-----------------------------------|-----------------------------------|
| <b>ASSETS AND LIABILITIES</b>                            | <b>資產及負債</b>       |             |                                   |                                   |
| <b>Non-current assets</b>                                | <b>非流動資產</b>       |             |                                   |                                   |
| Bearer biological assets                                 | 不記名生物資產            | 16          | 13,402                            | 11,745                            |
| Property, plant and equipment                            | 物業、廠房及設備           | 17          | 145,242                           | 156,591                           |
| Prepaid land lease payments                              | 預付土地租金             | 18a         | –                                 | 15,068                            |
| Right-of-use assets                                      | 使用權資產              | 18b         | 38,340                            | –                                 |
| Construction in progress                                 | 在建工程               | 19          | 74,061                            | 67,588                            |
| Intangible assets                                        | 無形資產               | 21          | –                                 | –                                 |
| Deferred tax assets                                      | 遞延稅項資產             | 31          | 1,510                             | 944                               |
|                                                          |                    |             | <b>272,555</b>                    | <b>251,936</b>                    |
| <b>Current assets</b>                                    | <b>流動資產</b>        |             |                                   |                                   |
| Inventories                                              | 存貨                 | 22          | 50,145                            | 52,456                            |
| Trade receivables                                        | 應收貿易賬款             | 24(a)       | 260,154                           | 249,326                           |
| Contract assets                                          | 合約資產               | 24(b)       | 34,934                            | 45,309                            |
| Other receivables, deposits<br>and prepayments           | 其他應收款項、訂金及<br>預付款項 | 25          | 232,817                           | 225,408                           |
| Loan receivables                                         | 應收貸款               | 26          | –                                 | –                                 |
| Prepaid land lease payments                              | 預付土地租金             | 18a         | –                                 | 454                               |
| Financial assets at fair value through<br>profit or loss | 按公允值計入損益的<br>金融資產  | 23          | 683,483                           | 571,612                           |
| Cash and cash equivalents                                | 現金及現金等值物           | 27          | 137,389                           | 158,340                           |
|                                                          |                    |             | <b>1,398,922</b>                  | <b>1,302,905</b>                  |
| <b>Current liabilities</b>                               | <b>流動負債</b>        |             |                                   |                                   |
| Trade payables                                           | 應付貿易賬款             | 28          | 34,553                            | 31,705                            |
| Contract liabilities                                     | 合約負債               |             | 8,902                             | 14,779                            |
| Other payables and accruals                              | 其他應付款項及應計費用        |             | 270,051                           | 280,446                           |
| Deferred income                                          | 遞延收入               | 30          | 989                               | 589                               |
| Income tax payable                                       | 應付所得稅              |             | 29,255                            | 20,645                            |
| Other tax payables                                       | 其他應付稅項             |             | 22,516                            | 16,754                            |
| Loan from government authority                           | 政府機關貸款             | 29          | 1,860                             | 1,240                             |
| Dividend payable                                         | 應付股息               |             | 19,746                            | 9,326                             |
|                                                          |                    |             | <b>387,872</b>                    | <b>375,484</b>                    |
| <b>Net current assets</b>                                | <b>流動資產淨值</b>      |             | <b>1,011,050</b>                  | <b>927,421</b>                    |
| <b>Total assets less current liabilities</b>             | <b>總資產減流動負債</b>    |             | <b>1,283,605</b>                  | <b>1,179,357</b>                  |

# CONSOLIDATED BALANCE SHEET

## 綜合資產負債表

As at 31 December 2019

於二零一九年十二月三十一日

(Expressed in Renminbi)

(以人民幣呈示)

|                                                         |                        | Notes<br>附註 | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|---------------------------------------------------------|------------------------|-------------|-----------------------------------|-----------------------------------|
| <b>Non-current liabilities</b>                          | <b>非流動負債</b>           |             |                                   |                                   |
| Loan from government authority                          | 政府機關貸款                 | 29          | 490                               | 1,110                             |
| Deferred income                                         | 遞延收入                   | 30          | 44,582                            | 45,170                            |
| Deferred tax liabilities                                | 遞延稅項負債                 | 31          | —                                 | 52                                |
|                                                         |                        |             | <b>45,072</b>                     | <b>46,332</b>                     |
| <b>Net assets</b>                                       | <b>資產淨值</b>            |             | <b>1,238,533</b>                  | <b>1,133,025</b>                  |
| <b>EQUITY ATTRIBUTABLE TO OWNERS<br/>OF THE COMPANY</b> | <b>本公司擁有人應佔<br/>權益</b> |             |                                   |                                   |
| Share capital                                           | 股本                     | 32          | 56,025                            | 56,025                            |
| Reserves                                                | 儲備                     |             | 1,182,508                         | 1,077,000                         |
| <b>Total equity</b>                                     | <b>權益總額</b>            |             | <b>1,238,533</b>                  | <b>1,133,025</b>                  |

The accompanying notes form an integral part of these consolidated financial statements.

隨附之附註屬本綜合財務報表整體之一部份。

These consolidated financial statements were approved and authorised for issue by the board of directors on 30 June 2020.

該等綜合財務報表於二零二零年六月三十日獲董事會批准及授權發佈。

**ZHANG HONG**

張弘  
Director  
董事

**ZHAO BAO GANG**

趙寶剛  
Director  
董事

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 綜合權益變動表

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

(Expressed in Renminbi)

(以人民幣呈示)

|                                   |               | Share<br>capital<br>股本<br>RMB'000<br>人民幣千元<br>(Note 32)<br>(附註32) | Share<br>premium<br>股份溢價<br>RMB'000<br>人民幣千元<br>(Note 33(b)(i))<br>(附註33 (b)(i)) | Statutory<br>surplus<br>reserve<br>法定盈餘儲備<br>RMB'000<br>人民幣千元<br>(Note 33(b)(ii))<br>(附註33(b)(ii)) | Retained<br>profits<br>保留溢利<br>RMB'000<br>人民幣千元 | Total<br>總計<br>RMB'000<br>人民幣千元 |
|-----------------------------------|---------------|-------------------------------------------------------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|-------------------------------------------------|---------------------------------|
| Balance at 1 January 2018         | 於二零一八年一月一日之結餘 | 56,025                                                            | 51,098                                                                           | 33,242                                                                                             | 870,662                                         | 1,011,027                       |
| <b>Comprehensive income</b>       | <b>全面收益</b>   |                                                                   |                                                                                  |                                                                                                    |                                                 |                                 |
| Profit for the year               | 本年度溢利         | -                                                                 | -                                                                                | -                                                                                                  | 161,216                                         | 161,216                         |
| <b>Other comprehensive income</b> | <b>其他全面收益</b> | -                                                                 | -                                                                                | -                                                                                                  | -                                               | -                               |
| Total comprehensive income        | 全面收益總額        | 56,025                                                            | 51,098                                                                           | 33,242                                                                                             | 1,031,878                                       | 1,172,243                       |
| <b>Transactions with owners</b>   | <b>與股東之交易</b> |                                                                   |                                                                                  |                                                                                                    |                                                 |                                 |
| Dividends paid (Note 13)          | 支付股息(附註13)    | -                                                                 | -                                                                                | -                                                                                                  | (39,218)                                        | (39,218)                        |
| At 31 December 2018               | 於二零一八年十二月三十一日 | 56,025                                                            | 51,098                                                                           | 33,242                                                                                             | 992,660                                         | 1,133,025                       |
| Balance at 1 January 2019         | 於二零一九年一月一日之結餘 | 56,025                                                            | 51,098                                                                           | 33,242                                                                                             | 992,660                                         | 1,133,025                       |
| <b>Comprehensive income</b>       | <b>全面收益</b>   |                                                                   |                                                                                  |                                                                                                    |                                                 |                                 |
| Profit for the year               | 本年度溢利         | -                                                                 | -                                                                                | -                                                                                                  | 144,726                                         | 144,726                         |
| <b>Other comprehensive income</b> | <b>其他全面收益</b> | -                                                                 | -                                                                                | -                                                                                                  | -                                               | -                               |
| Total comprehensive income        | 全面收益總額        | 56,025                                                            | 51,098                                                                           | 33,242                                                                                             | 1,137,386                                       | 1,277,751                       |
| <b>Transactions with owners</b>   | <b>與股東之交易</b> |                                                                   |                                                                                  |                                                                                                    |                                                 |                                 |
| Dividends paid (Note 13)          | 支付股息(附註13)    | -                                                                 | -                                                                                | -                                                                                                  | (39,218)                                        | (39,218)                        |
| At 31 December 2019               | 於二零一九年十二月三十一日 | 56,025                                                            | 51,098                                                                           | 33,242                                                                                             | 1,098,168                                       | 1,238,533                       |

The accompanying notes form an integral part of these consolidated financial statements.

隨附之附註屬本綜合財務報表整體之一部分。

# CONSOLIDATED STATEMENT OF CASH FLOWS

## 綜合現金流量表

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

(Expressed in Renminbi)

(以人民幣呈示)

|                                                                                      | Notes<br>附註           | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|--------------------------------------------------------------------------------------|-----------------------|-----------------------------------|-----------------------------------|
| <b>Cash from operating activities</b>                                                | <b>經營活動產生之現金</b>      |                                   |                                   |
| Profit before income tax                                                             | 除所得稅前溢利               | 175,294                           | 186,323                           |
| Adjustments for:                                                                     | 調整項目：                 |                                   |                                   |
| Interest income                                                                      | 利息收入                  | (3,813)                           | (4,677)                           |
| Yield gains on financial assets at fair value through profit or loss                 | 按公允值計入損益的金融資產回報收益     | (11,428)                          | (16,994)                          |
| Loss allowance/(reversal of) loss allowance of trade receivables and contract assets | 應收貿易賬款及合約資產之虧損撥備／(撥回) | 10,054                            | (6,232)                           |
| (Reversal of)/provision for obsolete and slow-moving inventories                     | 廢棄及滯銷存貨(撥回)／撥備        | (1,324)                           | 1,093                             |
| Interest expenses                                                                    | 利息支出                  | 120                               | 53                                |
| Reversal of loss allowance of loan receivables                                       | 應收貸款虧損撥備撥回            | —                                 | (7,500)                           |
| Amortisation of prepaid land lease payments                                          | 預付土地租金攤銷              | —                                 | 452                               |
| Depreciation of property, plant and equipment                                        | 物業、廠房及設備折舊            | 20,229                            | 19,339                            |
| Depreciation of right-of-use assets                                                  | 使用權資產折舊               | 1,092                             | —                                 |
| Impairment of intangible assets                                                      | 無形資產減值撥備              | —                                 | 160                               |
| Net gain on financial assets at fair value through profit or loss                    | 按公允值計入損益的金融資產的淨收益     | (8,483)                           | (6,612)                           |
| Provision of/(reversal) of impairment on other receivables                           | 其他應收款項減值撥備／(撥回)       | 4,651                             | (1,509)                           |
| Government subsidies                                                                 | 政府補貼                  | (4,005)                           | (4,676)                           |
| Recognition of deferred income                                                       | 確認遞延收入                | (588)                             | (1,789)                           |
| Operating cash flows before working capital changes                                  | 營運資金變動前之經營現金流量        | 181,799                           | 157,431                           |
| Decrease/(increase) in inventories                                                   | 存貨減少／(增加)             | 3,635                             | (2,827)                           |
| (Increase)/decrease in trade receivables                                             | 應收貿易賬款(增加)／減少         | (26,126)                          | 1,761                             |
| Decrease/(increase) in contract assets                                               | 合約資產減少／(增加)           | 15,619                            | (45,309)                          |
| Increase in other receivables, deposits and prepayments                              | 其他應收款項、訂金及預付款項增加      | (12,060)                          | (115,322)                         |
| Increase/(decrease) in trade payables                                                | 應付貿易賬款增加／(減少)         | 2,848                             | (3,496)                           |
| (Decrease)/increase in other payables and accruals                                   | 其他應付款項及應計費用(減少)／增加    | (10,395)                          | 168,749                           |
| (Decrease)/increase in contract liabilities                                          | 合約負債(減少)／增加           | (5,877)                           | 14,779                            |
| Increase/(decrease) in other tax payables                                            | 其他應付稅項增加／(減少)         | 5,762                             | (4,482)                           |
| Cash generated from operations                                                       | 經營業務產生之現金             | 155,205                           | 171,284                           |

# CONSOLIDATED STATEMENT OF CASH FLOWS

## 綜合現金流量表

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

(Expressed in Renminbi)

(以人民幣呈示)

|                                                                                   |                           | Notes<br>附註 | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|-----------------------------------------------------------------------------------|---------------------------|-------------|-----------------------------------|-----------------------------------|
| <b>Cash flows from operating activities</b>                                       | <b>經營活動產生之現金流量</b>        |             |                                   |                                   |
| Cash generated from operations                                                    | 經營業務產生之現金                 |             | 155,205                           | 171,284                           |
| Income tax paid                                                                   | 已付所得稅                     |             | (22,576)                          | (32,418)                          |
| Interest paid                                                                     | 已付利息                      |             | (120)                             | (53)                              |
| <b>Net cash generated from operating activities</b>                               | <b>經營活動產生之現金淨額</b>        |             | <b>132,509</b>                    | <b>138,813</b>                    |
| <b>Cash flows from investing activities</b>                                       | <b>投資業務產生之現金流量</b>        |             |                                   |                                   |
| Lease payment                                                                     | 租賃付款                      | 18          | (23,910)                          | –                                 |
| Purchase of bearer biological assets                                              | 購買不記名生物資產                 | 16          | (1,657)                           | (305)                             |
| Purchase of property, plant and equipment                                         | 購買物業、廠房及設備                | 17          | (8,880)                           | (9,797)                           |
| Purchase of construction in progress                                              | 購買在建工程                    | 19          | (6,473)                           | (23,461)                          |
| Purchase of financial assets at fair value through profit or loss                 | 購買按公允值計入損益的金融資產           |             | (1,360,000)                       | (967,000)                         |
| Purchase of intangible assets                                                     | 購買無形資產                    |             | –                                 | (160)                             |
| Proceeds from settlement of financial assets at fair value through profit or loss | 結付按公允值計入損益的金融資產所得款項       |             | 1,256,612                         | 885,000                           |
| Decrease in loan receivables                                                      | 應收貸款減少                    |             | –                                 | 10,000                            |
| Interest received                                                                 | 已收利息                      |             | 3,813                             | 4,677                             |
| Yield gains on financial assets at fair value through profit or loss              | 按公允值計入損益的金融資產回報收益         |             | 11,428                            | 16,994                            |
| <b>Net cash used in investing activities</b>                                      | <b>投資業務所用之現金淨額</b>        |             | <b>(129,067)</b>                  | <b>(84,052)</b>                   |
| <b>Cash flows from financing activities</b>                                       | <b>融資業務產生之現金流量</b>        |             |                                   |                                   |
| Proceeds from government subsidies                                                | 政府補貼所得款項                  |             | 4,405                             | 25,110                            |
| Repayment of loan from government authority                                       | 償還政府機關貸款                  | 39          | –                                 | (620)                             |
| Dividend paid                                                                     | 已付股息                      | 39          | (28,798)                          | (31,339)                          |
| <b>Net cash used in financing activities</b>                                      | <b>融資業務所用之現金淨額</b>        |             | <b>(24,393)</b>                   | <b>(6,849)</b>                    |
| <b>Net (decrease)/increase in cash and cash equivalents</b>                       | <b>現金及現金等值物 (減少)/增加淨額</b> |             | <b>(20,951)</b>                   | <b>47,912</b>                     |
| <b>Cash and cash equivalents at beginning of year</b>                             | <b>年初現金及現金等值物</b>         |             | <b>158,340</b>                    | <b>110,428</b>                    |
| <b>Cash and cash equivalents at end of year</b>                                   | <b>年終現金及現金等值物</b>         |             | <b>137,389</b>                    | <b>158,340</b>                    |
| <b>Analysis of the balance of cash and cash equivalents</b>                       | <b>現金及現金等值物結餘分析</b>       |             |                                   |                                   |
| Cash and bank balances                                                            | 現金及銀行結餘                   |             | 137,389                           | 158,340                           |

The accompanying notes form an integral part of these consolidated financial statements.

隨附之附註屬本綜合財務報表整體之一部分。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 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. The principal activities of the subsidiaries are set out in Note 20.

The legal address and the principal place of business of the Company are disclosed in the corporate information section to the annual report.

### 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。附屬公司的主要業務載於附註20。

本公司法定地址和主要營業地點已在本年度報告公司資料部分中披露。

### 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。



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (b) Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, as modified by certain biological assets and financial assets at fair value through profit or loss which are 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

### (c) Change in accounting policy and disclosures

In the current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, which are effective for the Group's financial year beginning from 1 January 2019. A summary of the new and revised HKFRS applied by the Group is set out as follows:

|                        |                                                      |
|------------------------|------------------------------------------------------|
| HKFRS 16               | Leases                                               |
| HK(IFRIC)-Int 23       | Uncertainty over Income Tax Treatments               |
| Amendments to HKFRS 9  | Prepayment Features with Negative Compensation       |
| Amendments to HKFRS 19 | Plan Amendment, Curtailment or Settlement            |
| Amendments to HKAS 28  | Long-term Interests in Associates and Joint Ventures |
| Amendments to HKFRSs   | Annual Improvements to HKFRSs 2015-2017 Cycle        |

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and financial positions for the current and prior periods and/or on the disclosures set out in the notes to consolidated financial statements.

## 2. 重大會計政策概要(續)

### (b) 編製基準

本綜合財務報表已按歷史成本法慣例編製，並以公允值計量之若干生物資產及按公允值計入損益的金融資產作出修訂。

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。涉及作出較高水平判斷或較為複雜之範疇或有關假設及估計對綜合財務報表而言屬重大之範疇於附註3披露。

### (c) 會計政策及披露之變更

本集團於本年度首次應用下列由香港會計師公會頒佈並於本集團自二零一九年一月一日起財政年度生效之新訂及經修訂準則、修訂及詮釋（統稱為「新訂及經修訂香港財務報告準則」）。本集團應用的新訂及經修訂香港財務報告準則概要載列如下：

|                        |                            |
|------------------------|----------------------------|
| 香港財務報告準則第16號           | 租賃                         |
| 香港(國際財務報告詮釋委員會)-詮釋第23號 | 所得稅處理的不確定性                 |
| 香港財務報告準則第9號之修訂本        | 具負補償之預付款項特點                |
| 香港財務報告準則第19號之修訂本       | 計劃修改、縮減或結算                 |
| 香港財務報告準則第28號之修訂本       | 於聯營公司及合營企業的長期權益            |
| 香港財務報告準則之修訂本           | 香港財務報告準則二零一五年至二零一七年週期的年度改進 |

除下文所述外，於本年度應用新訂及經修訂香港財務報告準則對本集團於本年度及過往年度之財務表現及財務狀況及／或該等綜合財務報表附註所載之披露並無重大影響。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Change in accounting policy and disclosures (continued)

Prior to the adoption of HKFRS 16, leases where substantially all the rewards and risks of ownership of assets remained with the lessor were accounted for as operating leases. Operating lease rentals were recognised in the consolidated income statement on a straight-line basis over the lease term. Commitments under operating leases for future periods were not recognised as liabilities.

Upon adoption of HKFRS 16, the majority of operating leases (except for short-term leases with a lease term of 12 months or less and leases of low value assets) are recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

The Group has adopted HKFRS 16 on 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position as at 1 January 2019. The new accounting policies are disclosed in Note 2(j).

On transition to HKFRS 16, the Group has applied the practical expedients permitted by the standard as follows:

- the accounting for operating leases with a remaining lease term of less than 12 months at the date of initial application as short-term leases; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

### 2. 重大會計政策概要(續)

#### (c) 會計政策及披露之變更(續)

採納香港財務報告準則第16號前，資產擁有權的絕大部分回報及風險屬出租人的租賃均列為經營租賃。經營租賃租金於租賃期內按直線法在綜合收益表確認。經營租賃在未來期間的承擔並不確認為負債。

採納香港財務報告準則第16號後，主要的經營租賃(租賃期為12個月或以內的短期租賃及低價值資產的租賃除外)於綜合財務狀況表確認為使用權資產及租賃負債。

本集團已於二零一九年一月一日採納香港財務報告準則第16號，而按準則的特定過渡條文所允許，二零一八年報告期間的比較數字沒有重列。因此，新租賃規則所產生的重新分類及調整於二零一九年一月一日的期初綜合財務狀況表確認。新的會計政策已披露於附註2(j)。

在過渡至香港財務報告準則第16號時，本集團已應用準則所允許的權宜處理方法如下：

- 於首次應用日期餘下租賃期少於12個月的經營租賃作為短期租賃處理；及
- 倘合約包含延長或終止租賃的選擇權，使用事後方式釐定租賃期。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Change in accounting policy and disclosures (continued)

The Group has elected not to reassess whether a contract is, or contains a lease at the date of initial application. For contracts entered into before the transition date, the Group relied on its assessment made applying HKAS 17 "Leases" and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease".

Upon adoption of HKFRS 16, the Group reclassified the land use rights to right-of-use assets for presentation purpose.

The table below summarises the impact of the adoption of HKFRS 16 on the opening consolidated statement of financial position as at 1 January 2019:

|                             |                                                       | Carrying<br>amounts<br>previously<br>reported at<br>31 December<br>2018 | Reclassification         | Carrying<br>amounts<br>under<br>HKFRS 16 at<br>1 January 2019      |
|-----------------------------|-------------------------------------------------------|-------------------------------------------------------------------------|--------------------------|--------------------------------------------------------------------|
|                             | 過往於<br>二零一八年<br>十二月三十一日<br>呈報之賬面值<br>RMB'000<br>人民幣千元 |                                                                         | 重新分類<br>RMB'000<br>人民幣千元 | 於二零一九年<br>一月一日根據<br>香港財務報告<br>準則第16號<br>呈報之賬面值<br>RMB'000<br>人民幣千元 |
| <b>Non-Current assets</b>   | <b>非流動資產</b>                                          |                                                                         |                          |                                                                    |
| Right-of-use assets         | 使用權資產                                                 | –                                                                       | 15,522                   | 15,522                                                             |
| Prepaid land lease payments | 預付土地租金                                                | 15,068                                                                  | (15,068)                 | –                                                                  |
| <b>Current assets</b>       | <b>流動資產</b>                                           |                                                                         |                          |                                                                    |
| Prepaid land lease payments | 預付土地租金                                                | 454                                                                     | (454)                    | –                                                                  |

Upfront payments for leasehold lands in the PRC were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid land lease payments amounting to RMB454,000 and RMB15,068,000, respectively were reclassified to right-of-use assets.

### 2. 重大會計政策概要(續)

#### (c) 會計政策及披露之變更(續)

本集團已選擇不在首次應用日期重新評估一項合約是否為租賃或是否包含租賃。對於在過渡日期之前簽訂的合約，本集團根據香港會計準則第17號「租賃」和香港（國際財務報告詮釋委員會）詮釋第4號「確定一項安排是否包含租賃」評估。

於採納香港財務報告準則第16號時，為呈報目的，本集團將土地使用權重新分類為使用權資產。

下表概述採納香港財務報告準則第16號對於二零一九年一月一日的期初綜合財務狀況表的影響：

於二零一八年十二月三十一日，在中國就租賃土地預付的款項分類為預付租金。於應用香港財務報告準則第16號後，預付土地租金的流動及非流動部分分別為人民幣454,000元及人民幣15,068,000元，已重新分類為使用權資產。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**(d) New standards, amendments and interpretation of HKFRSs issued but are not effective for the financial year beginning on 1 January 2019 and have not been early adopted by the Group**

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

|                                            |                                                                                                     |
|--------------------------------------------|-----------------------------------------------------------------------------------------------------|
| HKFRS 17                                   | Insurance Contracts <sup>1</sup>                                                                    |
| Amendments to HKFRS 3                      | Definition of a Business <sup>2</sup>                                                               |
| Amendments to HKFRS 10 and HKAS 28         | Sales or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup> |
| Amendments to HKAS 1 and HKAS 8            | Definition of Material <sup>4</sup>                                                                 |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | Interest Rate Benchmark Reform <sup>4</sup>                                                         |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>2</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of all the new and amendments to HKFRSs above will have no material impact on the consolidated financial statements in the foreseeable future.

### 2. 重大會計政策概要(續)

**(d) 已頒佈但尚未於二零一九年一月一日開始之財政年度生效之新訂準則、經修訂香港財務報告準則及詮釋**

本集團並無提早採納以下已頒佈但尚未生效之新訂及經修訂香港財務報告準則：

|                                        |                                       |
|----------------------------------------|---------------------------------------|
| 香港財務報告準則第17號                           | 保險合約 <sup>1</sup>                     |
| 香港財務報告準則第3號之修訂本                        | 業務的定義 <sup>2</sup>                    |
| 香港財務報告準則第10號及香港會計準則第28號之修訂本            | 投資者與其聯營公司或合營企業之間的資產出售或貢獻 <sup>3</sup> |
| 香港會計準則第1號及香港會計準則第8號之修訂本                | 重大的定義 <sup>4</sup>                    |
| 香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號之修訂本 | 利率基準改革 <sup>4</sup>                   |

<sup>1</sup> 於二零二一年一月一日或之後開始之年度期間生效。

<sup>2</sup> 適用於收購日期為二零二零年一月一日或之後開始的首個年度期間開始當日或之後的業務合併及資產收購。

<sup>3</sup> 於待定期間或之後開始之年度期間生效。

<sup>4</sup> 於二零二零年一月一日或之後開始之年度期間生效。

本公司董事預期應用所有上述新訂及經修訂香港財務報告準則於可見未來對綜合財務報表不會有重大影響。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (e) Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

### (i) Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

## 2. 重大會計政策概要(續)

### (e) 綜合

附屬公司指本集團對其具有控制權的所有主體(包括結構性主體)。當本集團因為參與該主體而承擔可變回報的風險或享有可變回報的權益，並有能力透過其對該主體的權力影響此等回報時，本集團即控制該主體。附屬公司在控制權轉移至本集團之日起合併入賬。附屬公司在控制權終止之日起停止合併入賬。

### (i) 業務合併

本集團採用購買法將業務合併入賬。購買附屬公司的轉讓代價為本集團所轉讓資產、對被收購方前擁有人所產生負債及所發行股權的公允值。轉讓代價包括或然代價安排產生的任何資產或負債的公允值。於業務合併時所購買的可識別資產及所承擔的負債及或然負債，初步按購買日的公允值計量。就個別收購基準，本集團以公允值或按非控制性權益所佔被購買方資產淨值可確認的比例確認於被購買方之任何非控制性權益。收購相關成本於產生時支銷。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Consolidation (continued)

##### (i) Business combination (continued)

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

##### (ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

### 2. 重大會計政策概要(續)

#### (e) 綜合(續)

##### (i) 業務合併(續)

若業務合併分階段進行，則收購方先前所持被收購方權益於收購日期的賬面值按收購日期公允值重新計量，而任何因有關重新計量而產生的收益或虧損已於損益賬中確認。

本集團所轉讓的或然代價於收購日期按公允值確認。或然代價(視作一項資產或負債)公允值的其後變動根據香港會計準則第39號於損益確認，或計作其他全面收益變動。分類為權益的或然代價毋須重新計量，而其後結算於權益入賬。

##### (ii) 不導致失去控制權之附屬公司所有權權益變動

不導致失去控制權之非控制性權益交易入賬列作權益交易——即以彼等為附屬公司擁有人之身分與擁有人進行交易。任何已付代價公允值與所收購相關股份應佔附屬公司資產淨值賬面值之差額列作權益。向非控制性權益出售之盈虧亦列作權益。



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Consolidation (continued)

##### (iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

##### (iv) Separate financial statements

Investment in subsidiaries are included in the Company's balance sheet at cost less impairment. The results of subsidiaries are accounted for the Company on the basis of dividends received and receivables.

Impairment testing of the investment in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

### 2. 重大會計政策概要(續)

#### (e) 綜合(續)

##### (iii) 出售附屬公司

倘本集團不再擁有控制權，其於該實體之任何保留權益按其於失去控制權當日之公允值重新計算，而賬面值變動則於損益中確認。就其後入賬列作聯營公司、合營公司或金融資產之保留權益而言，公允值指初始賬面值。此外，先前於其他全面收益內確認與該實體有關之任何金額按猶如該集團已直接出售有關資產或負債之方式入賬。這可能意味著先前在其他全面收益內確認之金額重新劃分為溢利或虧損。

##### (iv) 獨立財務報表

在本公司之資產負債表內，於附屬公司的投資是按成本扣除減值列賬。附屬公司之業績由本公司按已收及應收之股息入賬。

投資於附屬公司之減值測試於自此等投資收取之股息超逾附屬公司宣派股息期間內之全面收益總額或投資賬面值於獨立財務報表超逾被投資公司之資產淨值(包括商譽)於綜合財務報表內之賬面值而作出。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (f) Biological assets

Biological assets are living animals and plants managed by the Group which is involved in the agricultural activities of the transformation of biological assets for sale or into agricultural product.

Biological assets are measured at fair value less estimated point-of-sale costs at initial recognition and at each balance sheet date. The fair value of these biological assets is determined based on active market prices in the local market with reference to comparable age, breed and genetic merit. The gain or loss arising on initial recognition and subsequent changes in fair values less estimated point-of-sale costs of biological assets is recognised in profit or loss in the period in which it arise. Biological assets that are in the stage of cultivation or do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less any impairment losses.

#### (g) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs or revalued amounts to their residual value over their estimated useful lives. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The principal annual rates are as follows:

|                                   |                |
|-----------------------------------|----------------|
| Buildings                         | 10 to 30 years |
| Plant and machinery               | 6 years        |
| Transportation equipment          | 8 years        |
| Furniture, fixtures and equipment | 5 years        |

### 2. 重大會計政策概要(續)

#### (f) 生物資產

生物資產為本集團管理之牲畜及植物，包括通過農業活動而轉變待售的生物資產或農產品之生物資產。

生物資產於初始確認及於各結算日以公允價值減估計銷售點成本計量。該等生物資產之公允價值乃根據當地市場之活躍市價參考可資比較之年期、品種及基因優點釐定。生物資產於初步確認時及其後公允價值變動減估計銷售點成本所產生之盈利或虧損於產生期間於損益賬確認。在種植階段或在活躍市場並無市場報價且其公允價值不能可靠計量之生物資產按成本值扣減任何減值虧損確認入資產負債表。

#### (g) 物業、廠房及設備

物業、廠房及設備按歷史成本值減累計折舊及任何減值虧損列賬。歷史成本值包括收購項目直接應佔的開支。其後成本僅於項目隨附未來經濟利益可能流入本集團及項目成本可以可靠地計量時計入資產賬面值或確認為個別資產(倘適用)。被取代部份之賬面值獲終止確認。所有其他維修及保養開支均於產生之財政期間於綜合損益及其他全面收益表扣除。

折舊乃以直線法按其估計使用年限將成本值或重估金額分攤至其剩餘價值計算。該資產之剩餘價值以及使用年限於各報告期末進行審閱及調整(倘適用)。主要之折舊年率如下：

|          |        |
|----------|--------|
| 樓宇       | 10至30年 |
| 廠房及機械    | 6年     |
| 運輸設備     | 8年     |
| 傢俬、裝置及設備 | 5年     |

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (g) Property, plant and equipment (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on the disposal are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of profit or loss and other comprehensive income.

#### (h) Transfer from property, plant and equipment to investment property carried at cost

The Group transfers a property from property, plant and equipment to investment property when there is a change of use to hold the property to earn rentals or/and for capital appreciation rather than for its own use in the ordinary course of business.

#### (i) Investment property

Investment property is property held to earn rentals and/or for capital appreciation.

Investment property is initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

### 2. 重大會計政策概要(續)

#### (g) 物業、廠房及設備(續)

倘一項資產之賬面值大於其估計可收回金額，其賬面值將即時減至其可收回金額。

出售所產生的盈虧乃指該款項與賬面值的比較數字，有關盈虧於綜合損益及其他全面收益表確認。

#### (h) 從物業、廠房及設備轉移至按成本列賬之投資

當持有物業之用途從於日常業務過程中自用轉變為賺取租金或／及資本增值時，本集團會將該物業從物業、廠房及設備轉移至投資物業。

#### (i) 投資物業

投資物業乃為賺取租金及／或資本增值而持有之物業。

投資物業初始按成本計量，而成本乃包括任何直接應佔支出。於初始確認後，投資物業按成本減其後累計折舊及任何累計減值虧損列賬。折舊乃於投資物業之估計可使用年期以直線法撇銷投資物業之成本而確認。

投資物業於出售或永久棄用，且預期出售不會帶來未來經濟利益時終止確認。終止確認物業產生之任何收益或虧損(按出售所得款項淨額與資產賬面金額間之差額計算)於終止確認物業之期間計入損益。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (i) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated over the lease term of the leasehold land.

## 2. 重大會計政策概要(續)

### (i) 租賃

本集團在合約開始時評估合約是否為租賃或包含租賃。倘一份合約在一段時間內為換取對價而讓渡一項可識別資產使用之控制權，則該合約為一項租賃或包含一項租賃。

#### 本集團作為承租人

本集團就所有租賃應用單一之方法確認及計量，短期租賃及低價值資產租賃除外。本集團確認租賃負債以作出租賃付款，而使用權資產代表使用相關資產的權利。

#### (a) 使用權資產

使用權資產於租賃開始日確認(即標的資產可用日期)。使用權資產按成本減任何累計折舊及任何減值虧損計量，並就重新計量租賃負債作出調整。使用權資產成本包括已確認租賃負債金額、產生的初始直接成本以及於開始日或之前支付之租賃付款金額減已收取之任何租賃激勵。使用權資產在租賃土地租賃期內按直線法折舊。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (j) Leases (Continued)

##### Group as a lessee (Continued)

##### (b) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

#### (k) Construction in progress

Construction in progress represents buildings, plant and equipment under construction and pending installation, and is stated at historical cost less any impairment losses. No depreciation is made on construction in progress until such time as the relevant property, plants and equipment are available for use. Cost comprises all construction expenditure and other direct costs of construction. Construction in progress is transferred to the appropriate category of property, plant and equipment when the asset being constructed becomes available to use.

### 2. 重大會計政策概要(續)

#### (j) 租賃(續)

##### 本集團作為承租人(續)

##### (b) 短期租賃及低價值資產租賃

本集團對其機械設備的短期租賃(自開始日起租賃期為12個月或更短而且不包含購買選擇權)採用短期租賃確認豁免。短期租賃及低價值資產租賃之租賃付款額在租賃期內按直線法確認為開支。

#### (k) 在建工程

在建工程指興建中的樓宇、廠房及待安裝的設備，以歷史成本值扣除減值虧損入賬。直至有關物業、廠房及設備可供使用前，在建工程並無折舊。成本包括所有建造支出及其他直接建造成本。在建工程於在建資產可使用時重新轉撥為物業、廠房及設備之適當類別。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (I) Intangible assets

#### (i) Purchased know-how and prescription

Purchased know-how and prescription are stated at historical cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives, which range from 5 to 12 years from the date of commercial production. The estimated useful life and amortisation method are reviewed at the end of each balance sheet date, with the effect of any changes in estimate being accounted for on a prospective basis.

#### (ii) Research and development expenditure

Expenditure on research activities is recognised as an expense in the financial period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and appropriate proportion of overheads and borrowing costs, where applicable. Capitalised development costs are stated at historical cost less accumulated amortisation and impairment losses. Amortisation begins when development is completed and the assets is available for use. Other development expenditure is recognised as an expense in the financial period in which it is incurred.

#### (iii) Purchased in-process research and development assets acquired through separate purchase

In-process research and development assets acquired through separate purchase are recognised as intangible assets at historical cost less accumulated amortisation and impairment losses.

Amortisation and impairment assessment are accounted for in a similar manner as internal development expenditure set out in (ii) above.

## 2. 重大會計政策概要(續)

### (I) 無形資產

#### (i) 購入技術及藥方

購入技術及藥方按歷史成本值扣除累計攤銷及減值虧損入賬。購入技術及藥方乃以直線法按其估計可使用年期(於商業生產日期起5至12年)進行攤銷。估計可使用年期及攤銷方法乃於各結算日結束時檢討，估計變動之影響按預先計提之基準入賬。

#### (ii) 研發開支

研究活動的費用於其產生財政期間內確認為開支。倘若產品或程序在技術上和商業上可行，且本集團有足夠的資源和意願完成開發，則開發活動的費用會予以資本化。資本化的費用包括材料成本、直接員工成本及適當比例的間接費用及借貸成本(倘適用)。資本化之開發成本以歷史成本值減除累計攤銷及減值虧損列賬。攤銷於開發完成及資產可用時開始。其他開發開支於其產生財政期間內確認為開支。

#### (iii) 個別購入而獲得的進行之研發資產

個別購入而獲得的進行之研發資產按歷史成本值減除累計攤銷及減值虧損確認為無形資產。

攤銷及減值評估按類似方法作上述(ii)中所載之內部開發開支列賬。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (m) Impairment of non-financial assets

Assets that have an indefinite useful life — for example, goodwill or intangible assets not ready to use — are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### (n) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost formula. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

#### (o) Financial assets

##### (a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

### 2. 重大會計政策概要(續)

#### (m) 非金融資產減值

擁有無限可用年期(如商譽)或尚未可用之無形資產毋須作出攤銷，並每年測試減值情況。每當發生事件或環境轉變顯示賬面值可能無法收回時，則應對須作攤銷的資產作減值檢討。倘該項資產之賬面值超過其可收回金額時，會就其差額確認減值虧損。資產之可收回金額為公允值減出售成本與其可使用價值中之較高者。評估資產減值時，資產乃按最低水平之可單獨識別之現金流量(現金產生單位)予以分類。對已發生減值之除商譽外之非金融資產於每個報告日檢討其可能之轉回。

#### (n) 存貨

存貨按成本值及可變現淨值兩者之較低者列賬。成本值乃按加權平均成本法釐定。製成品及在製品之成本包括原料、直接員工成本、其他直接成本及相關之產品間接費用(根據正常經營能力)，惟不包括借貸成本。可變現淨值乃按正常業務過程中的估計售價，減去適用的變動銷售開支計算。

#### (o) 金融資產

##### (a) 分類

本集團將其金融資產分類為下列計量類別：

- 隨後按公允值計量(透過其他全面收益(「其他全面收益」)或透過損益)的金融資產，及
- 按攤銷成本計量的金融資產。



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (o) Financial assets (continued)

##### (a) Classification (continued)

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

##### (b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

##### (c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset.

### 2. 重大會計政策概要(續)

#### (o) 金融資產(續)

##### (a) 分類(續)

分類視乎實體管理金融資產的業務模式及現金流量之合約條款而定。

按公允值計量的資產而言，收益及虧損將計入損益或其他全面收益。對非持作買賣的股本工具的投資而言，則視乎本集團在初次確認時是否已作出不可撤回之選擇，以將該股本投資按公允值計入其他全面收益(「按公允值計入其他全面收益」)列賬。

##### (b) 確認及終止確認

以常規方式購入及出售的金融資產在交易日(即本集團承諾購入或出售該資產之日)確認。當從金融資產收取現金流量的權利已屆滿或已轉讓，且本集團已將擁有權的絕大部分風險及回報轉讓時，即終止確認金融資產。

##### (c) 計量

於初始確認時，本集團按公允值計量金融資產，倘金融資產並非按公允值計入損益(「按公允值計入損益」)，則另加收購該金融資產直接應佔的交易成本。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (o) Financial assets (continued)

##### (c) Measurement (continued)

##### *Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other losses in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

##### (d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 3(b) for further details.

### 2. 重大會計政策概要(續)

#### (o) 金融資產(續)

##### (c) 計量(續)

##### *股本工具*

本集團隨後就所有股本投資按公允值計量。當本集團管理層已選擇於其他全面收益呈列股本投資的公允值收益及虧損，公允值收益及虧損於終止確認投資後不會重新分類至損益。該等投資的股息於本集團收取款項的權利確立時繼續於損益確認為其他收入。

按公允值計入損益的金融資產公允值變動於損益表確認為其他虧損(按適用情況)。按公允值計入其他全面收益計量的股本投資的減值虧損(及減值虧損撥回)不會因公允值其他變動而分開列報。

##### (d) 減值

本集團按預期基準評估按攤銷成本列賬的金融資產相關的預期信貸損失。所採用的減值方法取決於信貸風險是否顯著增加。

就貿易應收款項而言，本集團採用香港財務報告準則第9號所准許的簡化方法，該方法要求預期終身損失於應收款項初步確認時確認，詳情請參閱附註3(b)。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (p) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated and entity balance sheet, bank overdrafts are shown within “bank borrowings” in current liabilities.

#### (q) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in consolidated other comprehensive income or directly in equity. In this case, the tax is also recognised in consolidated other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. The management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (or laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

### 2. 重大會計政策概要(續)

#### (p) 現金及現金等值物

綜合現金流量表之現金及現金等值物包括手頭現金及銀行通知存款，以及於三個月或以內到期之其他短期高流動性投資及銀行透支。銀行透支於綜合及實體資產負債表中流動負債之「銀行借貸」呈列。

#### (q) 即期及遞延所得稅

期內稅項開支包括即期及遞延稅。稅項於綜合損益表確認，惟與於綜合其他全面收益或直接於權益確認的項目有關的稅項則除外。在此情況下，稅項亦分別於綜合其他全面收益或直接於權益內確認。

即期所得稅開支根據該公司及其附屬公司經營業務及產生應課稅收入的國家於結算日已頒佈或實際上於資產負債表日期已頒佈的稅法計算。管理層會定期評估須對適用稅項法規作出詮釋的情況下在報稅中的稅務狀況，並在恰當時按預期須向稅務機關繳納的金額為基準設定撥備。

遞延所得稅採用負債法就資產及負債的稅基與資產及負債在綜合財務報表內之賬面值產生的暫時性差額進行確認。然而，若遞延所得稅負債因初步確認商譽而產生，則不予以確認。若遞延所得稅來自在交易（不包括業務合併）中對資產或負債的初步確認，而在交易時不影響會計損益或應課稅盈虧，則不予列賬。遞延所得稅採用在結算日前已頒佈或實質頒佈，並預期在有關遞延所得稅項資產變現或遞延所得稅項負債結算時預期適用之稅率（或法例）釐定。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (q) Current and deferred income tax (continued)

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### (r) Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resource will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprised lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### 2. 重大會計政策概要(續)

#### (q) 即期及遞延所得稅(續)

遞延所得稅項資產僅於很有可能於日後可取得應課稅溢利，而暫時性差異可以被使用時，方予以確認。

當有可依法執行之權利以即期稅項資產抵銷即期稅項負債時，以及當遞延所得稅資產及負債涉及同一稅務機關對應課稅實體或不同應課稅實體徵收之所得稅，且有意按淨額結算結餘，則可將遞延所得稅資產及負債抵銷。

#### (r) 撥備

環境恢復撥備、重建成本及法律索償於出現下列情況時確認：本集團由於過往事件而須負上現時法律或建設責任；可能需要自資源撥付以履行責任；且該金額已作出可靠估計。重建成本撥備包括終止租約罰款及終止僱員合約賠款。未來經營虧損並無確認撥備。

當有若干類似責任時，須就該等責任類別整體釐定付款現金流出。即使同類責任包括之任何一個項目之現金流出金額較小，仍須作出撥備。

撥備採用稅前利率按照預期需結算有關責任的支出現值計量，該利率反映當時市場對金錢時間值和有關責任固有風險的評估。隨著時間過去而增加的撥備確認為利息費用。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (s) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Renminbi ("RMB"), which is the Company's functional and the Group's presentation currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of profit or loss within "finance income or cost". All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss income statement within "other gains and/(losses)". Currency translation differences arising are recognised in consolidated other comprehensive income.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in consolidated other comprehensive income.

## 2. 重大會計政策概要(續)

### (s) 外幣兌換

#### (i) 功能及呈列貨幣

本集團各實體財務報表中包括的項目採用其經營所在地區的主要經濟環境通行的貨幣(「功能貨幣」)計量。財務報表以人民幣(「人民幣」)呈列，人民幣為本公司的功能貨幣及本集團呈列貨幣。

#### (ii) 交易及結餘

外幣交易採用交易當日或進行項目重估的估值當日的匯率換算為功能貨幣。清償該等交易及按年終匯率換算以外幣列值的貨幣資產及負債而產生的匯兌損益乃在綜合損益表確認，惟於權益中遞延作為合資格現金流量對沖及合資格淨投資對沖者除外。

與借貸和現金及現金等值項目有關的匯兌損益，均於綜合損益表的「融資收入或成本」內呈列。全部其他匯兌損益乃於綜合損益表的「其他收益及／(虧損)」內呈列。所產生之換算差額於綜合其他全面收益確認。

以外幣計值之貨幣性證券之公允值變動乃就因證券之攤銷成本變動及證券賬面值之其他變動產生之換算差額分析。有關攤銷成本變動之換算差額乃於損益表內確認，而賬面值之其他變動乃於綜合其他全面收益確認。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (s) Foreign currency translation (continued)

##### (ii) Transactions and balances (continued)

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in consolidated profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as financial assets at FVOCI, are included in other comprehensive income.

##### (iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (b) income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in consolidated other comprehensive income.

### 2. 重大會計政策概要(續)

#### (s) 外幣兌換(續)

##### (ii) 交易及結餘(續)

非貨幣金融資產及負債(如透過損益按公允值持有之證券)的換算差額乃於綜合損益確認為透過損益按公允值計值之一部份。非貨幣金融資產之換算差額(如分類為按公允值計入其他全面收益的金融資產之證券)計入其他全面收益。

##### (iii) 集團公司

功能貨幣與呈列貨幣不同的所有集團實體(當中沒有嚴重通脹貨幣)的業績及財務狀況,按如下方式換算為呈列貨幣:

- (a) 於各所示資產負債表內之資產及負債乃按於該結算表日期之收市匯率換算;
- (b) 每份損益表內的收入和開支按平均匯率換算(除非此平均值並不代表交易日期匯率的累計影響的合理約數;在此情況下,收支則按交易日期的匯率換算);及
- (c) 所有由此而產生的匯兌差額於其他全面收益確認。

因收購海外實體產生的商譽及公允值調整視為海外實體資產和負債,並按收市匯率換算。換算差額將於綜合其他全面收益確認。



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (t) Government grants

Grants from the PRC government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with the attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to prepaid land lease payment and intangible assets are included in non-current liabilities as deferred income and are credited to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the expected useful lives of the related assets.

#### (u) Employee benefits

##### (i) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

##### (ii) Pension obligations

The employees in Mainland China participate in the defined contribution retirement plans managed by the local government authorities whereby they are required to contribute to the schemes at fixed rates of the employees' salary costs. The Group's contributions to these plans are charged to profit or loss when incurred.

The Group has no obligations for the payment of the retirement and other post-retirement benefits of staff other than the contributions described above.

### 2. 重大會計政策概要(續)

#### (t) 政府補助

中國政府補助於可合理確定將會收取而本集團符合所有相關條件時，按公允值確認入賬。

有關成本之政府補助均會於對應擬彌償成本所需之期間遞延並在綜合損益表確認入賬。

有關預付土地租金及無形資產的政府補助計入於非流動負債為遞延收入並按相關資產之估計可使用年期以直線法入賬於綜合損益及其他全面收益表。

#### (u) 僱員福利

##### (i) 僱員應享假期

僱員在年假之權利於僱員應享有時確認。本集團為截至結算日止僱員已提供之服務而產生之年假之估計負債作出撥備。

僱員之病假及產假不作確認，直至僱員正式休假為止。

##### (ii) 退休金責任

中國內地公司的僱員均參與由當地政府機關管理的定期供款退休計劃。公司需要按僱員薪金成本的固定比率向有關計劃作出供款。本集團向有關計劃作出的供款在其發生時計入損益。

除上述供款外，本集團並無支付員工退休及其他退休後福利的責任。



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (v) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

#### (w) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment (see note 2(o)(d) for a description of impairment policy). If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

### 2. 重大會計政策概要(續)

#### (v) 借貸

借貸初步按公允值(經扣除所產生的交易成本)確認。借貸其後按攤銷成本列賬;所得款項(經扣除交易成本)與贖回價值之間的任何差額乃採用實際利率法於借貸期內在綜合損益及其他全面收益表確認。

在貸款很有可能部分或全部提取的情況下,就設立貸款融資支付的費用乃確認為貸款交易成本。在此情況下,該費用將遞延至提取貸款發生時。在並無跡象顯示該貸款很有可能部分或全部提取的情況下,該費用撥充資本作為流動資金服務的預付款項,並於其相關融資期間內予以攤銷。

除非本集團有權無條件遞延償付負債至報告期末後至少十二個月,否則借貸會分類為流動負債。

#### (w) 應收賬款及其他應收款項

應收賬款乃於日常業務過程中就銷售商品或提供服務而應收客戶之款項。應收賬款及其他應收款項初步按公允值確認,其後利用實際利率法按攤銷成本扣除減值撥備計量(有關減值政策詳見附註2(o)(d))。倘應收賬款及其他應收款項預計將在一年或以內收回(或在業務正常經營週期內之較長期間),則分類為流動資產。否則,在非流動資產中列報。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (x) Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) one entity is an associate or joint venture of the other entity (an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) both entities are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third party;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity controlled or jointly controlled by a person identified in (a); and
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

### 2. 重大會計政策概要(續)

#### (x) 關連人士

一名人士被視為與本集團有關連，倘：

- (a) 該方屬以下人士或其直系親屬：
  - (i) 控制或共同控制本集團；
  - (ii) 對本集團有重大影響；或
  - (iii) 為本集團或本集團母公司的主要管理層成員；
- (b) 該方為符合以下條件的實體：
  - (i) 該實體及本集團屬同一集團的成員（即各母公司、附屬公司及同系附屬公司互相關聯）；
  - (ii) 一個實體為另一實體的聯營公司或合營企業（或為某一集團的成員的聯營公司或合營企業，而該另一實體為此集團的成員）；
  - (iii) 兩個實體均為同一第三方的合營企業；
  - (iv) 一個實體為第三方實體的合營企業及另一實體為第三方實體的聯營公司；
  - (v) 該實體乃為本集團或與本集團有關聯的實體的僱員之利益而設的離職後福利計劃；
  - (vi) 該實體受(a)部所識別的人士控制或共同控制；及
  - (vii) 於(a)(i)所識別對實體有重大影響的人士，或是實體（或實體的母公司）高級管理人員的成員公司。

與該人士關係密切的家庭成員是指他們在與實體進行交易時，預期可能會影響該人士或受該人士影響的家庭成員。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (y) Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable, and represents amounts receivable for goods supplied or service performed, stated net of rebates and returns. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of returns on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

#### Sales of goods

Revenue from the sale of good directly to the customers is recognized at the point that the control of the inventory have passed to the customers, which is primarily upon the acceptance of the products by the customers. The customers have full discretion over the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products.

#### Interest income

Interest income is recognised as it accrues using the effective interest method.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contractual liabilities are recognised as revenue when the Group performs under the contract.

## 2. 重大會計政策概要(續)

### (y) 收入確認

收入按已收及應收代價的公允值計算，為就所供應商品或所履行的服務扣除折扣及退貨應收款項。當收入金額能夠可靠計量；未來經濟利益有可能流入實體；及本集團各項活動符合具體條件時（如下文所述），本集團會確認收入。本集團根據其過往業績並考慮客戶類別、交易種類及每項安排的特點作出回報估計。

#### 產品銷售

直接向客戶銷售商品所得收入於存貨的控制權已轉移予客戶時（主要於客戶接受產品後）確認。客戶對產品有充分酌情權且並無未履行責任可影響客戶對該等產品的接納。

#### 利息收入

利息收入採用實際利率法按累計確認。

合約資產指本集團就向客戶轉讓之貨品或服務而收取代價，但尚未成為無條件之權利。其根據香港財務報告準則第9號進行減值評估。相反，應收款項指本集團收取代價之無條件權利，亦即代表代價到期支付前僅須待時間推移。

合約負債指本集團轉讓產品或服務予一名客戶的責任，而就此本集團已收到來自客戶的代價（或代價的金額已到期）。倘客戶於本集團轉讓產品或服務予一名客戶前支付代價，當作出支付或款項到期時（以較早者為準），一項合約負債已獲確認，當本集團根據合約履行，合約負債獲確認為收入。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (z) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

#### (aa) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### (a) Impairment of assets (other than trade and other receivables)

The Group tests annually whether assets have suffered any impairment in accordance with the accounting policy stated in note 2(m). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value, which has been prepared on the basis of the management's assumptions and estimates.

### 2. 重大會計政策概要(續)

#### (z) 應付貿易賬款及其他應付款項

應付貿易賬款是本集團在日常運作過程中從供應商購買貨品或使用服務產生的支付責任。如果應付貿易賬款預計將在一年或一年以內支付(或更長的業務正常經營周期範圍內的時間)，則分類為流動負債。否則，其將呈列為非流動負債。

#### (aa) 分類報告

經營分類之呈報方式與向主要營運決策者提供之內部報告貫徹一致。主要營運決策者負責分配資源及評估經營分類表現，其已被確認為作出策略性決策之執行董事。

### 3. 關鍵會計估計及判斷

估計及判斷會不斷予以評估，並以過往經驗及其他因素(包括在有關情況下相信為合理的未來事件預測)為依據。

本集團會對未來作出估計及假設。所導致的會計估計，顧名思義，甚少與有關實際結果相符。具有重大風險須於下一財政年度內對資產及負債的賬面值作出重大調整的估計及假設載列如下。

#### (a) 資產減值(應收貿易賬款及其他應收款項除外)

根據附註2(m)所述的會計政策，本集團每年測試資產是否出現減值。現金產生單位之可收回金額以使用價值法釐定。在計算使用價值時，本集團需估計現金產生單位之未來現金流量，並以適當之折現率計算其現值，此乃根據管理層的假設及估計編製。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

#### (b) Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for the trade receivables. The provision rates are based on management judgement as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At the end of each reporting period, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances and credit impaired are assessed for ECL individually. The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in note 37.

#### (c) Estimation of useful lives of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives and related depreciation or amortisation charges for its property, plant and equipment and intangible assets. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment and purchase know-how and prescription of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation or amortisation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

#### (d) Income taxes

The Company is subject to income tax in the PRC. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

### 3. 關鍵會計估計及判斷(續)

#### (b) 應收貿易賬款的預期信貸虧損撥備

本集團使用撥備矩陣計算應收貿易賬款的預期信貸虧損。撥備率基於管理層對具有類似虧損模式之不同債務人組別之判斷。撥備矩陣基於本集團之歷史違約率，當中考慮無需付出不必要之成本或努力便可獲得之合理且可支持之前瞻性資料。於各報告期末，可觀察之歷史違約率會重新評估，並考慮前瞻性資料之變動。此外，具有大額結餘及出現信貸減值之應收貿易賬款會個別進行預期信貸虧損評估。預期信貸虧損撥備容易受估計變動影響。有關預期信貸虧損及本集團貿易應收款項的資料於附註37披露。

#### (c) 物業、廠房及設備以及無形資產可使用年期之估計

本集團之管理層釐定其物業、廠房及設備以及無形資產之估計可用年期及相關折舊或攤銷開支。此估計乃根據性質及功能相近的物業、廠房及設備以及購買的技術和藥方之實際可用年期的以往經驗作出。技術創新及競爭對手因應嚴重行業週期起伏而採取之行動可能使估計有重大改變。倘可用年期少於先前估計的年期，管理層將增加折舊或攤銷開支；管理層亦可能將已棄置或出售而技術上屬陳舊之資產或非策略資產予以撇銷或撇減。

#### (d) 所得稅

本公司須繳納中國之所得稅。於釐定所得稅撥備時須作出重大判斷。本公司有頗多未能確定最終稅項之交易及計算。本公司於確認預期稅項審核事宜之負債時，建基於會否出現額外應繳稅項之預測。倘該等事宜之最終稅務結果與初步記錄之金額不同，有關差額將影響作出釐定之期間內之即期及遞延所得稅資產及負債。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 4. 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.

|                                                        | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|--------------------------------------------------------|-----------------------------------|-----------------------------------|
| Sales of Chinese medicines and pharmaceutical products | 645,885                           | 647,672                           |

### 5. 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 types 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 2019 and 2018 contributed over 10% of the total operating revenue of the Group.

### 4. 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。

### 5. 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

截至二零一九年及二零一八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%。



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 6. OTHER INCOME

### 6. 其他收入

|                                                                      |                   | Notes<br>附註 | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|----------------------------------------------------------------------|-------------------|-------------|-----------------------------------|-----------------------------------|
| Bank interest income                                                 | 銀行利息收入            |             | 374                               | 4,677                             |
| Other interest income                                                | 其他利息收入            |             | 3,439                             | –                                 |
| Government subsidies (Note)                                          | 政府補貼(附註)          |             | 4,005                             | 4,676                             |
| Recognition of deferred income                                       | 確認遞延收入            | 30          | 588                               | 1,789                             |
| Yield gains on financial assets at fair value through profit or loss | 按公允值計入損益的金融資產回報收益 |             | 11,428                            | 16,994                            |
| Reversal of loss allowance of loan receivables                       | 應收貸款虧損撥備撥回        | 26          | –                                 | 7,500                             |
| Reversal of loss allowance of trade receivables                      | 應收貿易賬款虧損撥備撥回      |             | –                                 | 7,742                             |
| Reversal of provision for obsolete and slow-moving inventories       | 廢棄及滯銷存貨撥備撥回       |             | 1,324                             | –                                 |
| Compensation received                                                | 賠償收入              |             | 2,422                             | 4,426                             |
| Penalty income                                                       | 罰款收入              |             | 291                               | 1,639                             |
| Others                                                               | 其他                |             | 5,616                             | 2,133                             |
|                                                                      |                   |             | 29,487                            | 51,576                            |

Note: During the year ended 31 December 2019 and 2018, 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：於截至二零一九年及二零一八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。

### 7. OTHER GAINS

### 7. 其他收益

|                                                                   |                   | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|-------------------------------------------------------------------|-------------------|-----------------------------------|-----------------------------------|
| Net gain on financial assets at fair value through profit or loss | 按公允值計入損益的金融資產的淨收益 | 8,483                             | 6,612                             |



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 8. FINANCE COSTS

### 8. 融資成本

|                                                       |             | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|-------------------------------------------------------|-------------|-----------------------------------|-----------------------------------|
| Interest expenses on a loan from government authority | 政府機關貸款之利息費用 | -                                 | 53                                |
| Bank interest expenses                                | 銀行利息費用      | 120                               | -                                 |
|                                                       |             | 120                               | 53                                |

### 9. PROFIT BEFORE INCOME TAX

### 9. 除所得稅前溢利

|                                                                                                                      | Notes<br>附註                 | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>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) | 100,054                           | 105,675                           |
| Provision for obsolete and slow-moving inventories                                                                   | 廢棄及滯銷存貨撥備                   | -                                 | 1,093                             |
| Provision for/(reversal of) loss allowance for trade receivables and contract assets                                 | 應收貿易賬款及合約資產之虧損撥備/(撥回)       | 10,054                            | (6,232)                           |
| Provision for/(reversal of) loss allowance on other receivables                                                      | 其他應收款項之虧損撥備/(撥回)            | 4,651                             | (1,509)                           |
| Auditor's remuneration                                                                                               | 核數師酬金                       | 314                               | 308                               |
| Impairment of intangible assets (included in cost of sales)                                                          | 無形資產減值 (列入銷售成本)             | -                                 | 160                               |
| Research and development cost                                                                                        | 研發成本                        | 11,632                            | 334                               |
| 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)           | -                                 | 452                               |
| Depreciation of property, plant and equipment                                                                        | 物業、廠房及設備折舊                  | 20,229                            | 19,339                            |
| Depreciation of right-of-use assets                                                                                  | 使用權資產折舊                     | 1,092                             | -                                 |
| 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                       | 125,724                           | 18,649                            |
| Sales commission                                                                                                     | 業務員佣金                       | 93,805                            | 102,369                           |
| Pension scheme contributions                                                                                         | 退休金計劃供款                     | 2,660                             | 2,381                             |

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 10. INCOME TAX EXPENSE

#### (a) Income tax represents:

|                                                 |                   | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|-------------------------------------------------|-------------------|-----------------------------------|-----------------------------------|
| PRC corporate income tax                        | 中國企業所得稅           |                                   |                                   |
| – Current year                                  | – 本年度             | 31,635                            | 23,876                            |
| – (Overprovision)/underprovision in prior years | – 過往年度(超額撥備)/撥備不足 | (449)                             | 1,807                             |
| Deferred taxation (Note 31)                     | 遞延稅項(附註31)        | (618)                             | (576)                             |
|                                                 |                   | 30,568                            | 25,107                            |

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

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, an unified enterprise income tax rate of 25% is applied to both domestic-invested enterprises and foreign-invested enterprises.

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). The Company is entitled to a reduced PRC corporate Income tax rate of 15% for another three consecutive years commenced since year 2018.

中國企業所得稅乃根據中國有關法律及法規撥備。

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。

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」。本公司於二零一八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。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 10. INCOME TAX EXPENSE (continued)

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

|                                                                              |                                      | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|------------------------------------------------------------------------------|--------------------------------------|-----------------------------------|-----------------------------------|
| Profit before income tax                                                     | 除所得稅前溢利                              | 175,294                           | 186,323                           |
| National tax calculated at PRC enterprise income tax rate of 15% (2018: 15%) | 按中國企業所得稅率15%<br>(二零一八年：15%)<br>計算的國稅 | 26,294                            | 27,948                            |
| Tax effect of non-taxable income                                             | 毋須課稅收入的稅務影響                          | -                                 | (4,172)                           |
| Tax effect of non-deductible expenses                                        | 不可扣稅開支的稅務影響                          | 5,341                             | 101                               |
| (Overprovision)/underprovision in prior years                                | 過往年度(超額撥備)/<br>撥備不足                  | (449)                             | 1,807                             |
| Deferred tax on temporary differences in prior year                          | 過往年度暫時差額之遞延稅項                        | (618)                             | (577)                             |
| Income tax expense                                                           | 所得稅支出                                | 30,568                            | 25,107                            |

### 10. 所得稅支出(續)

#### (b) 稅項支出與會計溢利按適用稅率對賬如下：

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 11. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2019 is based on the profit attributable to owners of the Group for the year of RMB144,726,000 (2018: RMB161,216,000) and 560,250,000 shares in issue during the year (2018: 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 2019 and 2018.

### 12. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to owners of the Company for the year ended 31 December 2019 includes a profit of RMB147,102,000 (2018: RMB162,198,000) which has been dealt with in the financial statements of the Company (Note 33).

### 13. DIVIDENDS

The Company declared a special dividend of RMB7 cents per share on 8 May 2019 and paid on 26 August 2019.

No final dividend has been proposed or paid by the Company in respect of the year ended 31 December 2019 (2018: Nil).

### 11. 每股盈利

截至二零一九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144,726,000元(二零一八年：人民幣161,216,000元)及年內已發行股份560,250,000股(二零一八年：560,250,000股)計算。

由於截至二零一九年及二零一八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。

### 12. 本公司擁有人應佔溢利

截至二零一九年十二月三十一日止年度內，本公司擁有人應佔溢利包括溢利人民幣147,102,000元(二零一八年：人民幣162,198,000元)，該溢利已於本公司之財務報表中處理(附註33)。

### 13. 股息

本公司已於二零一九年五月八日宣派特別股息每股人民幣7分及於二零一九年八月二十六日支付。

本公司並不建議或派付截至二零一九年十二月三十一日止年度之任何末期股息(二零一八年：無)。

|                   |      | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|-------------------|------|-----------------------------------|-----------------------------------|
| Special dividends | 特別股息 | 39,218                            | 39,218                            |

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 14. DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION

#### (a) Directors' remuneration

Directors' remuneration for the year, disclosed pursuant to the GEM Listing Rules and section 383 of the Hong Kong Companies Ordinance (Cap. 622) and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

2019

|                                         |          | Salaries,<br>allowances<br>and other<br>benefits | Discretionary<br>bonus | Pension<br>fund<br>contributions | 2019 Total |       |
|-----------------------------------------|----------|--------------------------------------------------|------------------------|----------------------------------|------------|-------|
|                                         |          | Directors' fees                                  |                        |                                  | 二零一九年      |       |
|                                         |          | 董事袍金                                             | 薪金、津貼<br>及其他利益         | 退休金供款                            | 總酬金        |       |
|                                         |          | RMB'000                                          | RMB'000                | RMB'000                          | RMB'000    |       |
|                                         |          | 人民幣千元                                            | 人民幣千元                  | 人民幣千元                            | 人民幣千元      |       |
|                                         |          |                                                  | (Note (i))<br>(附註(i))  |                                  |            |       |
|                                         |          |                                                  |                        |                                  |            |       |
| Executive Directors:                    | 執行董事：    |                                                  |                        |                                  |            |       |
| Zhang Hong (Chairman)                   | 張弘(主席)   | —                                                | 278                    | 248                              | —          | 526   |
| Zhang Xiao Guang                        | 張曉光      | —                                                | 218                    | 186                              | 20         | 424   |
| Zhao Bao Gang                           | 趙寶剛      | —                                                | 176                    | 110                              | 45         | 331   |
| Wu Guo Wen                              | 吳國文      | —                                                | 60                     | 89                               | 20         | 169   |
| Zhang Yi                                | 張翼       | —                                                | 110                    | 122                              | 15         | 247   |
| Xu Xiang Fu                             | 徐向夫      | —                                                | 115                    | 111                              | 15         | 241   |
|                                         |          |                                                  |                        |                                  |            |       |
| Independent Non-Executive<br>Directors: | 獨立非執行董事： |                                                  |                        |                                  |            |       |
| Gao Qi Pin                              | 高其品      | —                                                | 68                     | —                                | —          | 68    |
| Gao Yong Cai                            | 高永才      | —                                                | —                      | 10                               | —          | 10    |
| Tian Jie                                | 田傑       | —                                                | 29                     | 10                               | —          | 39    |
|                                         |          |                                                  |                        |                                  |            |       |
|                                         |          | —                                                | 1,054                  | 886                              | 115        | 2,055 |

Note: (i) A discretionary bonus is recommended by the Remuneration Committee and is approved by the board of directors, having determined with reference to the Group's operating results, individual performance and comparable market statistics.

### 14. 董事及高級行政人員酬金

#### (a) 董事酬金

年內，根據GEM上市規則及香港《公司條例》(第622章)第383條及《公司(披露董事利益資料)規例》第2部之規定所披露的董事酬金如下：

二零一九年

附註：(i) 酌情花紅由薪酬委員會推薦建議，並由董事會參考本集團經營業績、個人表現及可資比較市場數據後釐定。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 14. DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION (continued)

#### (a) Directors' remuneration (continued)

2018

### 14. 董事及高級行政人員酬金(續)

#### (a) 董事酬金(續)

二零一八年

|                                             |                    | Directors' fees<br>董事袍金<br>RMB'000<br>人民幣千元 | Salaries, allowances and other benefits<br>薪金、津貼及其他利益<br>RMB'000<br>人民幣千元 | Discretionary bonus<br>酌情花紅<br>RMB'000<br>人民幣千元<br>(Note (i))<br>(附註(i)) | Pension fund contributions<br>退休金供款<br>RMB'000<br>人民幣千元 | 2018 Total<br>二零一八年<br>總酬金<br>RMB'000<br>人民幣千元 |
|---------------------------------------------|--------------------|---------------------------------------------|---------------------------------------------------------------------------|--------------------------------------------------------------------------|---------------------------------------------------------|------------------------------------------------|
| <i>Executive Directors:</i>                 | <i>執行董事：</i>       |                                             |                                                                           |                                                                          |                                                         |                                                |
| Zhang Hong (Chairman)                       | 張弘(主席)             | —                                           | 290                                                                       | 912                                                                      | —                                                       | 1,202                                          |
| Zhang Xiao Guang                            | 張曉光                | —                                           | 225                                                                       | 248                                                                      | 20                                                      | 493                                            |
| Zhao Bao Gang                               | 趙寶剛                | —                                           | 179                                                                       | 89                                                                       | 47                                                      | 315                                            |
| Wu Guo Wen                                  | 吳國文                | —                                           | 60                                                                        | 44                                                                       | 20                                                      | 124                                            |
| Zhang Yi (appointed on 8 June 2018)         | 張翼(二零一八年六月八日獲委任)   | —                                           | 66                                                                        | 174                                                                      | 8                                                       | 248                                            |
| Xu Xiang Fu (appointed on 8 June 2018)      | 徐向夫(二零一八年六月八日獲委任)  | —                                           | 65                                                                        | 89                                                                       | 8                                                       | 162                                            |
| <i>Independent Non-Executive Directors:</i> | <i>獨立非執行董事：</i>    |                                             |                                                                           |                                                                          |                                                         |                                                |
| Gao Qi Pin (appointed on 8 June 2018)       | 高其品(二零一八年六月八日獲委任)  | —                                           | 30                                                                        | 10                                                                       | —                                                       | 40                                             |
| Gao Yong Cai                                | 高永才                | —                                           | —                                                                         | 10                                                                       | —                                                       | 10                                             |
| Tian Jie                                    | 田傑                 | —                                           | 28                                                                        | 10                                                                       | —                                                       | 38                                             |
| Qiu Fang Ping (resigned on 24 April 2018)   | 邱芳萍(二零一八年四月二十四日辭任) | —                                           | —                                                                         | —                                                                        | —                                                       | —                                              |
|                                             |                    | —                                           | 943                                                                       | 1,586                                                                    | 103                                                     | 2,632                                          |

*Note: (i)* A discretionary bonus is recommended by the Remuneration Committee and is approved by the board of directors, having determined with reference to the Group's operating results, individual performance and comparable market statistics.

*附註：(i)* 酌情花紅由薪酬委員會推薦建議，並由董事會參考本集團經營業績、個人表現及可資比較市場數據後釐定。



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 14. DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION (continued)

#### (b) Senior executives' remuneration

Details of remuneration paid to the Supervisors of the Company which were all below HK\$1,000,000 (equivalent to RMB882,000 for the year ended 31 December 2019 and RMB881,000 for the year ended 31 December 2018) are as follows:

2019

|                |     | Salaries, allowances and other benefits<br>薪金、津貼及其他利益<br>RMB'000<br>人民幣千元 | Discretionary bonus<br>酌情花紅<br>RMB'000<br>人民幣千元<br>(Note (i))<br>(附註(i)) | Pension fund contributions<br>退休金供款<br>RMB'000<br>人民幣千元 | 2019 Total<br>二零一九年<br>總酬金<br>RMB'000<br>人民幣千元 |
|----------------|-----|---------------------------------------------------------------------------|--------------------------------------------------------------------------|---------------------------------------------------------|------------------------------------------------|
| Supervisors:   | 監事： |                                                                           |                                                                          |                                                         |                                                |
| Qiao Xiao Chun | 喬曉春 | 68                                                                        | 50                                                                       | 15                                                      | 133                                            |
| Wang Ying Xu   | 王英旭 | 35                                                                        | 3                                                                        | 15                                                      | 53                                             |
| Yan Li Yu      | 鄢禮玉 | 32                                                                        | 3                                                                        | 15                                                      | 50                                             |
|                |     | 135                                                                       | 56                                                                       | 45                                                      | 236                                            |

Note: (i) A discretionary bonus is recommended by the Remuneration Committee and is approved by the board of directors, having determined with reference to the Group's operating results, individual performance and comparable market statistics.

### 14. 董事及高級行政人員酬金(續)

#### (b) 高級行政人員酬金

本集團向本公司各監事支付之酬金均低於1,000,000港元(於截至二零一九年十二月三十一日止年度相當於人民幣882,000元及於截至二零一八年十二月三十一日止年度相當於人民幣881,000元)，其詳情如下：

二零一九年

附註：(i) 酌情花紅由薪酬委員會推薦建議，並由董事會參考本集團經營業績、個人表現及可資比較市場數據後釐定。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 14. DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION (continued)

#### (b) Senior executives' remuneration (continued)

2018

|                                           | Salaries, allowances and other benefits<br>薪金、津貼及其他利益<br>RMB'000<br>人民幣千元 | Discretionary bonus<br>酌情花紅<br>RMB'000<br>人民幣千元<br>(Note (i))<br>(附註(i)) | Pension fund contributions<br>退休金供款<br>RMB'000<br>人民幣千元 | 2018 Total<br>二零一八年總酬金<br>RMB'000<br>人民幣千元 |
|-------------------------------------------|---------------------------------------------------------------------------|--------------------------------------------------------------------------|---------------------------------------------------------|--------------------------------------------|
| <i>Supervisors:</i>                       |                                                                           |                                                                          |                                                         |                                            |
| Qiao Xiao Chun (appointed on 8 June 2018) | 40                                                                        | 40                                                                       | 8                                                       | 88                                         |
| Wang Ying Xu                              | 31                                                                        | 3                                                                        | 15                                                      | 49                                         |
| Yan Li Yu (appointed on 8 June 2018)      | 18                                                                        | 30                                                                       | 8                                                       | 56                                         |
| Wu Wei Men (resigned on 24 April 2018)    | 26                                                                        | 81                                                                       | 5                                                       | 112                                        |
| Zhao Gang (resigned on 24 April 2018)     | 37                                                                        | 40                                                                       | –                                                       | 77                                         |
|                                           | 152                                                                       | 194                                                                      | 36                                                      | 382                                        |

*Note: (i)* A discretionary bonus is recommended by the Remuneration Committee and is approved by the board of directors, having determined with reference to the Group's operating results, individual performance and comparable market statistics.

### 14. 董事及高級行政人員酬金(續)

#### (b) 高級行政人員酬金(續)

二零一八年

|                                           | Salaries, allowances and other benefits<br>薪金、津貼及其他利益<br>RMB'000<br>人民幣千元 | Discretionary bonus<br>酌情花紅<br>RMB'000<br>人民幣千元<br>(Note (i))<br>(附註(i)) | Pension fund contributions<br>退休金供款<br>RMB'000<br>人民幣千元 | 2018 Total<br>二零一八年總酬金<br>RMB'000<br>人民幣千元 |
|-------------------------------------------|---------------------------------------------------------------------------|--------------------------------------------------------------------------|---------------------------------------------------------|--------------------------------------------|
| <i>Supervisors:</i>                       |                                                                           |                                                                          |                                                         |                                            |
| Qiao Xiao Chun (appointed on 8 June 2018) | 40                                                                        | 40                                                                       | 8                                                       | 88                                         |
| Wang Ying Xu                              | 31                                                                        | 3                                                                        | 15                                                      | 49                                         |
| Yan Li Yu (appointed on 8 June 2018)      | 18                                                                        | 30                                                                       | 8                                                       | 56                                         |
| Wu Wei Men (resigned on 24 April 2018)    | 26                                                                        | 81                                                                       | 5                                                       | 112                                        |
| Zhao Gang (resigned on 24 April 2018)     | 37                                                                        | 40                                                                       | –                                                       | 77                                         |
|                                           | 152                                                                       | 194                                                                      | 36                                                      | 382                                        |

*附註：(i)* 酌情花紅由薪酬委員會推薦建議，並由董事會參考本集團經營業績、個人表現及可資比較市場數據後釐定。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 14. DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION (continued)

#### (c) Five highest paid individuals

The five highest paid individuals during the year included two Directors (2018: four Directors) whose remuneration were set out in (a) above. Details of remuneration of the remaining three (2018: one) highest paid, non-director employee whose remuneration was below HK\$1,000,000 (equivalent to RMB882,000 for the year ended 31 December 2019 and RMB881,000 for the year ended 31 December 2018) are as follows:

|                                         |           | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|-----------------------------------------|-----------|-----------------------------------|-----------------------------------|
| Salaries, allowances and other benefits | 薪金、津貼及其他利 | 461                               | 271                               |
| Pension scheme contributions            | 退休金計劃供款   | —                                 | 20                                |
|                                         |           | 461                               | 291                               |

Other than the emoluments of directors disclosed in (a) above, the emoluments of supervisors and other senior management whose profiles are included in the Biographical Details of Directors and Senior Management section of this report were below HK\$1,000,000, equivalent to RMB882,000 (2018: equivalent to RMB881,000) for the year ended 31 December 2019 and for the year ended 31 December 2018.

During the years ended 31 December 2019 and 2018, no emoluments were paid by the Group to these highest paid employees as an inducement to join, or upon joining the Group, or as compensation for loss of office.

### 14. 董事及高級行政人員酬金(續)

#### (c) 五名最高薪酬人士

年內五名最高薪酬人士包括兩名董事(二零一八年：四名董事)，其酬金詳情於上文(a)項載列。另外，本集團其餘三名最高薪酬非董事僱員(二零一八年：一名)之薪酬低於1,000,000港元(截至二零一九年十二月三十一日止年度相等於人民幣882,000元及截至二零一八年十二月三十一日止年度相等於人民幣881,000元)，其薪酬詳情如下：

|                                         | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|-----------------------------------------|-----------------------------------|-----------------------------------|
| Salaries, allowances and other benefits | 461                               | 271                               |
| Pension scheme contributions            | —                                 | 20                                |
|                                         | 461                               | 291                               |

除上文(a)項已披露的董事酬金外，簡介載於本報告「董事及高級管理層簡歷」一節的監事及其他高級管理人員的酬金於截至二零一九年十二月三十一日止年度及截至二零一八年十二月三十一日止年度均低於1,000,000港元，相當於人民幣882,000元(二零一八年：相當於人民幣881,000元)。

截至二零一九年及二零一八年十二月三十一日止年度，本集團並無向該等最高薪酬僱員支付任何酬金作為其加入或於加入本集團時之獎賞，或作離職之補償。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 15. EMPLOYEE RETIREMENT BENEFITS

#### Defined contribution retirement plans

Pursuant to the relevant labour rules and regulations in the PRC, the Group participate in a defined contribution retirement benefit scheme (the "Scheme") organised by the PRC municipal government authority in the Jilin Province whereby the Group is required to make contributions to the Scheme at certain percentage of the eligible employees' relevant salaries. The local government authority is responsible for the entire pension obligation payable to retired employees.

The Group's contribution to retirement benefits schemes for the year ended 31 December 2019 amounted to RMB2,820,000 (2018: RMB2,520,000). The Group has no other material obligation for the payment of pension benefits associated with the Scheme.

### 15. 退休福利計劃

#### 定額供款退休計劃

根據中國相關勞動規則及法規，本集團參與由中國吉林省市政府機關組織的定額供款退休福利計劃（「該計劃」），據此，本集團須按合資格僱員的相關工資的一定百分比向該計劃供款。地方政府機關對應付退休僱員的全部退休金計劃責任負責。

於截至二零一九年十二月三十一日止年度，本集團所支付的退休福利計劃供款為人民幣2,820,000元（二零一八年：人民幣2,520,000元）。本集團並無其他有關該計劃的重大退休福利付款責任。

### 16. BEARER BIOLOGICAL ASSETS

Bearer biological assets comprise:

### 16. 不記名生物資產

不記名生物資產包括：

|                                |              | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|--------------------------------|--------------|-----------------------------------|-----------------------------------|
| Ginseng, at cost               | 人參，按成本值      | 13,402                            | 11,745                            |
| Vineyard, at cost              | 葡萄，按成本值      | -                                 | -                                 |
| Carrying amount at 31 December | 於十二月三十一日之賬面值 | 13,402                            | 11,745                            |

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 16. BEARER BIOLOGICAL ASSETS (continued)

Reconciliation of carrying amounts of bearer biological assets:

|                                |              | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|--------------------------------|--------------|-----------------------------------|-----------------------------------|
| <b>Ginseng</b>                 | <b>人參</b>    |                                   |                                   |
| Carrying amount at 1 January   | 於一月一日之賬面值    | <b>11,745</b>                     | 11,440                            |
| Additions during the year      | 年內添置         | <b>1,657</b>                      | 305                               |
| Carrying amount at 31 December | 於十二月三十一日之賬面值 | <b>13,402</b>                     | 11,745                            |
| <b>Vineyard</b>                | <b>葡萄</b>    |                                   |                                   |
| Carrying amount at 1 January   | 於一月一日之賬面值    | —                                 | —                                 |
| Written off                    | 撇銷           | —                                 | —                                 |
| Carrying amount at 31 December | 於十二月三十一日之賬面值 | —                                 | —                                 |
|                                |              | <b>13,402</b>                     | 11,745                            |

The carrying amounts of ginseng and vineyard were valued at their original costs. These assets are in their early stage of cultivation and preparation and active market prices are not available. In addition, the Directors are of the view that the original costs would approximate their fair values at this stage of their development.

### 16. 不記名生物資產(續)

不記名生物資產賬面值對賬：

人參及葡萄的賬面值按初始成本計值。該等資產處於養植及準備初期，且並無活躍市價。另外，董事認為初始成本與彼等於該發展階段之公允值相若。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 17. PROPERTY, PLANT AND EQUIPMENT

### 17. 物業、廠房及設備

|                              |               | Buildings              | Plant and machinery       | Transportation equipment | Furniture, fixtures and equipment | Total                  |
|------------------------------|---------------|------------------------|---------------------------|--------------------------|-----------------------------------|------------------------|
|                              |               | 樓宇<br>RMB'000<br>人民幣千元 | 廠房及機器<br>RMB'000<br>人民幣千元 | 運輸設備<br>RMB'000<br>人民幣千元 | 傢俱、裝置及設備<br>RMB'000<br>人民幣千元      | 總計<br>RMB'000<br>人民幣千元 |
| Cost:                        | 成本：           |                        |                           |                          |                                   |                        |
| At 1 January 2018            | 於二零一八年一月一日    | 152,078                | 110,126                   | 6,880                    | 4,239                             | 273,323                |
| Additions                    | 添置            | –                      | 7,191                     | 2,576                    | 30                                | 9,797                  |
| At 31 December 2018          | 於二零一八年十二月三十一日 | 152,078                | 117,317                   | 9,456                    | 4,269                             | 283,120                |
| Additions                    | 添置            | 1,651                  | 4,173                     | 2,974                    | 82                                | 8,880                  |
| At 31 December 2019          | 於二零一九年十二月三十一日 | 153,729                | 121,490                   | 12,430                   | 4,351                             | 292,000                |
| Accumulated depreciation:    | 累計折舊：         |                        |                           |                          |                                   |                        |
| At 1 January 2018            | 於二零一八年一月一日    | 38,105                 | 62,924                    | 3,666                    | 2,495                             | 107,190                |
| Charge for the year (Note 9) | 年內支銷(附註9)     | 4,462                  | 13,689                    | 808                      | 380                               | 19,339                 |
| At 31 December 2018          | 於二零一八年十二月三十一日 | 42,567                 | 76,613                    | 4,474                    | 2,875                             | 126,529                |
| Charge for the year (Note 9) | 年內支銷(附註9)     | 5,160                  | 13,258                    | 1,389                    | 422                               | 20,229                 |
| At 31 December 2019          | 於二零一九年十二月三十一日 | 47,727                 | 89,871                    | 5,863                    | 3,297                             | 146,758                |
| Carrying amount:             | 賬面值：          |                        |                           |                          |                                   |                        |
| At 31 December 2019          | 於二零一九年十二月三十一日 | 106,002                | 31,619                    | 6,567                    | 1,054                             | 145,242                |
| At 31 December 2018          | 於二零一八年十二月三十一日 | 109,511                | 40,704                    | 4,982                    | 1,394                             | 156,591                |

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 18. LEASES

#### The Group as a Lessee

The Group has land lease arrangements used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 45 to 50 years, and no ongoing payments will be made under the terms of these land leases. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

#### (a) Prepaid land lease payments

|                                     |                   | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|-------------------------------------|-------------------|-----------------------------------|-----------------------------------|
| As at 1 January                     | 於一月一日             | 15,522                            | 15,974                            |
| Impact on adoption of HKFRS 16      | 應用香港財務報告準則第16號之影響 | (15,522)                          | —                                 |
| Amortisation                        | 攤銷                | —                                 | (452)                             |
| As at 31 December                   | 於十二月三十一日          | —                                 | 15,522                            |
| Analysed for reporting purposes as: | 就報告目的分析：          |                                   |                                   |
| Non-current assets                  | 非流動資產             | —                                 | 15,068                            |
| Current assets                      | 流動資產              | —                                 | 454                               |
|                                     |                   | —                                 | 15,522                            |

### 18. 租賃

#### 本集團作為承租人

本集團擁有在經營中使用的土地租賃合約。已提前作出一次性付款以向擁有者收購租賃期為45至50年的租賃土地，並且根據這些土地租賃的條款不會有後續付款。一般而言，本集團不可向本集團以外人士轉讓及分租租賃資產。

#### (a) 預付土地租金



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 18. LEASES (continued)

#### The Group as a Lessee (continued)

##### (b) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

|                                |                   | Land use rights<br>土地使用權          |                                   |
|--------------------------------|-------------------|-----------------------------------|-----------------------------------|
|                                |                   | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
| As at 1 January                | 於一月一日             | —                                 | —                                 |
| Impact on adoption of HKFRS 16 | 應用香港財務報告準則第16號之影響 | 15,522                            | —                                 |
| Additions                      | 添置                | 23,910                            | —                                 |
| Depreciation charge            | 折舊開支              | (1,092)                           | —                                 |
| As at 31 December              | 於十二月三十一日          | 38,340                            | —                                 |

##### (c) The amounts recognized in profit or loss in relation to leases are as follows:

### 18. 租賃(續)

#### 本集團作為承租人(續)

##### (b) 使用權資產

年內本集團之使用權資產賬面值及變動如下：

##### (c) 於損益中確認的租賃相關款項如下：

|                                            |           | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 |
|--------------------------------------------|-----------|-----------------------------------|
| Depreciation charge of right-of-use assets | 使用權資產折舊開支 | 1,092                             |
| Total amount recognised in profit or loss  | 損益中確認款項總額 | 1,092                             |

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 19. CONSTRUCTION IN PROGRESS

### 19. 在建工程

|                |          | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|----------------|----------|-----------------------------------|-----------------------------------|
| At 1 January   | 於一月一日    | 67,588                            | 44,127                            |
| Additions      | 增添       | 6,473                             | 23,461                            |
| At 31 December | 於十二月三十一日 | 74,061                            | 67,588                            |

### 20. INVESTMENT IN SUBSIDIARIES

### 20. 於附屬公司的投資

|                               |            | The Company<br>本公司                |                                   |
|-------------------------------|------------|-----------------------------------|-----------------------------------|
|                               |            | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
| Unlisted investment, at cost  | 非上市投資，按成本值 | 85,000                            | 5,000                             |
| Amounts due from subsidiaries | 應收附屬公司款項   | —                                 | 6,032                             |
| Amounts due to subsidiaries   | 應付附屬公司款項   | (69,342)                          | (5,000)                           |

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 20. INVESTMENT IN SUBSIDIARIES (continued)

Particulars of the subsidiaries as at 31 December 2019 were as follows:

| Name of subsidiary<br>附屬公司名稱              | Country of incorporation and operation and legal entity status<br>註冊成立及經營的國家及法定實體地位 | Issued and fully paid share capital/<br>registered capital<br>已發行及繳足股本／註冊資本 | Percentage of ordinary shares held directly<br>直接持有普通股份的百分比 | Principal activity<br>主要業務                                                       |
|-------------------------------------------|-------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|-------------------------------------------------------------|----------------------------------------------------------------------------------|
| 吉林省林下藥用植物經營有限公司                           | 中國，有限責任公司<br>PRC, limited liability company                                         | 人民幣5,000,000元<br>RMB5,000,000                                               | 100%                                                        | 暫無活動<br>Dormant                                                                  |
| 吉林省長龍源生物科技有限公司<br>(「長龍源」) <sup>#1</sup>   | 中國，有限責任公司<br>PRC, limited liability company                                         | 人民幣20,000,000元<br>RMB20,000,000                                             | 100%                                                        | 製造及分銷保健產品<br>Manufacture and distribution of health products                     |
| 吉林長龍食品飲料有限責任公司<br>(「長龍食品」) <sup>#2</sup>  | 中國，有限責任公司<br>PRC, limited liability company                                         | 人民幣20,000,000元<br>RMB20,000,000                                             | 100%                                                        | 生產及分銷飲料及預包裝食品<br>Manufacture and distribution of beverages and pre-packaged food |
| 吉林省長龍房地產開發有限公司<br>(「長龍房地產」) <sup>#3</sup> | 中國，有限責任公司<br>PRC, limited liability company                                         | 人民幣20,000,000元<br>RMB20,000,000                                             | 100%                                                        | 尚未開展業務<br>Not yet commenced business                                             |
| 吉林省長海生物科技有限公司<br>(「長海」) <sup>#4</sup>     | 中國，有限責任公司<br>PRC, limited liability company                                         | 人民幣20,000,000元<br>RMB20,000,000                                             | 100%                                                        | 尚未開展業務<br>Not yet commenced business                                             |

The amounts due from/(to) subsidiaries classified as current assets/(liabilities) respectively in the Company's balance sheet are unsecured, interest-free and repayable on demand.

應收／(應付)附屬公司款項分別歸類入本公司資產負債表之流動資產／(負債)，為無抵押、免息及按要求償還。

#1 As at 31 December 2019, 長龍源 had no paid-up capital. Its capital is to be fully paid-up before 10 September 2026.

#1 於二零一九年十二月三十一日，長龍源並無繳足股本，其股本將於二零二六年九月十日前悉數繳足。

#2 As at 31 December 2019, 長龍食品 had no paid-up capital. Its capital is to be fully paid-up before 1 February 2023.

#2 於二零一九年十二月三十一日，長龍食品並無繳足股本，其股本將於二零二三年二月一日前悉數繳足。

#3 As at 31 December 2019, 長龍房地產 had no paid-up capital. Its capital is to be fully paid-up before 30 January 2023.

#3 於二零一九年十二月三十一日，長龍房地產並無繳足股本，其股本將於二零二三年一月三十日前悉數繳足。

#4 As at 31 December 2019, 長海 had no paid-up capital. Its capital is to be fully paid-up before 1 March 2038.

#4 於二零一九年十二月三十一日，長海並無繳足股本，其股本將於二零三八年三月一日前悉數繳足。

# NOTES TO THE FINANCIAL STATEMENTS

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(以人民幣呈示)

### 20. INVESTMENT IN SUBSIDIARIES (continued)

None of the subsidiaries had issued any debt securities at the end of the reporting period or at any time during both years.

### 20. 於附屬公司的投資(續)

附屬公司概無於報告期末或兩個年度的任何時間發行任何債務證券。

### 21. INTANGIBLE ASSETS

### 21. 無形資產

RMB'000  
人民幣千元

|                                                          |                                |        |
|----------------------------------------------------------|--------------------------------|--------|
| <b>Cost:</b>                                             | <b>成本：</b>                     |        |
| At 1 January 2018                                        | 於二零一八年一月一日                     | 67,975 |
| Additions                                                | 增加                             | 160    |
| At 31 December 2018 and<br>31 December 2019              | 於二零一八年十二月三十一日及<br>二零一九年十二月三十一日 | 68,135 |
| <b>Accumulated amortisation and<br/>impairment loss:</b> | <b>累計攤銷及減值虧損：</b>              |        |
| At 1 January 2018                                        | 於二零一八年一月一日                     | 67,975 |
| Impairment                                               | 減值                             | 160    |
| At 31 December 2018 and<br>31 December 2019              | 於二零一八年十二月三十一日及<br>二零一九年十二月三十一日 | 68,135 |
| <b>Carrying amount:</b>                                  | <b>賬面值：</b>                    |        |
| At 31 December 2018 and<br>31 December 2019              | 於二零一八年十二月三十一日及<br>二零一九年十二月三十一日 | —      |

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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(以人民幣呈示)

### 21. INTANGIBLE ASSETS (continued)

Purchased know-how and prescription were acquired through research and development cooperation with independent third parties and were all acquired in cash.

During the year, the Directors reviewed the carrying amount of the purchased know-how and prescription based on the future economic benefits generated from these assets. No impairment loss was recognised for the current year (2018: RMB160,000).

### 21. 無形資產(續)

購入技術及藥方乃與獨立第三方合作研發，且全部以現金購入。

年內，董事根據該等資產未來產生之經濟利益檢討所購入技術及藥方之賬面值。本年度無確認減值虧損(二零一八年：人民幣160,000元)。

### 22. INVENTORIES

|                                                          |             | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|----------------------------------------------------------|-------------|-----------------------------------|-----------------------------------|
| Raw materials                                            | 原材料         | 20,119                            | 18,607                            |
| Work in progress                                         | 在製品         | 25,386                            | 29,462                            |
| Finished goods                                           | 製成品         | 5,734                             | 6,805                             |
|                                                          |             | 51,239                            | 54,874                            |
| Less: Provision for obsolete and slow-moving inventories | 減：廢棄及滯銷存貨撥備 | (1,094)                           | (2,418)                           |
|                                                          |             | 50,145                            | 52,456                            |

During the year ended 31 December 2019, provision on obsolete and slow-moving inventories amounted to RMB1,324,000 was written back (2018: provision of RMB1,093,000).

During the year ended 31 December 2019, no obsolete and slow-moving inventories were written off (2018: Nil).

During the year ended 31 December 2019, no obsolete and slow-moving inventories which the provision were already made in prior years, were written off (2018: Nil).

### 22. 存貨

截至二零一九年十二月三十一日止年度，已作出人民幣1,324,000元之廢棄及滯銷存貨撥備撥回(二零一八年：人民幣1,093,000元撥備)。

截至二零一九年十二月三十一日止年度，並無對廢棄及滯銷存貨作出撇銷(二零一八年：無)。

截至二零一九年十二月三十一日止年度，並無對已於以前年度作出撥備的廢棄及滯銷存貨於過往年度作出撇銷(二零一八年：無)。

## NOTES TO THE FINANCIAL STATEMENTS

### 財務報表附註

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#### 23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS 23. 按公允值計入損益的金融資產

|                           |         | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|---------------------------|---------|-----------------------------------|-----------------------------------|
| Current assets            | 流動資產    |                                   |                                   |
| Unlisted financial assets | 非上市金融資產 | 683,483                           | 571,612                           |

The fair value of financial assets at fair value through profit or loss are within level 3 of fair value hierarchy (note 37(f)).

按公允值計入損益的金融資產公允值屬公允值層級中第三層級(附註37(f))。

#### 24. TRADE RECEIVABLES AND CONTRACT ASSETS 24. 應收貿易賬款及合約資產

##### (a) Trade receivables

##### (a) 應收貿易賬款

|                         |           | 2019<br>31 December<br>二零一九年<br>十二月三十一日<br>RMB'000<br>人民幣千元 | 2018<br>31 December<br>二零一八年<br>十二月三十一日<br>RMB'000<br>人民幣千元 |
|-------------------------|-----------|-------------------------------------------------------------|-------------------------------------------------------------|
| Trade receivables       | 應收貿易賬款    | 295,838                                                     | 269,712                                                     |
| Less: Loss allowance    | 減：虧損撥備    | (35,684)                                                    | (20,386)                                                    |
| Trade receivables – net | 應收貿易賬款－淨額 | 260,154                                                     | 249,326                                                     |

(i) The Group's policy is to allow an average credit period of 180 days to its trade customers.

(i) 本集團政策為給予貿易客戶平均180日之信貸期。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 24. TRADE RECEIVABLES AND CONTRACT ASSETS (continued)

#### (a) Trade receivables (continued)

- (ii) The ageing analysis of trade receivables, based on the invoice date and net of loss allowance of trade receivables, is as follows:

|                    |         | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|--------------------|---------|-----------------------------------|-----------------------------------|
| Current            | 即期      | 66,993                            | 59,921                            |
| 31–90 days         | 31–90日  | 53,302                            | 66,108                            |
| 91–180 days        | 91–180日 | 30,118                            | 71,102                            |
| More than 180 days | 超過180日  | 109,741                           | 52,195                            |
|                    |         | 260,154                           | 249,326                           |

- (iii) The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables. To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and the aging from billing. See Note 37(a) for further information about expected credit loss provision. Impairment losses are recognised in consolidated income statement within “administrative expenses”. See note 2(o) for information about how impairment losses are calculated.

### 24. 應收貿易賬款及合約資產(續)

#### (a) 應收貿易賬款(續)

- (ii) 根據發票日期及扣除應收貿易賬款虧損撥備，應收貿易賬款的賬齡分析如下：

|                    | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|--------------------|-----------------------------------|-----------------------------------|
| Current            | 66,993                            | 59,921                            |
| 31–90 days         | 53,302                            | 66,108                            |
| 91–180 days        | 30,118                            | 71,102                            |
| More than 180 days | 109,741                           | 52,195                            |
|                    | 260,154                           | 249,326                           |

- (iii) 本集團應用香港財務報告準則第9號訂明的簡化方法計提預期信貸虧損，其允許就應收貿易賬款計提全期預期虧損撥備。為計量預期信貸虧損，該等應收款項根據共同信貸風險特徵及賬單賬齡進行分組。有關預期信貸虧損撥備的進一步資料，見附註37(a)。減值虧損於綜合收益表「行政開支」內確認。有關減值虧損如何計算之資料，見附註2(o)。



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 24. TRADE RECEIVABLES AND CONTRACT ASSETS (continued)

#### (a) Trade receivables (continued)

##### (iii) (continued)

The movements in the loss allowance during the year are as follows:

|                     |           | 2019<br>31 December<br>二零一九年<br>十二月三十一日<br>RMB'000<br>人民幣千元 | 2018<br>31 December<br>二零一八年<br>十二月三十一日<br>RMB'000<br>人民幣千元 |
|---------------------|-----------|-------------------------------------------------------------|-------------------------------------------------------------|
| Opening balance     | 年初結餘      | 20,386                                                      | 23,898                                                      |
| Addition/(Reversal) | 增加／(撥回)撥備 | 15,298                                                      | (3,512)                                                     |
| Closing balance     | 年末結餘      | 35,684                                                      | 20,386                                                      |

Loss allowance had been made for the estimated irrecoverable amounts arising from the sale of goods. The loss allowance was determined by the directors with reference to past default experience.

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

#### (b) Contract assets

### 24. 應收貿易賬款及合約資產(續)

#### (a) 應收貿易賬款(續)

##### (iii) (續)

年內虧損撥備的變動如下：

|                     | 2019<br>31 December<br>二零一九年<br>十二月三十一日<br>RMB'000<br>人民幣千元 | 2018<br>31 December<br>二零一八年<br>十二月三十一日<br>RMB'000<br>人民幣千元 |
|---------------------|-------------------------------------------------------------|-------------------------------------------------------------|
| Opening balance     | 20,386                                                      | 23,898                                                      |
| Addition/(Reversal) | 15,298                                                      | (3,512)                                                     |
| Closing balance     | 35,684                                                      | 20,386                                                      |

虧損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虧損撥備金額。

- (iv) 董事認為，應收貿易賬款之賬面值與其公允值相若。

#### (b) 合約資產

|                       |         | 2019<br>31 December<br>二零一九年<br>十二月三十一日<br>RMB'000<br>人民幣千元 | 2018<br>31 December<br>二零一八年<br>十二月三十一日<br>RMB'000<br>人民幣千元 |
|-----------------------|---------|-------------------------------------------------------------|-------------------------------------------------------------|
| Contract assets       | 合約資產    | 68,858                                                      | 84,477                                                      |
| Less: Loss allowance  | 減：虧損撥備  | (33,924)                                                    | (39,168)                                                    |
| Contract assets – net | 合約資產－淨額 | 34,934                                                      | 45,309                                                      |

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## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 25. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

### 25. 其他應收款項、訂金及預付款項

|                          |           | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|--------------------------|-----------|-----------------------------------|-----------------------------------|
| Deposits and prepayments | 訂金及預付款項   | 42,979                            | 24,706                            |
| Advances to staff, net   | 向員工墊款，淨額  | 21,994                            | 51,442                            |
| Other receivables, net   | 其他應收款項，淨額 | 22,771                            | 9,008                             |
| Bills receivables        | 應收票據      | 145,073                           | 140,252                           |
|                          |           | 232,817                           | 225,408                           |

During the year, no provision for impairment on deposits and prepayments was made (2018: Nil).

年內，並無對訂金及預付款項作出減值撥備(二零一八年：無)。

At 31 December 2019 and 2018, certain of the Group's advances to staff and other receivables were considered to be impaired. For other receivables, impairment is measured as 12-month expected credit losses since there has been no significant increase in credit risk since initial recognition. The impaired receivables related to staff and debtors that were in financial difficulties and the following loss allowance has been made.

於二零一九年及二零一八年十二月三十一日，本集團向員工墊付的若干款項及其他應收款項被認為已減值。就其他應收款項而言，減值計量為12個月預期信貸虧損，原因是自初始確認後信貸風險並無大幅增長。該等已減值的應收款項為與陷於財政困難的員工和借款人有關，管理層已作出以下虧損撥備。

|                      |        | Advances to staff<br>向員工墊款        |                                   | Other receivables<br>其他應收款項       |                                   |
|----------------------|--------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|                      |        | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
| Gross amounts        | 總額     | 29,518                            | 55,347                            | 25,353                            | 10,558                            |
| Less: Loss allowance | 減：虧損撥備 | (7,524)                           | (3,905)                           | (2,582)                           | (1,550)                           |
| Net amounts          | 淨額     | 21,994                            | 51,442                            | 22,771                            | 9,008                             |

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 25. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

The Group does not hold any collateral over the above balances. The movement in the loss allowance of advances to staff and other receivables during the year, is as follows:

|                                       |             | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|---------------------------------------|-------------|-----------------------------------|-----------------------------------|
| At 1 January                          | 於一月一日       | 5,455                             | 6,964                             |
| Addition/(reversal) of loss allowance | 虧損撥備增加／(撥回) | 4,651                             | (1,509)                           |
| At 31 December                        | 於十二月三十一日    | 10,106                            | 5,455                             |

### 26. LOANS RECEIVABLES

|                                          |                | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|------------------------------------------|----------------|-----------------------------------|-----------------------------------|
| Loan receivables due within 1 year       | 於一年內到期之應收貸款    | —                                 | —                                 |
| Less: loss allowance                     | 減：虧損撥備         | —                                 | —                                 |
| Loan receivables due within 1 year – net | 於一年內到期之應收貸款－淨額 | —                                 | —                                 |

(i) A loan of RMB10,000,000 due from an independent third party was unsecured and interest free. The loan was fully repaid within 2018.

### 25. 其他應收款項、訂金及預付款項(續)

本集團並無就上述結餘持有任何抵押品。年內向員工墊款及其他應收款項虧損撥備的變動如下：

### 26. 應收貸款

(i) 應收獨立第三方的貸款人民幣10,000,000元為無抵押及免息。該貸款已在二零一八年內全部償還。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 26. LOAN RECEIVABLES (continued)

- (ii) The movements in the specific loss allowance for loan receivables during the year are as follows:

|                   |          | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|-------------------|----------|-----------------------------------|-----------------------------------|
| At 1 January      | 於一月一日    | —                                 | 7,500                             |
| Reversal (Note 6) | 撥回(附註6)  | —                                 | (7,500)                           |
| Written off       | 撇銷       | —                                 | —                                 |
| At 31 December    | 於十二月三十一日 | —                                 | —                                 |

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

### 27. CASH AND CASH EQUIVALENTS

Cash and bank balances comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The directors consider the carrying amount of these assets approximates their fair value.

As at 31 December 2019, the Group's cash and bank balances denominated in RMB amounted to RMB137,389,000 (2018: RMB158,340,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

### 26. 應收貸款(續)

- (ii) 年內特定應收貸款虧損撥備的變動如下：

|                   | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|-------------------|-----------------------------------|-----------------------------------|
| At 1 January      | —                                 | 7,500                             |
| Reversal (Note 6) | —                                 | (7,500)                           |
| Written off       | —                                 | —                                 |
| At 31 December    | —                                 | —                                 |

- (iii) 董事認為，應收貸款之賬面值與其公允值相若。

### 27. 現金及現金等值物

現金及銀行結餘包括本集團持有現金及原到期日為三個月或以下之短期銀行存款。董事認為，此等資產之賬面值與其公允值相若。

於二零一九年十二月三十一日，本集團以人民幣計值之現金及銀行結餘為人民幣137,389,000元(二零一八年：人民幣158,340,000元)。人民幣不能自由兌換為其他貨幣，然而，根據中國大陸之外匯管理規定、結匯、售匯及付匯管理規定，本集團獲准透過獲授權進行外匯業務之銀行將人民幣兌換為其他貨幣。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 28. TRADE PAYABLES

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

|              |        | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|--------------|--------|-----------------------------------|-----------------------------------|
| Current      | 即期     | 1,552                             | 4,390                             |
| 31–90 days   | 31–90日 | 4,406                             | 3,578                             |
| Over 90 days | 超過90日  | 28,595                            | 23,737                            |
|              |        | 34,553                            | 31,705                            |

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.

### 29. LOAN FROM GOVERNMENT AUTHORITY

Loan was obtained from Huinan County Finance Bureau for the purpose of research and development activities of the Group. The loan is unsecured and bear interest at one year term saving interest rate promulgated by The People's Bank of China plus 0.3% per annum. The loan is repayable by instalments until July 2022 as follows:

|                                       |          | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|---------------------------------------|----------|-----------------------------------|-----------------------------------|
| Within one year                       | 一年內      | 1,860                             | 1,240                             |
| After one year but within two years   | 於一年後但兩年內 | 490                               | 620                               |
| After two years but within five years | 於兩年後但五年內 | —                                 | 490                               |
|                                       |          | 2,350                             | 2,350                             |

### 28. 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：

|              | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|--------------|-----------------------------------|-----------------------------------|
| Current      | 1,552                             | 4,390                             |
| 31–90 days   | 4,406                             | 3,578                             |
| Over 90 days | 28,595                            | 23,737                            |
|              | 34,553                            | 31,705                            |

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允值相若。

### 29. 政府機關貸款

輝南縣財政局授出貸款供本集團的研發活動之用。該等貸款為無抵押，按中國人民銀行頒佈的一年期儲蓄利率加0.3厘的年利率計息。該等貸款須按下列方式於二零二二年七月前分期償還：

|                                       | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|---------------------------------------|-----------------------------------|-----------------------------------|
| Within one year                       | 1,860                             | 1,240                             |
| After one year but within two years   | 490                               | 620                               |
| After two years but within five years | —                                 | 490                               |
|                                       | 2,350                             | 2,350                             |

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 30. DEFERRED INCOME

|                                               |             | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|-----------------------------------------------|-------------|-----------------------------------|-----------------------------------|
| At 1 January                                  | 於一月一日       | 45,759                            | 27,114                            |
| Arising from government grants                | 來自政府補助      | 400                               | 20,434                            |
| Credited to profit or loss (Note 6)           | 於損益內計入(附註6) | (588)                             | (1,789)                           |
| At 31 December                                | 於十二月三十一日    | 45,571                            | 45,759                            |
| Carrying amount at 31 December                | 於十二月三十一日賬面值 | 45,571                            | 45,759                            |
| Portion classified as current liabilities     | 分類為流動負債部份   | (989)                             | (589)                             |
| Portion classified as non-current liabilities | 分類為非流動負債部份  | 44,582                            | 45,170                            |

During the year ended 2019, the Group received government grants of approximately RMB400,000 (2018: RMB20,434,000) from Jilin Province Finance Bureau and Huinan County Finance Bureau in relation to support investments on plant and equipment for further research and development of the Group's intangible assets.

本集團於二零一九年內獲得吉林省財政局和輝南縣財政局對支持本集團的廠房及設備投資和無形資產作進一步研發之政府補助約人民幣400,000元(二零一八年：人民幣20,434,000元)。

### 31. DEFERRED INCOME TAX

The analysis of deferred income tax assets and liabilities is as follows:

### 31. 遞延所得稅

遞延所得稅資產及負債之分析如下：

|                                                                      |                      | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|----------------------------------------------------------------------|----------------------|-----------------------------------|-----------------------------------|
| Deferred tax assets:                                                 | 遞延稅項資產：              |                                   |                                   |
| – Deferred tax assets to be recovered after more than 12 months      | – 將於超過12個月後收回之遞延稅項資產 | (1,510)                           | (944)                             |
| Deferred tax liabilities:                                            | 遞延稅項負債：              |                                   |                                   |
| – Deferred tax liabilities to be recovered after more than 12 months | – 將於超過12個月後收回之遞延稅項負債 | –                                 | 52                                |
| Deferred tax (assets)/liabilities, net                               | 遞延稅項(資產)/負債淨額        | (1,510)                           | (892)                             |

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 31. DEFERRED INCOME TAX (continued)

The gross movement on the deferred income tax account is as follows:

|                                         |                 | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|-----------------------------------------|-----------------|-----------------------------------|-----------------------------------|
| As at 1 January                         | 於一月一日           | (892)                             | (316)                             |
| Credited to profit or loss (Note 10(a)) | 於損益內計入(附註10(a)) | (618)                             | (576)                             |
|                                         |                 | (1,510)                           | (892)                             |

The movements during the year in the deferred tax assets and liabilities are as follows:

#### Deferred tax liabilities

|                                                   |                          | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|---------------------------------------------------|--------------------------|-----------------------------------|-----------------------------------|
| At 1 January                                      | 於一月一日                    | 52                                | –                                 |
| (Credited)/debited to profit or loss (Note 10(a)) | 於損益內(計入)/扣除<br>(附註10(a)) | (52)                              | 52                                |
| At 31 December                                    | 於十二月三十一日                 | –                                 | 52                                |

### 31. 遞延所得稅(續)

遞延所得稅賬目的整體變動如下：

年內遞延稅項資產及負債的變動如下：

#### 遞延稅項負債



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 31. DEFERRED INCOME TAX (continued)

#### Deferred tax assets

|                                         |                 | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|-----------------------------------------|-----------------|-----------------------------------|-----------------------------------|
| At 1 January                            | 於一月一日           | (944)                             | (316)                             |
| Credited to profit or loss (Note 10(a)) | 於損益內計入(附註10(a)) | (566)                             | (628)                             |
| As at 31 December                       | 於十二月三十一日        | (1,510)                           | (944)                             |

The deferred tax (assets)/liabilities recognised at the balance sheet date represented deferred tax arising from accelerated depreciation allowances.

### 31. 遞延所得稅(續)

#### 遞延稅項資產

於結算日確認之遞延稅項(資產)/負債指來自加速折舊抵免之遞延稅項。

### 32. SHARE CAPITAL

### 32. 股本

|                                 |                      | 2019<br>二零一九年             |                                  | 2018<br>二零一八年             |                                  |
|---------------------------------|----------------------|---------------------------|----------------------------------|---------------------------|----------------------------------|
|                                 |                      | Number of<br>shares<br>股數 | Amount<br>金額<br>RMB'000<br>人民幣千元 | Number of<br>shares<br>股數 | Amount<br>金額<br>RMB'000<br>人民幣千元 |
| Domestic shares of RMB0.10 each | 每股面值人民幣0.10元的<br>內資股 | 387,750,000               | 38,775                           | 387,750,000               | 38,775                           |
| H shares of RMB0.10 each        | 每股面值人民幣0.10元的<br>H股  | 172,500,000               | 17,250                           | 172,500,000               | 17,250                           |
|                                 |                      | 560,250,000               | 56,025                           | 560,250,000               | 56,025                           |

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 33. BALANCE SHEET AND MOVEMENT OF RESERVES OF THE COMPANY

#### (a) Balance sheet of the Company

### 33. 本公司的資產負債表及儲備的變動

#### (a) 本公司的資產負債表

|                                                       |                | As at 31 December<br>於十二月三十一日     |                                   |
|-------------------------------------------------------|----------------|-----------------------------------|-----------------------------------|
|                                                       |                | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|                                                       | Notes<br>附註    |                                   |                                   |
| <b>ASSETS AND LIABILITIES</b>                         | <b>資產及負債</b>   |                                   |                                   |
| <b>Non-current assets</b>                             | <b>非流動資產</b>   |                                   |                                   |
| Bearer biological assets                              | 不記名生物資產        | 13,402                            | 11,745                            |
| Property, plant and equipment                         | 物業、廠房及設備       | 140,607                           | 150,627                           |
| Investment properties                                 | 投資性房地產         | 2,098                             | 2,854                             |
| Right-of-use assets                                   | 使用權資產          | 38,340                            | –                                 |
| Prepaid land lease payments                           | 預付土地租金         | –                                 | 15,068                            |
| Construction in progress                              | 在建工程           | 74,061                            | 67,588                            |
| Investment in subsidiaries                            | 於附屬公司的投資       | 85,000                            | 5,000                             |
| Intangible assets                                     | 無形資產           | –                                 | –                                 |
| Deferred tax assets                                   | 遞延稅項資產         | 1,510                             | 944                               |
|                                                       |                | <b>355,018</b>                    | <b>253,826</b>                    |
| <b>Current assets</b>                                 | <b>流動資產</b>    |                                   |                                   |
| Inventories                                           | 存貨             | 48,198                            | 50,474                            |
| Trade receivables                                     | 應收貿易賬款         | 259,618                           | 249,326                           |
| Contract assets                                       | 合約資產           | 34,934                            | 45,309                            |
| Other receivables, deposits and prepayments           | 其他應收款項、訂金及預付款項 | 231,015                           | 223,940                           |
| Amounts due from subsidiaries                         | 應收附屬公司款項       | –                                 | 6,032                             |
| Prepaid land lease payments                           | 預付土地租金         | –                                 | 452                               |
| Financial assets at fair value through profit or loss | 按公允值計入損益的金融資產  | 683,483                           | 571,612                           |
| Cash and cash equivalents                             | 現金及現金等值物       | 129,533                           | 157,697                           |
|                                                       |                | <b>1,386,781</b>                  | <b>1,304,842</b>                  |
| <b>Current liabilities</b>                            | <b>流動負債</b>    |                                   |                                   |
| Trade payables                                        | 應付貿易賬款         | 33,518                            | 31,481                            |
| Contract liabilities                                  | 合約負債           | 8,903                             | 14,779                            |
| Other payables and accruals                           | 其他應付款項及應計費用    | 268,292                           | 278,032                           |
| Amounts due to subsidiaries                           | 應付附屬公司款項       | 69,342                            | 5,000                             |
| Deferred income                                       | 遞延收入           | 989                               | 589                               |
| Income tax payable                                    | 應付所得稅          | 29,255                            | 20,645                            |
| Other tax payables                                    | 其他應付稅項         | 22,765                            | 17,071                            |
| Loan from government authority                        | 政府機關貸款         | 1,860                             | 1,240                             |
| Dividend payable                                      | 應付股息           | 19,746                            | 9,326                             |
|                                                       |                | <b>454,670</b>                    | <b>378,163</b>                    |
| Net current assets                                    | 流動資產淨值         | <b>932,111</b>                    | <b>926,679</b>                    |
| Total assets less current liabilities                 | 總資產減流動負債       | <b>1,287,129</b>                  | <b>1,180,505</b>                  |

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 33. BALANCE SHEET AND MOVEMENT OF RESERVES OF THE COMPANY (continued)

#### (a) Balance sheet of the Company (continued)

|                                |              | As at 31 December<br>於十二月三十一日     |                                   |
|--------------------------------|--------------|-----------------------------------|-----------------------------------|
|                                | Notes<br>附註  | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
| <b>Non-current liabilities</b> | <b>非流動負債</b> |                                   |                                   |
| Loan from government authority | 政府機關貸款       | 490                               | 1,110                             |
| Deferred income                | 遞延收入         | 44,582                            | 45,170                            |
| Deferred tax liabilities       | 遞延稅項負債       | -                                 | 52                                |
|                                |              | 45,072                            | 46,332                            |
| <b>Net assets</b>              | <b>資產淨值</b>  | <b>1,242,057</b>                  | <b>1,134,173</b>                  |
| <b>EQUITY</b>                  | <b>權益</b>    |                                   |                                   |
| Share capital                  | 股本           | 56,025                            | 56,025                            |
| Reserves                       | 儲備           | 1,186,032                         | 1,078,148                         |
| <b>Total equity</b>            | <b>權益總額</b>  | <b>1,242,057</b>                  | <b>1,134,173</b>                  |

These financial statements were approved and authorised for issue by the board of directors on 30 June 2020.

該等財務報表於二零二零年六月三十日獲董事會批准及授權發佈。

ZHANG HONG

張弘

Director

董事

ZHAO BAO GANG

趙寶剛

Director

董事

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 33. BALANCE SHEET AND MOVEMENT OF RESERVES OF THE COMPANY (continued)

#### (b) Movement of reserves of the Company

|                     |               | Share premium<br>股份溢價<br>RMB'000<br>人民幣千元<br>(Note i)<br>(附註i) | Statutory surplus reserve<br>法定盈餘儲備<br>RMB'000<br>人民幣千元<br>(Note ii)<br>(附註ii) | Retained profits<br>保留溢利<br>RMB'000<br>人民幣千元 | Total<br>總計<br>RMB'000<br>人民幣千元 |
|---------------------|---------------|----------------------------------------------------------------|--------------------------------------------------------------------------------|----------------------------------------------|---------------------------------|
| At 1 January 2018   | 於二零一八年一月一日    | 51,098                                                         | 33,242                                                                         | 870,828                                      | 955,168                         |
| Profit for the year | 本年度溢利         | —                                                              | —                                                                              | 162,198                                      | 162,198                         |
| Dividends paid      | 支付股息          | —                                                              | —                                                                              | (39,218)                                     | (39,218)                        |
| At 31 December 2018 | 於二零一八年十二月三十一日 | 51,098                                                         | 33,242                                                                         | 993,808                                      | 1,078,148                       |
| Profit for the year | 本年度溢利         | —                                                              | —                                                                              | 147,102                                      | 147,102                         |
| Dividends paid      | 支付股息          | —                                                              | —                                                                              | (39,218)                                     | (39,218)                        |
| At 31 December 2019 | 於二零一九年十二月三十一日 | 51,098                                                         | 33,242                                                                         | 1,101,692                                    | 1,186,032                       |

#### (i) Share premium

The Company's share premium account represents the premium arising from shares issued at a price in excess of their par value per share.

#### (ii) Statutory surplus reserve

In accordance with the Company Law of the PRC and the Company's articles of association, the Company and its PRC subsidiaries will appropriate 10 percent of their annual statutory net profit (after offsetting any prior years' losses) to the statutory surplus reserve account. When the balance of such reserve reaches 50 percent of these entities' share capital, any further appropriation is optional. The statutory surplus reserve can be utilised to offset prior years' losses or to issue bonus shares. However, such statutory surplus reserve must be maintained at a minimum of 25 percent of share capital after such issuance.

### 33. 本公司的資產負債表及儲備的變動(續)

#### (b) 本公司儲備的變動

#### (i) 股份溢價

本公司股份溢價指以超過每股面值之價格發行之股份產生之溢價。

#### (ii) 法定盈餘儲備

根據中國公司法及本公司公司章程細則，本公司及其中國附屬公司扣除過往年度任何虧損後，須撥出10%的年度法定純利至法定盈餘儲備戶口。當該盈餘儲備的結餘達該等公司股本之50%，本公司可自行選擇是否進一步撥出款項。法定盈餘儲備可用作彌補過往年度的虧損或發行紅股。然而，紅股發行後法定盈餘儲備須最少維持於股本的25%。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 34. CAPITAL COMMITMENTS

At the balance sheet date, the Group had capital commitments contracted for but not provided for as follows:

|                                              |            | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|----------------------------------------------|------------|-----------------------------------|-----------------------------------|
| Acquisition of intangible assets             | 收購無形資產     | 1,750                             | 1,750                             |
| Acquisition of property, plant and equipment | 購入物業、廠房及設備 | 171                               | 171                               |
|                                              |            | 1,921                             | 1,921                             |

### 35. RELATED PARTY TRANSACTIONS

Related party transactions concerned with numbers of key management during the year comprised only remuneration paid to the Executive Directors, and is set out in Note 14 to the financial statements.

Saved as disclosed elsewhere in these consolidated financial statements, the Group has the following transactions with related parties:

### 34. 資本承擔

於結算日，本集團已訂約但未作撥備的資本承擔如下：

### 35. 關連人士交易

年內數名主要管理層成員之有關關連人士交易僅包括向執行董事支付酬金，其酬金載於財務報表附註14。

除此等綜合財務報表其他部分所披露外，本集團與關聯方有下列交易：

|                                                      |              | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|------------------------------------------------------|--------------|-----------------------------------|-----------------------------------|
| Salaries paid to a close family member of a director | 支付薪金予董事的直系親屬 | —                                 | 47                                |

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 36. CAPITAL RISK MANAGEMENT

#### Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes judgements to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Group monitors its capital structure using a gearing ratio, which is total debts divided by adjusted capital. Total debts represent total borrowings. Adjusted capital includes all components of shareholders' equity less unrealized reserves.

In order to maintain or adjust the gearing ratio, the Group may issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The gearing ratio at 31 December 2019 and 2018 was 0.2% and 0.2% respectively, calculated as follows:

|                                  |          | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|----------------------------------|----------|-----------------------------------|-----------------------------------|
| Total debts                      | 債務總額     |                                   |                                   |
| – Loan from government authority | – 政府機關貸款 | 2,350                             | 2,350                             |
|                                  |          | 2,350                             | 2,350                             |
| Shareholders' equity             | 股東權益     | 1,238,533                         | 1,133,025                         |
| Gearing ratio                    | 資本負債比率   | 0.2%                              | 0.2%                              |

### 36. 資本風險管理

#### 資本管理

本集團管理資本之主要目標是保障本集團可持續經營的能力從而透過與風險水平相對應之產品及服務定價以及獲得合理成本的融資，繼續為股東創造回報。

本集團積極及定期對資本架構開展檢討及管理，以在可能伴隨較高借貸水平與良好的資本狀況帶來的好處及保障情況下確保達致最佳資本結構並向股東提供最高回報，並因應經濟環境的變化對資本架構作出判斷。

本著業內慣例，本集團以資本負債比率作為監控其資本架構之基準，即債務總額除以經調整資本。債務總額指借貸總額。經調整資本包括所有股東權益項目減未變現儲備。

為維持或調整資本負債比率，本集團可能發行新股、向股東歸還資本、作出新的債務融資或出售資產以減少負債。

於二零一九年及二零一八年十二月三十一日之資本負債比率分別為0.2%及0.2%，計算如下：

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 37. FINANCIAL RISK MANAGEMENT

#### Financial risk management

The Group's activities expose it to a variety of financial risks, including credit risk, liquidity risk, interest rate risk, currency risk, price risk and fair values risk. The Group does not hold or issue derivative financial instruments either for hedging or for trading purposes. These risks are managed by the Group's financial management policies and practices as described below to minimise potential effects on the Group's financial performance.

#### (a) Credit risk

The Group's principal financial assets are cash and bank balances, trade and other receivables, contract assets, loan receivables and financial assets at fair value through profit or loss. The Group's credit risk is primarily attributable to its trade, other and loan receivables. The Group allows an average credit period of 180 days to its trade customers. The amounts presented in the balance sheets are net of loss allowance.

The Group does not have any significant credit risk exposure to any single trade counterparty or any Group of trade counterparties having similar characteristics. It has policies in place to ensure that sales are made to customers with an appropriate credit history.

The carrying amount of the trade and other receivables, contract assets, loan receivables, financial assets at fair value through profit or loss, and cash and bank balances included in the consolidated balance sheet represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group's management performs periodic credit evaluations/reviews of its customers and ensure that sales are made to customers with an appropriate credit history. The Group places deposits with major banks in Mainland China, to limit the amount of credit exposure to any financial institution. Trade and bills receivables, contract assets and other receivables are subject to the expected credit loss model. To lower the Group's exposure to credit risk, the Group may request deposits from certain of their customers before delivery of goods.

### 37. 財務風險管理

#### 財務風險管理

本集團的活動使其承受著多種財務風險，包括信貸風險、流動資金風險、利率風險、貨幣風險、價格風險及公允價值風險。本集團並無持有或發行衍生金融工具作對沖或買賣用途。如下文所述，該等風險由本集團的財務管理政策及常規加以管理，以盡量減低對本集團財務表現的潛在影響。

#### (a) 信貸風險

本集團之主要金融資產為現金及銀行結餘、應收貿易賬款及其他應收款項、合約資產、應收貸款以及按公允價值計入損益的金融資產。本集團之信貸風險主要來自其應收貿易賬款、其他應收款項以及應收貸款。本集團向其貿易客戶授出之平均信貸期為180日。資產負債表內所列的金額已扣除虧損撥備。

本集團並無就任何特徵類似的單一或一組貿易交易對手承擔重大信貸風險。本集團已制定政策確保向具備妥當信貸往績的客戶作出銷售。

應收貿易賬款、其他應收款項、合約資產、應收貸款、按公允價值計入損益的金融資產、現金及銀行結餘於綜合資產負債表內所列的賬面值為本集團就本集團的金融資產承擔的最高信貸風險。

本集團管理層定期對其客戶進行信貸評估／檢討，並確保僅向具良好信貸記錄之客戶銷售。本集團將存款存於中國大陸的主要銀行，以限制承擔任何一間金融機構的信貸風險。應收貿易及票據款項、合約資產及其他應收款項須遵守預期信貸虧損模式。為降低本集團所面對之信貸風險，本集團可能在交付貨品前要求若干客戶提供按金。



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 37. FINANCIAL RISK MANAGEMENT (continued)

#### Financial risk management (continued)

##### (a) Credit risk (continued)

The Group has trade receivables from sales of products that are subject to HKFRS 9's new expected credit loss model. The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the ageing days. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. On that basis, the loss allowance as at 31 December 2019 and 31 December 2018 was determined as follows for trade receivables:

|                            |                           | Within<br>6 months        | Over<br>6 months to<br>18 months | Over 18<br>months          | Total                  |
|----------------------------|---------------------------|---------------------------|----------------------------------|----------------------------|------------------------|
|                            |                           | 6個月以內<br>RMB'000<br>人民幣千元 | 至18個月<br>RMB'000<br>人民幣千元        | 超過18個月<br>RMB'000<br>人民幣千元 | 總計<br>RMB'000<br>人民幣千元 |
| <b>At 31 December 2019</b> | <b>於二零一九年<br/>十二月三十一日</b> |                           |                                  |                            |                        |
| Gross carrying amount      | 賬面總值                      | 153,691                   | 130,787                          | 11,360                     | 295,838                |
| Expected loss rate         | 預期虧損率                     | 0-10%                     | 10-25%                           | 100%                       |                        |
| Loss allowance             | 虧損撥備                      | 3,278                     | 21,046                           | 11,360                     | 35,684                 |
| <b>At 31 December 2018</b> | <b>於二零一八年<br/>十二月三十一日</b> |                           |                                  |                            |                        |
| Gross carrying amount      | 賬面總值                      | 232,039                   | 24,357                           | 13,316                     | 269,712                |
| Expected loss rate         | 預期虧損率                     | 0-10%                     | 10-25%                           | 100%                       |                        |
| Loss allowance             | 虧損撥備                      | 4,056                     | 3,014                            | 13,316                     | 20,386                 |

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

應收貿易賬款的減值虧損於經營溢利內呈列為減值虧損淨額。其後收回先前已撇銷的金額於則計入同一項目。

### 37. 財務風險管理(續)

#### 財務風險管理(續)

##### (a) 信貸風險(續)

本集團有須遵守香港財務報告準則第9號的新預期信貸虧損模式的產品銷售應收貿易賬款。本集團採用香港財務報告準則第9號簡化方法計量預期信貸虧損，於初步確認時，為所有應收貿易賬款撥備整個存續期內的預期虧損。為計量預期信貸虧損，應收貿易賬款已根據攤佔信貸風險特點及賬齡分類。預期虧損率基於銷售的付款情況及本期間內出現的相應過往信貸虧損。過往虧損率作出調整以反映影響客戶結算應收款項能力的宏觀經濟因素的當前及前瞻性資料。按此基準，於二零一九年十二月三十一日及二零一八年十二月三十一日的應收貿易賬款虧損撥備乃釐定如下：

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 37. FINANCIAL RISK MANAGEMENT (continued)

#### Financial risk management (continued)

##### (b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board of directors when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company can be required to pay.

### 37. 財務風險管理(續)

#### 財務風險管理(續)

##### (b) 流動資金風險

本集團旗下個別營運實體負責其各自的現金管理，包括短期投資現金盈餘及籌措貸款以應付預期現金需求，惟在借款高於若干獲事先釐定權限水平時須獲本公司董事會批准。本集團的政策為定期監察其流動資金需求及是否符合借貸契諾，確保其能維持足夠現金儲備，以應付其短期及長期流動資金需求。

下表載列本集團財務負債於結算日的餘下合約到期日詳情，乃根據訂約未折現現金流量(包括根據合約利率，或如為浮動利率，則其於結算日的利率計算的利息)以及本集團及本公司可能須付款的最早日期計算。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 37. FINANCIAL RISK MANAGEMENT (continued)

#### Financial risk management (continued)

##### (b) Liquidity risk (continued)

|                                |              | Carrying amount  | Total contractual undiscounted cash flow<br>訂約未折現現金流總額 | Within 1 year or on demand<br>一年內或按要求 | More than 1 year but less than 2 years<br>一年後至兩年內 | More than 2 years but less than 5 years<br>兩年後至五年內 | More than 5 years<br>五年後 |
|--------------------------------|--------------|------------------|--------------------------------------------------------|---------------------------------------|---------------------------------------------------|----------------------------------------------------|--------------------------|
|                                |              | RMB'000<br>人民幣千元 | RMB'000<br>人民幣千元                                       | RMB'000<br>人民幣千元                      | RMB'000<br>人民幣千元                                  | RMB'000<br>人民幣千元                                   | RMB'000<br>人民幣千元         |
| <b>2019</b>                    | <b>二零一九年</b> |                  |                                                        |                                       |                                                   |                                                    |                          |
| Trade payables                 | 應付貿易賬款       | 34,553           | 34,553                                                 | 34,553                                | -                                                 | -                                                  | -                        |
| Contract liabilities           | 合約負債         | 8,902            | 8,902                                                  | 8,902                                 | -                                                 | -                                                  | -                        |
| Other payables and accruals    | 其他應付款項及應計費用  | 270,051          | 270,051                                                | 270,051                               | -                                                 | -                                                  | -                        |
| Income tax payable             | 應付所得稅        | 29,255           | 29,255                                                 | 29,255                                | -                                                 | -                                                  | -                        |
| Other tax payables             | 其他應付稅項       | 22,516           | 22,516                                                 | 22,516                                | -                                                 | -                                                  | -                        |
| Dividend payable               | 應付股息         | 19,746           | 19,746                                                 | 19,746                                | -                                                 | -                                                  | -                        |
| Loan from government authority | 政府機關貸款       | 2,350            | 2,423                                                  | 1,902                                 | 521                                               | -                                                  | -                        |
|                                |              | <b>387,373</b>   | <b>387,446</b>                                         | <b>386,925</b>                        | <b>521</b>                                        | <b>-</b>                                           | <b>-</b>                 |
| <b>2018</b>                    | <b>二零一八年</b> |                  |                                                        |                                       |                                                   |                                                    |                          |
| Trade payables                 | 應付貿易賬款       | 31,705           | 31,705                                                 | 31,705                                | -                                                 | -                                                  | -                        |
| Contract liabilities           | 合約負債         | 14,779           | 14,779                                                 | 14,779                                | -                                                 | -                                                  | -                        |
| Other payables and accruals    | 其他應付款項及應計費用  | 280,446          | 280,446                                                | 280,446                               | -                                                 | -                                                  | -                        |
| Income tax payable             | 應付所得稅        | 20,645           | 20,645                                                 | 20,645                                | -                                                 | -                                                  | -                        |
| Other tax payables             | 其他應付稅項       | 16,754           | 16,754                                                 | 16,754                                | -                                                 | -                                                  | -                        |
| Dividend payable               | 應付股息         | 9,326            | 9,326                                                  | 9,326                                 | -                                                 | -                                                  | -                        |
| Loan from government authority | 政府機關貸款       | 2,350            | 2,452                                                  | 1,313                                 | 640                                               | 499                                                | -                        |
|                                |              | <b>376,005</b>   | <b>376,107</b>                                         | <b>374,968</b>                        | <b>640</b>                                        | <b>499</b>                                         | <b>-</b>                 |

### 37. 財務風險管理(續)

#### 財務風險管理(續)

##### (b) 流動資金風險(續)

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 37. FINANCIAL RISK MANAGEMENT (continued)

#### Financial risk management (continued)

##### (c) Interest rate risk

The Group's interest rate risk arises primarily from its borrowings from the bank and the Huinan County Finance Bureau. Borrowings at variable rates expose the Group to cash flow interest rate risk. The Group's interest rate profile as monitored by the management is set out below:

|                                                               | 2019<br>二零一九年              |                  | 2018<br>二零一八年              |                  |
|---------------------------------------------------------------|----------------------------|------------------|----------------------------|------------------|
|                                                               | Effective<br>interest rate |                  | Effective<br>interest rate |                  |
|                                                               | 實際利率                       | RMB'000<br>人民幣千元 | 實際利率                       | RMB'000<br>人民幣千元 |
|                                                               | %                          |                  | %                          |                  |
| Variable rate borrowings<br>Loan from government<br>authority |                            |                  |                            |                  |
| 浮息借貸<br>政府機關貸款                                                | 1.8                        | 2,350            | 1.8                        | 2,350            |

The interest rate and terms of repayment of the Group's borrowings are disclosed in Note 29 to the financial statements.

At 31 December 2019, it was estimated that a general increase or decrease of 100 basis points in interest rates, with all other variables held constant, would decrease or increase the Group's profit after taxation and retained profits by RMB23,500 (2018: RMB23,500).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for the borrowings in existence at that date. The 100 basis point increase or decrease represents the management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date.

##### (d) Currency risk

The Group mainly operated in the PRC with most of the transactions settled in Renminbi and did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

### 37. 財務風險管理(續)

#### 財務風險管理(續)

##### (c) 利率風險

本集團的利率風險主要來自銀行及輝南縣財政局的借貸。按浮動利率作出的借款令本集團面對現金流量利率風險。受管理層監控的本集團利率概況載列如下：

本集團的借貸利率及還款期於財務報表附註29披露。

於二零一九年十二月三十一日，假設其他變數不變，倘整體利率上升或下降100個基點，估計將導致本集團稅後溢利及保留溢利減少或增加人民幣23,500元(二零一八年：人民幣23,500元)。

上述敏感度分析乃假設利率已於結算日有所變動，且已計入於該日的借貸利率風險後釐定。上升或下降100個基點為管理層對截至下一年度結算日止期間利率可能出現的合理變動的評估。

##### (d) 貨幣風險

本集團主要於中國經營業務，大部分交易以人民幣結算，故概無因外幣匯率變動而產生的重大風險。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 37. FINANCIAL RISK MANAGEMENT (continued)

#### Financial risk management (continued)

##### (e) Price risk

The Group is not exposed to any equity price risk or commodity price risk.

##### (f) Fair value estimation

##### (i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

### 37. 財務風險管理(續)

#### 財務風險管理(續)

##### (e) 價格風險

本集團概無面對任何股票價格風險或商品價格風險。

##### (f) 公允值估計

##### (i) 公允值層級

該章節說明釐定於財務報表中按公允值確認及計量的財務工具的公允值的判斷及估計。為得出釐定公允值所用輸入數據的可信程度指標，本集團根據會計準則將其金融工具分為三層。

|                                                       |                     | Notes<br>附註 | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|-------------------------------------------------------|---------------------|-------------|-----------------------------------|-----------------------------------|
| <b>Level 3 Recurring fair value measurements</b>      | <b>第三層級經常性公允值計量</b> |             |                                   |                                   |
| Financial assets at fair value through profit or loss | 按公允值計入損益的金融資產       | 23          | 683,483                           | 571,612                           |

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. For transfers in and out of level 3 measurements see (ii) below.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the year.

於年內，經常性公允值計量第一及二層級之間概無轉撥。第三層級計量轉入及轉出見下文(ii)。

本集團政策為於年末確認公允值層級架構的轉入及轉出數額。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 37. FINANCIAL RISK MANAGEMENT (continued)

#### Financial risk management (continued)

##### (f) Fair value estimation (continued)

##### (i) Fair value hierarchy (continued)

**Level 1:** The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the year. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

### 37. 財務風險管理(續)

#### 財務風險管理(續)

##### (f) 公允值估計(續)

##### (i) 公允值層級(續)

**第一層級：**於活躍市場上交易的金融工具的公允值是按年末的市場報價計算。本集團所持金融資產使用的市場報價是現行買入價。該等工具會被列入第一層級。

**第二層級：**並非於活躍市場上交易的金融工具(如，場外衍生工具)的公允值是以估值技術釐定。該等估值技術盡量使用可觀察市場數據，並盡量減少倚賴實體特定估算。倘計算工具公允值所需全部重大輸入數據均可觀察，則有關工具會被列入第二層級。

**第三層級：**倘一項或多項重要輸入數據並非根據可觀察市場數據釐定，則有關工具會被列入第三層級。此為未上市股本證券之情況。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 37. FINANCIAL RISK MANAGEMENT (continued)

#### Financial risk management (continued)

##### (f) Fair value estimation (continued)

##### (ii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the year:

|                                                                   |                   | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|-------------------------------------------------------------------|-------------------|-----------------------------------|-----------------------------------|
| Opening balance                                                   | 年初結餘              | 571,612                           | —                                 |
| Reclassified from available-for-sale financial assets             | 由可供出售的金融資產重新分類    | —                                 | 483,000                           |
| Acquisitions                                                      | 收購                | 1,360,000                         | 967,000                           |
| Disposals                                                         | 出售                | (1,256,612)                       | (885,000)                         |
| Net gain on financial assets at fair value through profit or loss | 按公允值計入損益的金融資產的淨收益 | 8,483                             | 6,612                             |
| Closing balance                                                   | 年末結餘              | 683,483                           | 571,612                           |

The above instruments included in level 3 represent wealth management products, both principal and non-principal guaranteed, issued by financial institution in the PRC which was classified as financial assets at fair value through profit or loss.

There were no transfers between levels 1, 2 and 3 during the year.

The key unobservable input is the expected annualized return rate of the financial product, ranging from 2.8% to 4.1% per annum, which is determined by the financial institution.

### 37. 財務風險管理(續)

#### 財務風險管理(續)

##### (f) 公允值估計(續)

##### (ii) 利用重要不可觀察輸入數據計量公允值(第三層級)

下表呈列於年內第三層級工具的變動：

上文第三層級所包括的工具為中國金融機構發行的理財產品，包括保本及非保本，該等工具分類為按公允值計入損益的金融資產。

於年內，第一層級、第二層級及第三層級間並無轉移。

主要不可觀察輸入數據為金融機構釐定的理財產品預期年化收益率，約為2.8%至4.1%。



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 38. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 December 2019 and 2018 may be categorised as follows:

|                                                         |                     | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|---------------------------------------------------------|---------------------|-----------------------------------|-----------------------------------|
| <b>Financial assets</b>                                 | <b>金融資產</b>         |                                   |                                   |
| Financial assets at fair value through profit or loss   | 按公允值計入損益的金融資產       | 683,483                           | 571,612                           |
| Loan and receivables (including cash and bank balances) | 貸款及應收款項 (包括現金及銀行結餘) | 665,294                           | 678,383                           |
| <b>Financial liabilities</b>                            | <b>金融負債</b>         |                                   |                                   |
| Financial liabilities measured at amortised cost        | 按攤銷成本列值的金融負債        | 432,944                           | 421,816                           |

### 38. 金融資產及金融負債按類別劃分的概要

本集團於二零一九年及二零一八年十二月三十一日所確認的金融資產及金融負債的賬面值可按下文所述予以分類：

### 39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

### 39. 融資活動產生的負債對賬

下表載列本集團融資活動產生的負債變動詳情，包括現金及非現金變動。融資活動產生的負債為將於本集團綜合現金流量表中分類為融資活動現金流量的現金流量或未來現金流量。

|                                         |               | Loan from government authority<br>政府機關貸款<br>RMB'000<br>人民幣千元<br>(Note 29)<br>(附註29) | Dividend payable<br>應付股息<br>RMB'000<br>人民幣千元 | Total<br>總計<br>RMB'000<br>人民幣千元 |
|-----------------------------------------|---------------|-------------------------------------------------------------------------------------|----------------------------------------------|---------------------------------|
| At 1 January 2018                       | 於二零一八年一月一日    | 2,970                                                                               | 1,447                                        | 4,417                           |
| Cash outflows from operating activities | 經營活動所得現金流出    | (53)                                                                                | —                                            | (53)                            |
| Financing cash outflows                 | 融資現金流出        | (620)                                                                               | (31,339)                                     | (31,959)                        |
| Finance cost                            | 財務成本          | 53                                                                                  | —                                            | 53                              |
| Dividend declared                       | 股息宣派          | —                                                                                   | 39,218                                       | 39,218                          |
| At 31 December 2018                     | 於二零一八年十二月三十一日 | 2,350                                                                               | 9,326                                        | 11,676                          |
| At 1 January 2019                       | 於二零一九年一月一日    | 2,350                                                                               | 9,326                                        | 11,676                          |
| Financing cash outflows                 | 融資現金流出        | —                                                                                   | (28,798)                                     | (28,798)                        |
| Dividend declared                       | 股息宣派          | —                                                                                   | 39,218                                       | 39,218                          |
| At 31 December 2019                     | 於二零一九年十二月三十一日 | 2,350                                                                               | 19,746                                       | 22,096                          |

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 40. EVENTS AFTER REPORTING PERIOD

Following the outbreak of Coronavirus Disease 2019 (“COVID-19”) in early 2020, a series of precautionary and control measures have been and continued to be implemented across China. It has affected the business and economic activities of the Group to a certain extent. The Group has been paying close attention to the development of the COVID-19 outbreak and evaluating its impact on the financial position, cash flows and operating results of the Group. It is not practicable to provide a reasonable estimate of the impacts on the Group’s financial position, cash flows and operating results at the date on which these consolidated financial statements are authorised for issue.

### 41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 30 June 2020.

### 40. 報告期後事項

2019冠狀病毒與二零二零年初爆發，一系列防控措施已經並繼續於中國全境內實施，在一定程度上影響本集團的業務及經濟活動。本集團密切關注2019冠狀病毒疫情發展，持續評估其對本集團財務狀況及經營業績的影響。截止綜合財務報表日期，2019冠狀病毒疫情對本集團財務狀況及經營業績的影響無法可靠估計。

### 41. 審批財務報表

董事會於二零二零年六月三十日審批和授權刊發此等財務報表。

# FIVE YEAR FINANCIAL SUMMARY

## 五年財務摘要

(Expressed in Renminbi)

(以人民幣呈示)

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements is set out below.

本集團摘錄自己刊發經審核財務報表之過去五個財政年度之業績、資產及負債摘要載列如下。

### Operating Results

### 經營業績

|                                                           |              | Year ended 31 December<br>截至十二月三十一日止年度 |                                   |                                   |                                   |                                   |
|-----------------------------------------------------------|--------------|----------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|                                                           |              | 2019<br>二零一九年<br>RMB'000<br>人民幣千元      | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 | 2016<br>二零一六年<br>RMB'000<br>人民幣千元 | 2015<br>二零一五年<br>RMB'000<br>人民幣千元 |
| Revenue                                                   | 收入           | 645,885                                | 647,672                           | 645,303                           | 654,119                           | 539,134                           |
| Cost of sales                                             | 銷售成本         | (107,533)                              | (115,554)                         | (114,250)                         | (135,266)                         | (108,352)                         |
| Gross profit                                              | 毛利           | 538,352                                | 532,118                           | 531,053                           | 518,853                           | 430,782                           |
| Other income and net gains or losses                      | 其他收入及收益或虧損淨額 | 37,970                                 | 58,188                            | 24,008                            | 16,135                            | 23,913                            |
| Distribution and selling costs                            | 分銷及銷售開支      | (336,217)                              | (375,480)                         | (335,128)                         | (327,202)                         | (271,170)                         |
| Administrative expenses                                   | 行政開支         | (64,691)                               | (28,450)                          | (47,165)                          | (40,400)                          | (45,534)                          |
| Profit from operations                                    | 經營溢利         | 175,414                                | 186,376                           | 172,768                           | 167,386                           | 137,991                           |
| Finance costs                                             | 融資成本         | (120)                                  | (53)                              | –                                 | (101)                             | (209)                             |
| Profit before income tax                                  | 除所得稅前溢利      | 175,294                                | 186,323                           | 172,768                           | 167,285                           | 137,782                           |
| Income tax expense                                        | 所得稅開支        | (30,568)                               | (25,107)                          | (28,366)                          | (24,615)                          | (20,144)                          |
| Profit for the year attributable to owners of the Company | 年內本公司擁有人應佔溢利 | 144,726                                | 161,216                           | 144,402                           | 142,670                           | 117,638                           |

### Assets and Liabilities

### 資產及負債

|                               |          | As at 31 December<br>於十二月三十一日     |                                   |                                   |                                   |                                   |
|-------------------------------|----------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|                               |          | 2019<br>二零一九年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 | 2016<br>二零一六年<br>RMB'000<br>人民幣千元 | 2015<br>二零一五年<br>RMB'000<br>人民幣千元 |
| Bearer biological assets      | 不記名生物資產  | 13,402                            | 11,745                            | 11,440                            | 10,844                            | 5,557                             |
| Property, plant and equipment | 物業、廠房及設備 | 145,242                           | 156,591                           | 166,133                           | 172,672                           | 134,986                           |
| Prepaid lease payments        | 預付土地租金   | –                                 | 15,068                            | 15,520                            | 15,974                            | 16,428                            |
| Right-of-use assets           | 使用權資產    | 38,340                            | –                                 | –                                 | –                                 | –                                 |
| Construction in progress      | 在建工程     | 74,061                            | 67,588                            | 44,127                            | 23,271                            | 74,557                            |
| Intangible assets             | 無形資產     | –                                 | –                                 | –                                 | –                                 | 659                               |
| Deferred tax assets           | 遞延稅項資產   | 1,510                             | 944                               | 316                               | –                                 | –                                 |
| Current assets                | 流動資產     | 1,398,922                         | 1,302,905                         | 1,000,536                         | 852,495                           | 675,807                           |
| Current liabilities           | 流動負債     | (387,872)                         | (375,484)                         | (200,083)                         | (180,198)                         | (152,941)                         |
| Non-current liabilities       | 非流動負債    | (45,072)                          | (46,332)                          | (26,962)                          | (28,433)                          | (31,098)                          |
| Net assets                    | 資產淨值     | 1,238,533                         | 1,133,025                         | 1,011,027                         | 866,625                           | 723,955                           |
| Share capital                 | 股本       | 56,025                            | 56,025                            | 56,025                            | 56,025                            | 56,025                            |
| Reserves                      | 儲備       | 1,182,508                         | 1,077,000                         | 955,002                           | 810,600                           | 667,930                           |
| Total equity                  | 權益總額     | 1,238,533                         | 1,133,025                         | 1,011,027                         | 866,625                           | 723,955                           |

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

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