

Sihuan Pharmaceutical Holdings Group Ltd.
四環醫藥控股集團有限公司



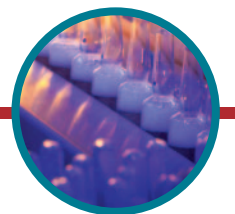
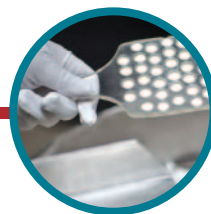
年度報告 2016
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(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

Stock Code 股份代號：0460





公司簡介

Corporate Profile

四環醫藥控股集團有限公司(「四環醫藥」或「本公司」，連同其附屬公司為「本集團」)成立於二零零一年，過往取得了理想發展，現已成為擁有領先研究與開發(「研發」)、營銷和生產能力的醫藥公司。四環醫藥自二零零七年起成為中國心腦血管(「心腦血管」)處方藥市場最大的製藥公司，其主要藥品克林澳、歐迪美、源之久、川青及曲奧等，已廣泛用於治療各種心腦血管疾病。

二零一六年，四環醫藥已邁進第十六年。除了進一步拓展在心腦血管處方藥市場的份額之外，按醫院採購額計更成為中國醫院市場的第四大製藥企業。本集團目前銷售產品及在研發產品線涵蓋中國五大醫療領域：心腦血管系統、中樞神經系統、新陳代謝、腫瘤及抗感染。

Founded in 2001, Sihuan Pharmaceutical Holdings Group Ltd. (“Sihuan Pharmaceutical” or the “Company”, together with its subsidiaries, the “Group”) achieved sound development in the past and has now become a pharmaceutical corporation with leading capabilities in research and development (“R&D”), marketing and sales and production. Sihuan Pharmaceutical has been the largest cardio-cerebral vascular (“CCV”) drug franchise in China’s prescription drug market since 2007. Its major products such as Kelinao, Oudimei, Yuanzhijiu, Chuanqing, and Qu’Ao are widely used in the treatment of various CCV diseases.

Sihuan Pharmaceutical marked its sixteenth year in 2016. The Group further expanded its market share in the CCV prescription drug market and is the fourth largest pharmaceutical company in China’s hospital market in terms of hospital purchase. The Group’s current products and R&D pipeline encompass the top five medical therapeutic areas in China: CCV system, central nervous system, metabolism, oncology and anti-infectives.



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公司資料

Corporate Information

董事會

執行董事

車馮升醫生 (主席)
郭維城醫生 (副主席及行政總裁)
孟憲慧先生 (副總經理)

非執行董事

張炯龍醫生
孫弘先生

獨立非執行董事

辛定華先生
曾華光先生
朱迅先生

聯席公司秘書

蔡耀忠先生
莫明慧女士

授權代表

蔡耀忠先生
莫明慧女士

審核委員會

辛定華先生 (主席)
張炯龍醫生
曾華光先生
朱迅先生

BOARD OF DIRECTORS

Executive Directors

Dr. Che Fengsheng (Chairman)
Dr. Guo Weicheng (Deputy Chairman and Chief Executive Officer)
Mr. Meng Xianhui (Deputy General Manager)

Non-Executive Directors

Dr. Zhang Jionglong
Mr. Homer Sun

Independent Non-Executive Directors

Mr. Patrick Sun
Mr. Tsang Wah Kwong
Mr. Zhu Xun

JOINT COMPANY SECRETARIES

Mr. Choi Yiau Chong
Ms. Mok Ming Wai

AUTHORISED REPRESENTATIVES

Mr. Choi Yiau Chong
Ms. Mok Ming Wai

AUDIT COMMITTEE

Mr. Patrick Sun (Chairman)
Dr. Zhang Jionglong
Mr. Tsang Wah Kwong
Mr. Zhu Xun

薪酬委員會

朱迅先生(主席)
車馮升醫生
辛定華先生
曾華光先生

REMUNERATION COMMITTEE

Mr. Zhu Xun (Chairman)
Dr. Che Fengsheng
Mr. Patrick Sun
Mr. Tsang Wah Kwong

提名委員會

曾華光先生(主席)
郭維城醫生
辛定華先生
朱迅先生

NOMINATION COMMITTEE

Mr. Tsang Wah Kwong (Chairman)
Dr. Guo Weicheng
Mr. Patrick Sun
Mr. Zhu Xun

風險管理委員會

孟憲慧先生(主席)
郭維城醫生
辛定華先生
曾華光先生

RISK MANAGEMENT COMMITTEE

Mr. Meng Xianhui (Chairman)
Dr. Guo Weicheng
Mr. Patrick Sun
Mr. Tsang Wah Kwong

獨立核數師

安永會計師事務所
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INDEPENDENT AUDITOR

Ernst & Young
Certified Public Accountants
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Central, Hong Kong

註冊辦事處

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公司資料

Corporate Information

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會展廣場辦公大樓4905室

主要股份登記處

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Hamilton HM DX
Bermuda

香港證券登記處

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香港
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合和中心22樓

網址

www.sihuanpharm.com

股份代號

0460

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR

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Hamilton HM DX
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HONG KONG SHARE REGISTRAR

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Hong Kong

WEBSITE

www.sihuanpharm.com

STOCK CODE

0460

二零零一年

- 創辦海南四環醫藥有限公司(「海南四環」)。

二零零二年

- 創建了差異化營銷模式。

二零零三年

- 獨家首仿藥克林澳推出市場。
- 收購北京四環製藥有限公司(「北京四環」)的28%股權，及拓展本公司的業務至產品生產。
- 川青推出市場。

二零零四年

- 克林澳的合成工藝在中華人民共和國(「中國」)取得為期20年的專利保護。

二零零五年

- 海南四環被評為「高新技術企業」。

二零零六年

- 克林澳被中國科技部評為「國家火炬計劃」項目。
- 收購北京四環的餘下權益，北京四環繼而成為本集團的全資附屬公司。
- 安捷利推出市場。
- 就生產克林澳及安捷利時所採用的改良方法在中國取得為期20年的專利保護。

二零零七年

- 四環醫藥於二零零七年三月二十三日在新加坡證券交易所主板上市。
- 本集團開始在中國的心腦血管市場佔據最大市場份額。
- 海南四環心腦血管藥物研究院有限公司(「海南四環心腦血管藥物研究院」)成為本集團的全資附屬公司。

2001

- Hainan Sihuan Pharmaceutical Co., Ltd. (“Hainan Sihuan”) was founded.

2002

- Developed a differentiated marketing and sales model.

2003

- Exclusive first-to-market generic drug Kelinao was launched.
- Acquired 28% interest in Beijing Sihuan Pharmaceutical Co., Ltd. (“Beijing Sihuan”) and expanded the Company’s business into product manufacturing.
- Chuanqing was launched.

2004

- Received a 20-year patent protection in the People’s Republic of China (“PRC” or “China”) for the synthesis process of Kelinao.

2005

- Hainan Sihuan was granted the “High and New Technology Enterprise” status.

2006

- Kelinao was granted “State Torch Programme” status by the Science and Technology Ministry of the PRC.
- Acquired the remaining interest in Beijing Sihuan which then became a wholly-owned subsidiary of the Group.
- Anjieli was launched.
- Received a 20-year patent protection in the PRC for the improved production method of Kelinao and Anjieli.

2007

- Sihuan Pharmaceutical was listed on the main board of the SGX-ST on 23 March 2007.
- The Group has commanded the largest market share of the CCV market in China.
- Hainan Sihuan Cardiocerebral Vascular Drugs Research Institute Co., Ltd. (“Hainan Sihuan CVD Research”) became a wholly-owned subsidiary of the Group.

發展里程

Milestones

二零零八年

- 收購山東軒竹醫藥科技有限公司(「山東軒竹」)的60%股權，提高本集團研發創新藥物的能力。
- GM1 推出市場。
- 在中國就生產克林澳及安捷利的非溶劑馬來酸桂哌齊特晶體的發明及生產方法取得為期20年的專利保護。
- 北京四環被評為「高新技術企業」，而海南四環再次成功獲評「高新技術企業」。

二零零九年

- 清通推出市場。
- MSPEA III Cayman 投資本公司，隨後公司私有化，從新加坡證券交易所退市。

二零一零年

- 於二零一零年十月二十八日在香港聯合交易所有限公司(「聯交所」)主板上市。
- 位列二零一零年福布斯中國潛力企業榜第四位及醫藥公司第一位。
- 完成廊坊高博京邦製藥有限公司(「廊坊高博京邦」，前稱廊坊四環高博制藥有限公司)的原料藥生產基地的建設。
- 取得益脈寧為期30年的獨家分銷權。

2008

- Acquired 60% interest in Shandong Xuanzhu Pharma Co., Ltd. (“Shandong Xuanzhu”, “KBP BioSciences”, or known as “KBP BioSciences Co., Ltd.”) to enhance the Group’s research and development capabilities of innovative drugs.
- GM1 was launched.
- Received a 20-year patent protection in the PRC for the invention and production method of non-solvated cinepazide maleate crystal for producing Kelinao and Anjieli.
- Beijing Sihuan was granted the “High and New Technology Enterprise” status while Hainan Sihuan successfully had its “High and New Technology Enterprise” status renewed.

2009

- Qingtong was launched.
- MSPEA III Cayman invested in the Company. Subsequently the Company was privatised and delisted from the SGX-ST.

2010

- Listed on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 28 October 2010.
- Ranked No. 4 in the Forbes 2010 list of the most promising enterprises in the PRC and No. 1 among pharmaceutical companies.
- Completed the construction of a pharmaceutical raw material plant, Langfang Gaobo Jingband Pharmaceutical Co., Ltd. (“Langfang Gaobo Jingband” or formerly known as Langfang Sihuan Gaobo Pharmaceutical Co., Ltd.).
- Obtained a 30-year exclusive distribution rights of Yimaining.

二零一一年

- 收購吉林四環製藥有限公司(「吉林四環」, 前稱多菲製藥(中國)有限公司), 該公司擁有三個獨家藥品及多個獨家配方藥, 主要治療心腦血管疾病。
- 收購長春翔通藥業有限公司(「長春翔通」) 80% 權益, 該公司擁有GM1注射液及原料藥生產設施及批件。
- 收購吉林四長製藥有限公司(「吉林四長」), 該公司擁有四種具有龐大市場潛力的治療心腦血管病中藥。於二零一一年下半年, 本集團以溢價向中國中藥市場龍頭山東步長製藥有限公司(「山東步長」) 出售吉林四長19% 權益。本集團與吉林四長將繼續共同開發更多治療心腦血管疾病的中藥產品。
- 歐迪美、源之久和也多佳推出市場。
- 吉林四環被評為「高新技術企業」。

二零一二年

- 廊坊高博京邦被評為「高新技術企業」。
- 獨家首仿藥注射用鹽酸羅沙替丁醋酸酯及仿製藥鹽酸納美芬注射液獲得生產批件。
- 丹參川芎嗪注射液推出市場。
- 收購山東軒竹餘下40% 權益, 山東軒竹繼而成為本集團的全資附屬公司。
- 與瑞典上市公司NeuroVive Pharmaceutical AB訂立合作協定, 於中國開發、推廣及銷售創新專利藥CicloMulsion® 及NeuroSTAT®。

2011

- Acquired Jilin Sihuan Pharmaceutical Co., Ltd. (“Jilin Sihuan”, formerly known as Dupromise Pharmaceutical (China) Co., Ltd.) which owns three exclusive drug products and various exclusive drug formulations mainly focused on CCV diseases.
- Acquired 80% interest in Changchun Xiangtong Pharmaceutical Co., Ltd. (“Changchun Xiangtong”), which owns both the manufacturing facility and production license of the GMI injection and API.
- Acquired Jilin Sichang Pharmaceutical Co., Ltd. (“Jilin Sichang”) which owns four Traditional Chinese Medicine (“TCM”) CCV products with vast market potential. In the second half of 2011, the Group sold 19% equity interest in Jilin Sichang to Shandong Buchang Pharmaceutical Co., Ltd. (“Shandong Buchang”), a leader in China’s TCM market, at a premium. The Group will continue its cooperation with Jilin Sichang to develop more TCM CCV products.
- Oudimei, Yuanzhijiu and Yeduoja were launched.
- Jilin Sihuan was granted the “High and New Technology Enterprise” status.

2012

- Langfang Gaobo Jingband was granted the “High and New Technology Enterprise” status.
- Obtained production approval for exclusive first-to-market generic drug Roxatidine Acetate Hydrochloride for Injection and generic drug Nalmefene Hydrochloride Injection.
- Danshen Chuanxiongqin Injection was launched.
- Acquired remaining 40% equity interest in Shandong Xuanzhu which then became a wholly-owned subsidiary of the Group.
- Established cooperation with NeuroVive Pharmaceutical AB, a company listed in Sweden, to develop, promote and sell innovative patent drugs, CicloMulsion® and NeuroSTAT® in China.

發展里程

Milestones

二零一三年

- 創新專利藥鹽酸依格列汀及安納拉唑鈉獲得臨床批件。
- 本集團首種自行研發腫瘤藥哌羅替尼的臨床試驗批件申請獲得中國國家食品藥品監督管理總局(「國家藥監總局」)受理。
- 廊坊高博京邦通過了美國食品藥品監督管理局(「FDA」)的現場檢查。

二零一四年

- 廊坊高博京邦獲得美國FDA發出的現場審查報告(「EIR」)。
- 向美國FDA順利提交哌羅替尼的新藥臨床試驗(「新藥臨床」)註冊申請，並獲准進入臨床試驗。
- 自主研發抗高血壓創新藥鹽酸泰樂地平獲臨床試驗批件。
- 自主研發治療糖尿病創新藥加格列淨臨床試驗申請獲國家藥監總局受理。
- 與重慶派金生物科技有限公司就胰島素專案開發建立合作。

二零一五年

- 收購北京銳業製藥有限公司(「北京銳業」)的39%股權以豐富及拓寬本集團的產品。
- 山東軒竹與科文斯公司(「科文斯」)簽署了長期合作夥伴協議，以支持本集團在研發新藥項目的全球開發。
- 自主研發的抗腫瘤創新專利藥哌羅替尼在美國進入I期臨床試驗；並成功獲得國家藥監總局I/II/III期全部臨床試驗批件。
- 自主研發的另一抗腫瘤創新專利藥賽羅替尼和治療前列腺增生及勃起功能障礙創新藥復達那非的臨床試驗申請獲國家藥監總局受理。
- 山東軒竹與RaQualia Pharma Inc. (「RaQualia」)就開發新型鎮痛藥及離子通道技術達成技術研究合作。

2013

- Obtained clinical trial approval for innovative patent drugs Imiglitin Dihydrochloride and Anaprazole Sodium.
- The application for clinical trial approval of Pirotinib (the first self-developed oncology drug of the Group) was accepted by China Food and Drug Administration (“CFDA”).
- Langfang Gaobo Jingband passed on-site inspection by the United States of America (“U.S.A.”) Food and Drug Administration (“FDA”).

2014

- Langfang Gaobo Jingband received the Establishment Inspection Report (“EIR”) issued by the U.S.A. FDA.
- The Investigational New Drug (“IND”) application of Pirotinib was successfully submitted to the U.S.A. FDA and the clinical trial approval was granted.
- Tylerdipine Hydrochloride (the self-developed innovative antihypertensive drug) received clinical trial approval.
- The application for clinical trial approval of Janagliflozin (the self-developed innovative anti-diabetic drug) was accepted by CFDA.
- Established cooperation with Chongqing Peg-Bio Biotechnology Co., Ltd for development of Insulin Products.

2015

- Acquired 39% interest in Beijing Ruiye Drugs Manufacture Co. Ltd. (“Beijing Ruiye”) to enrich and expand the Group’s product resources.
- Shandong Xuanzhu and Covance Inc. (“Covance”) signed a long-term partnership to support the global development of the Group’s drug candidate pipeline consisting of multiple compounds.
- The Phase I clinical trial of Pirotinib, the first self-developed innovative patented oncology drug commenced in the U.S.A.. CFDA has granted full approval of Phase I/II/III clinical trials of Pirotinib.
- The Investigational New Drug applications for clinical trial approval for two innovative patent drugs, Sirotinib (another oncology drug) and Fadanafil (clinically to treat BPH, ED), were officially accepted by the CFDA.
- Shandong Xuanzhu and RaQualia Pharma Inc. (“RaQualia”), entered into a research collaboration agreement in novel analgesic drugs development and ionchannel technology.

二零一六年

- 自主研發治療糖尿病創新藥加格列淨成功獲得國家藥監總局臨床批件。
- 自主研發專利新藥鹽酸依格列汀獲國家藥監總局頒發II/III期臨床試驗批件。
- 投資參股的上海立迪生物技術有限公司成功在全國中小企業股份轉讓系統上市。
- 自主研發專利新藥複達那非獲國家藥監總局頒發I/II/III期臨床試驗批件。

2016

- CFDA granted approval for clinical trials of internally developed diabetes treatment new drug Janagliflozin.
- CFDA granted approval for Phase II/III clinical trials of Imigliptin Dihydrochloride, an internally developed innovative patent drug.
- Shanghai LIDE Biotech Co., Ltd., an equity participation investment, successfully listed on the National Equities Exchange and Quotations System.
- CFDA granted approval for Phase I/II/III clinical trials of internally developed innovative patent new drugs - Fadanafil.

財務摘要

Financial Summary

二零一六年財務摘要

以下為截至二零一六年十二月三十一日止年度（「本年度」或「報告期間」）的財務摘要：

- 二零一六年本公司擁有人應佔溢利減少17.2%至人民幣1,708.2百萬元。於撇除二零一五年的一次性所得人民幣535.0百萬元（除稅後）後，本公司擁有人應佔溢利增長11.8%。
- 二零一六年本集團收益由人民幣3,167.2百萬元增加0.6%至人民幣3,185.7百萬元。
- 二零一六年每股基本盈利較二零一五年減少約15.4%至約人民幣16.8分。
- 本公司董事（「董事」）會（「董事會」）建議派發末期現金股息每股人民幣3.8分，及特別現金股息每股人民幣5.5分，惟須經本公司股東（「股東」）將於稍後舉行的股東週年大會（「二零一七年股東週年大會」）上批准。

2016 FINANCIAL HIGHLIGHTS

Below are the financial highlights for the year ended 31 December 2016 (the “Year” or “Reporting Period”):

- Profit attributable to owners of the Company decreased by 17.2% to RMB1,708.2 million in 2016. If the one-off gain of RMB535.0 million (net of tax) is excluded from 2015, profit attributable to the owners of the Company increased by 11.8%.
- Revenue of the Group increased by 0.6% from RMB3,167.2 million to RMB3,185.7 million in 2016.
- Basic earnings per share decreased by approximately 15.4% over 2015 to approximately RMB16.8 cents in 2016.
- The board (the “Board”) of directors (the “Directors”) of the Company recommends a final cash dividend of RMB3.8 cents per share and a special cash dividend of RMB5.5 cents per share, which are subject to approval by the shareholders of the Company (the “Shareholders”) at the forthcoming annual general meeting of the Company (the “2017 AGM”).

人民幣千元	RMB' 000	二零一二年 2012 (重述) (Restated)	二零一三年 2013 (重述) (Restated)	二零一四年 2014	二零一五年 2015	二零一六年 2016
經營業績	Operating results					
收益	Revenue	1,883,628	2,586,402	3,084,236	3,167,211	3,185,699
毛利	Gross profit	1,042,475	1,455,469	2,111,422	2,228,054	2,188,946
經營溢利	Operating profit	1,029,882	1,497,142	1,979,088	2,808,998	2,131,156
除所得稅前溢利	Profit before income tax	1,147,767	1,602,624	2,073,423	2,841,746	2,152,570
本公司擁有人 應佔年度溢利	Profit for the year attributable to owners of the Company	860,418	1,284,882	1,671,281	2,062,378	1,708,239
利潤率	Profitability					
毛利率	Gross margin	55.3%	56.3%	68.5%	70.3%	68.7%
純利率	Net profit margin	45.7%	49.7%	54.2%	65.1%	53.6%
每股盈利	Earning per share					
基本及攤薄(人民幣分)	Basic and diluted (RMB cents)	8.3	12.4	16.1	19.9	16.8
資產狀況	Asset status					
總資產	Total assets	9,482,585	10,097,075	11,322,983	12,321,007	12,187,604
本公司權益擁有人應佔權益	Equity attributable to equity owners of the Company	7,041,612	7,821,459	9,291,677	11,095,639	10,901,438
總負債	Total liabilities	2,338,046	2,160,131	1,916,970	1,129,275	1,216,511
現金及現金等價物	Cash and cash equivalents	1,567,048	1,593,503	1,317,945	2,282,370	2,407,073
速動比率(倍)	Quick ratio (times)	2	3	3	6	5
流動比率(倍)	Current ratio (times)	2	3	3	6	5
存貨週轉期(日)	Inventory turnover ratio (days)	32	31	52	79	78
貿易應收賬款週轉(日)	Trade receivables turnover ratio (days)	94	102	82	60	63
貿易應付賬款週轉(日)	Trade payables turnover ratio (days)	14	11	13	22	40

主席報告

Chairman's Statement

二零一六年是四環醫藥調整中強化內部管理、鞏固經營基礎、穩中求進的一年。

二零一六年政策環境及市場形勢嚴峻。醫保控費、招標降價、「兩票制」的推行等對行業持續施壓。四環醫藥還因核心產品克林澳面臨數家同品競爭等自有因素，面臨著更大的壓力和挑戰。即便面對如此壓力和挑戰，本年度，本集團積極調整市場策略並有效實施，鞏固了市場基礎，保持了經營的穩定，實現了我們既定的經營目標。

本集團本年度實現銷售收入人民幣3,186百萬元，與二零一五年同比微增0.6%；實現淨利潤人民幣1,708百萬元，與二零一五年同比下降17.2%，扣除去年一次性投資收益後，淨利潤與二零一五年同比增長11.8%。

據艾美仕市場研究公司(「艾美仕」)資料顯示，二零一六年以醫院採購額計，本集團在心腦血管處方藥市場份額達11.9%，仍穩居首位；在中國整體醫院市場本集團位列第四位。再次證實了四環醫藥在處方藥市場穩固的基礎和領先的地位。

二零一六年，本集團營銷系統依照「穩固高端市場、大力拓展基層醫藥市場」的策略，制定切實的方案與措施，對市場實施精細化管理，成效已經顯現。核心產品銷售下滑的態勢得到有效控制，克林澳降幅收窄，歐迪美重回增長，源之久、也多佳和丹參川芎嗪等其他主要產品也保持增長或市場穩定，保證了本集團全年經營業績的回穩。與此同時，本集團對市場營銷體系進行了系統性的強化建設，著力提升營銷體系的專業水準及業務能力。成立了涵蓋醫學事務、學術推廣、藥物警戒等部門的市場營銷管理中心。引進SMART(即specific(到位)、measurable(可算)、achievable(可達)、realistic(靠現)和timed(何得))市場分析數據系統，用市場分析數據，確定市場拓展空間及目標設定，引導資源的有效配置，以實現市場的有效開發。

2016 was a year of adjustment for Sihuan Pharmaceutical, during which the Group strengthened its internal control, consolidated its operational fundamentals and sought advances built on stability.

In 2016, the pharmaceutical market faced challenges brought about by regulatory adjustments. The control of medical expenses, reduction of the tendering prices, and the “Two-invoice System” continued to put pressure on the industry. Sihuan Pharmaceutical faced extra pressure and challenges caused by competitors of its core product Kelinao. Despite that, the Group adjusted its market strategies according to different changes and implemented them effectively. It consolidated its market fundamentals, maintained steady operations and achieved the operational goals it had set.

The Group achieved revenue of RMB3,186 million, representing a growth of 0.6% compared to last year. Net profit attributable to shareholders was RMB1,708 million, a reduction of 17.2% compared to 2015. Excluding a one-off investment gain, net profit grew 11.8% year-on-year.

According to IMS Health Incorporated (“IMS”), in 2016, Sihuan Pharmaceutical maintained its number one position in China’s CCV prescription drug market with a market share of 11.9% and ranked number four in the domestic hospital market in terms of hospital purchases, affirming Sihuan Pharmaceutical’s concrete foundation and leading position in the prescription drug market.

In 2016, following the principle of “solidifying our share of the high-end market while vigorously expanding in the low-end market”, the Group’s sales and marketing department achieved marked results through careful planning and lean management. The sliding sales trend for the Group’s core products was effectively curbed, with the decrease for Kelinao narrowed while Oudimei rebounded. Sales for other major products, such as Yuanzhijiu, Yeduojia and Danshen Chuanxiongqin injection, all re-entered positive territory or remained stable. All this contributed to the recovery of the Group’s annual results. In addition, the Group reinforced the marketing and sales system, by enhancing the professionalism and marketing and sales capabilities of its sales staff. The Group established departments of medical affairs, academic promotion and pharmacovigilance that centered around the marketing and sales management center. The Group also introduced the “SMART (specific, measurable, achievable, realistic, and timed)” marketing analytical system, in the hope of utilizing data analytics to pinpoint product market potential and targets, as well as resources allocation, and, in turn, achieves an efficient market development.

主席報告

Chairman's Statement

期內，本集團的新藥研發進展也令人欣慰。創新專利藥哌羅替尼在美國和中國的I期臨床試驗均順利推進；創新專利藥鹽酸依格列汀獲得了II/III期臨床批件並啟動了II期臨床試驗；年內還獲得了1.1類創新專利藥賽羅替尼和複達那非I/II/III期臨床批件，至今本集團已有8個1.1類的創新專利藥獲得臨床批件，進入不同的臨床試驗階段。年內仿製藥研發也成績不俗，共獲得47個臨床批件，其中35個為第3.1類新藥項目。本集團新藥管線的項目日漸豐富，技術水準不斷提升。二零一六年，共有13個新藥研發項目獲得國家級、省級及地方各類科研獎項，顯示國家各級科技管理機構對本集團新藥研發的肯定和鼓勵。

二零一六年也是強化內部管理的一年。集團生產品質管理中心對本集團所屬各生產企業實施系統化管理，不僅優化生產管理、確保產品的品質優良，同時還對生產系統的成本實施了有效控制；集團審計合規中心則通過對所屬子公司實施財務和內控專項審計，監督整改，使集團內部管控進一步強化，管理更加嚴謹規範。同時，還聘請安永會計師事務所（「安永」）諮詢團隊協助四環醫藥完成「全面風險管理」專案，以建立起系統的風險管理制度，使風險管理機制常態化。總之，本集團二零一六年的內部管理與控制取得實質性的進步和全面改善。

現已進入二零一七年，醫療改革也進入了深水區。政府對醫保費用的控制將持續強化，隨著醫保支付價格新體系的出台，醫院取消藥品加成及二次議價的全面展開，藥品價格將面臨著繼續下行探底，加上「兩票制」全面推行帶來的行業變革，二零一七年行業的壓力有增無減。

During the period, the Group achieved encouraging progress in new drugs R&D. Phase I clinical trials of innovative patent drug Pirotinib (哌羅替尼) in the U.S.A. and China progressed smoothly; Imigliptin Dihydrochloride (鹽酸依格列汀) obtained approval for Phase II/III clinical trials and commenced Phase II clinical trials. In addition, the Group obtained approvals for Phase I/II/III clinical trials of Category 1.1 innovative patent drugs Sirotinib (賽羅替尼) and Fadanafil (複達那非). To date, a total of eight Category 1.1 innovative patent drugs of the Group have obtained clinical trial approvals and entered various stages of clinical trials. Good progress was also achieved in generic drugs R&D where the Group received 47 clinical trial approvals, of which 35 were for Category 3.1 new drugs. The Group maintained an ever-growing new drug pipeline while its technology level kept reaching new heights. In 2016, the Group received 13 national, provincial and municipal awards for its new drug R&D, demonstrating recognition of the Group's R&D capabilities from government entities at all levels.

2016 was the year of advancing internal management. The Group's production quality management center was implementing systematic production quality management in all production facilities of the Group, thereby not only optimizing production management to ensure product quality, but also efficiently controlling the cost of the production system. The Group's audit and compliance center successfully strengthened the Group's internal control by conducting audits of financial management and internal controls over its subsidiaries followed by rectification enforcement, making the Group's management more normative and rigorous. In addition, the Group engaged an advisory team of Ernst & Young ("Ernst & Young") to help Sihuan Pharmaceutical complete the "Overall Risk Management Project", and set up a systematic risk management system so that the risk management mechanism is normalized. In a word, the Group's internal control achieved substantial progress and overall improvements in 2016.

Since 2017, health reform in China has intensified. The government's control over excessive medical insurance expenditures are being strengthened. With the launch of the new medical reimbursement price system, the nationwide implementation of medicine mark-ups removal and "the second bargain" system, drug prices are bound to fall much. Together with the implementation of the "Two-invoice System", the whole industry will face increasing pressure in 2017.

主席報告

Chairman's Statement

但壓力與機遇總是並存。眾所周知，受人口老齡化加劇、城鎮化加快、環境污染，以及全民醫保廣覆蓋等因素的影響，我國醫藥市場的剛性需求仍在持續增長。據艾美仕數據顯示，二零一六年我國醫院藥品採購額增速為8.1%，行業增速較二零一五年相比明顯回升，這也說明醫藥市場剛性需求仍然是推動行業發展的動力。此外，隨著行業門檻的不斷提升和監管的強化，在優勝劣汰的行業整合中，不僅釋放出一定的市場空間，也存在著企業發展壯大的潛在機遇。

我們有信心帶領全體員工，面對挑戰奮力進取。既要採取切實的措施解決當前面臨的問題和困難，平穩渡過行業的陣痛期，也為長遠發展做好戰略調整的準備。二零一七年我們仍將延續二零一六年的經營增長策略，按照既定目標計畫，一步一個腳印扎實耕耘，保持經營的穩步前行。同時，也要轉變經營理念，探索新的經營模式，進一步積累和優化經營資源，尋找新的發展機遇，為長期可持續發展奠定基礎。我們堅信，待醫藥行業陣痛期過後，四環醫藥必將贏得新的發展機遇和更廣闊的發展空間。

四環醫藥能有今天的發展得益於股東們的理解和支持，四環醫藥能在困難中穩步前行憑藉的是全體員工的恪盡職守和不懈努力。在此，我本人向股東們及各界關心、支援四環醫藥的朋友表示衷心的感謝！對四環醫藥全體員工的付出和貢獻致以誠摯的謝意！

董事會主席
車馮升醫生

二零一七年三月二十八日

Pressure and opportunities always coexist. As it has been known to all, affected by the trend of aging population, accelerated urbanization, environmental pollution, and universal health coverage, the rigid demand in China's pharmaceutical market keeps growing. According to data from IMS, hospital medical purchases increased by 8.1% in 2016, representing an obvious rising trend compared with 2015, which shows that rigid demand of pharmaceutical market is still the impetus of the industry's development. Besides, the continuous enhancement of industry barriers and strengthening of industry supervision will further stimulate industry consolidation, which will continue free up some market space and create some potential opportunities for enterprises to grow stronger.

We are confident we can lead all our staff to face challenges and seize opportunities. On the one hand, we shall take proper practical measures to solve the current problems and difficulties, and overcome the industry hurdles. On the other hand, we will get ready to make strategic adjustments for long-term development. In 2017, we will continue our growth strategies of 2016, stick to the goals we have set, work hard and push forward business growth at a steady pace. At the same time, we will change our business ideas, explore new business models, and further accumulate and optimize business resources to seek new growth opportunities, and lay a solid foundation for long-term sustainable development. We firmly believe that following a relatively difficult period for the pharmaceutical industries, Sihuan Pharmaceutical will definitely win new growth opportunities and a broader development capacity.

We must say that Sihuan Pharmaceutical's development and success relies on shareholders' understanding and support. Sihuan Pharmaceutical's steady development cannot exist without all the staff's dedication and unremitting efforts. I would like to take this opportunity to extend my sincere gratitude for the support and understanding of all shareholders and the public, as well as for the dedication of the staff of Sihuan Pharmaceutical.

Dr. Che Fengsheng
Chairman of the Board

28 March 2017

環境、社會及管治報告

Environmental, Social and Governance Report

1 關於本報告

四環醫藥控股集團有限公司(下稱「四環醫藥」、「集團」或「我們」)以服務民眾健康為使命,除了持續研發及製造有質素保證的藥物外,亦以堅守企業社會責任為己任。集團了解各利益相關方對集團環境、社會及管治的表現日益關注,於本年度發佈首份環境、社會及管治報告,闡述集團在二零一六年一月一日至十二月三十一日期間在環境、社會及管治方面的表現。

本報告按照香港聯合交易所有限公司證券上市規則附錄二十七《環境、社會及管治報告指引》(《指引》)編製而成,並根據《指引》第六條規定,委託了獨立顧問協助我們與利益相關方進行溝通,以評估四環醫藥於環境、社會及管治的重要議題,以及四環醫藥營運時對有關方面造成的影響。

本報告概述了集團的環境、社會及管治管理方針,以及公司治理、產品質量、員工關愛、環境及社區貢獻等範疇的工作表現。除非特別說明,報告涵蓋的公司範圍為四環醫藥集團總部及旗下二級公司,包括北京四環製藥有限公司、吉林四環製藥有限公司、廊坊高博京邦製藥有限公司、長春翔通藥業有限公司、本溪恒康製藥有限公司、吉林四長製藥有限公司、海南四環醫藥有限公司、深圳四環醫藥有限公司、通化濟達醫藥有限公司、北京澳合藥物研究院以及山東軒竹醫藥科技有限公司。報告中的披露內容已經集團董事會確認。

1 ABOUT THIS REPORT

Sihuan Pharmaceutical Holdings Group Ltd. (hereinafter referred to as “Sihuan Pharmaceutical”, “the Group” or “we”) regards serving public health as our mission. In addition to developing and manufacturing quality drugs, the Group also adheres to corporate social responsibility. The Group understands that stakeholders are increasingly concerned about the environmental, social and governance performance of the Group. The first environmental, social and governance report released in this year elaborated environmental, social and governance performance of the Group from 1 January 2016 to 31 December 2016.

This report is in compliance with Appendix 27 of “Environmental, Social and Governance Reporting Guidelines” (“Guidelines”) of Main Board Listing Rules of The Stock Exchange of Hong Kong Limited, and with reference to the provisions of Article 6 of the Guidelines, independent consultants are commissioned to assist us with the communication with stakeholders, to assess the significant environmental, social and governance issues of Sihuan Pharmaceutical, and the influence of Sihuan Pharmaceutical’s operations on certain aspects.

This report provides an overview of the Group's environmental, social and governance policies, as well as the performance of corporate governance, product quality, employee care, environmental and community contribution. Unless specified otherwise, the report covers the head office of Sihuan Pharmaceutical Group and its second-tier subsidiaries, including Beijing Sihuan Pharmaceutical Co., Ltd., Jilin Sihuan Pharmaceutical Co., Ltd., Langfang Gaobojingbang Pharmaceutical Co., Ltd., Changchun Xiangtong Pharmaceutical Co., Ltd., Benxi Hengkang Pharmaceutical Co., Ltd., Jilin Sichang Pharmaceutical Co., Ltd., Hainan Sihuan Pharmaceutical Co., Ltd., Shenzhen Sihuan Pharmaceutical Co., Ltd., Tonghua Jida Pharmaceutical Co., Ltd., Beijing Aohe Pharmaceutical Research Institute and Shandong Xuanzhu Pharmaceutical Technology Co., Ltd.. Disclosure content of the report have been confirmed by the Board.

環境、社會及管治報告

Environmental, Social and Governance Report

2 責任管治

2.1 四環醫藥的環境、社會及管治路向

四環醫藥重視環境、社會及管治（「ESG」）議題及風險管控的重要性，因此，董事會在整體風險管治架構的基礎上，建立了針對ESG的監控體系。例如，集團已成立風險管理委員會，其職責在於定期檢討集團的管治風險議題與ESG管理體系議題。風險管理委員會的職責同時包括監督風險管理、內部監控系統與環境、社會及企業管治的工作。風險管理委員會透過定期舉行會議，討論集團的風險管控及ESG管理發展策略。具體內容包括搭建初步策略及按照本集團對不同議題的可承受風險程度、企業目的、目標及安排相關的資源分配等。

為增加董事及高級管理人員對行業風險、企業管治政策及常規的理解及得到相關的市場資訊，風險管理委員會會安排專業人員於定期會議提供培訓及持續專業發展的機會。

除了集團層面對ESG議題的關注，集團同時要求旗下公司建立環境、安全與健康的專責工作小組，監測製作過程的環境、安全與健康水平。此專責工作小組的成立能夠有效確保所有子公司能夠達到集團對風險及環境、安全與健康的要求。

2 RESPONSIBLE GOVERNANCE

2.1 Sihuan Pharmaceutical's directions in environmental, social and governance management

Sihuan Pharmaceutical values the importance of environmental, social and governance (“ESG”) issues and risk management. Therefore, the Board has established an ESG monitoring system on the basis of the overall risk management framework. For example, the Group has set up a Risk Management Committee which is responsible for reviewing the Group's risk management issues and the ESG management system at regular intervals. The responsibilities of the Risk Management Committee include the monitoring of risk management and internal control systems, and environmental, social and corporate governance initiatives. The Risk Management Committee held regular meetings to discuss risk management and ESG management development strategies of the Group. Discussions initiated included the establishment of preliminary strategies and resource allocation arrangements with reference to the Group's risk capacity, corporate objectives and purposes on different issues.

In order to increase the Board's and senior management personnel's understanding of industry risks, corporate governance policies and practices and to obtain the relevant market information, the Risk Management Committee arranged professionals to provide training and opportunities of sustainable professional development at regular meetings.

In addition to the Group's concerns on ESG issues, the Group also requested its subsidiaries to establish environmental, safety and health task force to monitor the environmental, safety and health standards of production processes. The establishment of the task force is an effective way to ensure that all subsidiaries meet the Group's risk, environmental, safety and health standards.

環境、社會及管治報告

Environmental, Social and Governance Report

2.1.1 環境、社會及管治體系

為實現集團在 ESG 方面的願景，及以更有系統的方式制定有關管治策略，集團已於年內正式組織 ESG 的管理體系，成立風險管理委員會。風險管理委員會由董事會成員及各部門主管組成，包括財務部、法務部、人力資源部、營銷部等。為集團制定各項 ESG 的管治策略，再交由董事會審批。董事會及風險管理委員會的詳細職能如下：

2.1.1 Environmental, social and governance system

In order to realize the Group's ESG vision, and to formulate relevant governance strategies in a more systematic way, the Group has officially established an ESG management system during the year, and established the Risk Management Committee. The Risk Management Committee is composed of members of the Board and various departmental leaders from the Department of Finance, the Legal Department, the Department of Human Resources and the Department of Marketing. It develops strategies for the Group for approval from the Board. The detailed functions of the Board and the Risk Management Committee are as follows:

	職能	Functions
四環醫藥董事會 The Board of Directors of Sihuan Pharmaceutical	<ul style="list-style-type: none"> 審批委員會所建議的 ESG 方針及策略 監督與審視各項風險管理策略的執行與績效 為 ESG 內容作最終審批 	<ul style="list-style-type: none"> To examine and approve ESG guidelines and strategies recommended by the Risk Management Committee To monitor and review the implementation and performance of various risk management strategies To make final approval for the content of ESG
風險委員會 The Risk Management Committee	<ul style="list-style-type: none"> 制定集團的風險管理、內部監控系統及 ESG 策略 為影響集團風險的重大決定進行評估 就董事及高級管理人員的培訓及持續專業發展進行檢討 就集團遵守法律及監管規定方面的政策及常規進行檢討 審閱集團的 ESG 最新報告之內容 	<ul style="list-style-type: none"> To develop risk management, internal control systems and ESG strategies of the Group To evaluate major decisions affecting the risk of the Group To review the training and sustainable professional development of the Board and senior management To review the policies and practices with respect to compliance with laws and regulations of the Group To review the Group's latest report on ESG

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2.1.2 利益相關方識別和溝通

集團各利益相關方會因應與公司的聯繫，在不同程度上受到集團的ESG政策與措施所影響。為了能夠有效地了解利益相關方如何理解各項ESG議題對四環醫藥的影響，集團在日常運營中的多種溝通渠道與各個利益相關方溝通的基礎上，已另外委託第三方專業機構與我們的利益相關方進行對話。溝通管道主要是透過問卷調查及訪談的方式進行，對象包括四環的員工、供應商、客戶及非營利組織等，參與人數近六百人。我們藉此了解利益相關方對各項ESG議題對四環醫藥的重要性及目前表現的評價，以及對未來相關工作及報告的期望。

2.1.2 Stakeholder identification and communication

Stakeholders of the Group will be affected by the ESG policies and measures of the Group to varying degrees based on their relationship with the Company. In order to effectively understand stakeholders' perception of the effect of ESG issues on Sihuan Pharmaceutical, the Group has also commissioned a third-party professional organization to have conversations with stakeholders through a variety of communication channels, which is in addition to communications during daily operations. The main communication channels include questionnaires and interviews with Sihuan Pharmaceutical's employees, suppliers, customers and non-profit organizations. The number of participants engaged reached nearly 600 people. By virtue of this, we had better understanding of the importance of stakeholders' concern on the ESG issues for Sihuan Pharmaceutical and evaluation of current performance, as well as the expectations of future work and report.

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2.1.3 ESG 重要性議題及列表

本報告的框架及內容編製是透過四環醫藥對各項ESG相關議題進行重要性評估後所得結果。四環醫藥透過獨立顧問公司邀請了各利益相關方就各項議題的重要性進行評估。結合利益相關方意見及管理層按照各項議題對我們業務的影響，四環醫藥交托顧問公司將結果進行數據化處理及分析，從而得出最終ESG重要性分析結果，成為編製ESG報告的依據。

經過數據性分析及評估後，四環醫藥得出各個範疇較為重要的議題，公司將會因應以下議題建立未來的環境、社會及管治策略：

環境污染防治

- 使用水源的任何問題，以及提升用水效益計劃及所得成果
- 能源總耗量及密度
- 能源使用效益計劃及所得成果

員工關愛

- 檢討招聘慣例的措施以避免童工及強制勞工
- 發現違規情況時消除有關情況所採取的步驟
- 因工作關係而死亡的人數及比率

2.1.3 Material ESG issues and lists

The framework and content of this report is the result of a materiality assessment of ESG issues. Sihuan Pharmaceutical invited stakeholders through an independent consultancy to evaluate the importance of various issues. By combining stakeholders opinions with the effect of issues on our business, Sihuan Pharmaceutical commissioned the consultant to process relevant data and analyse results, and thus obtained the final analysis results of the materiality of ESG issues which serves as the basis of the ESG report.

Upon analysis and evaluation of the data, the following material issues for various aspects are identified and will be the focus of the Group's ESG strategy in upcoming years:

Prevention and control of environmental pollution

- Issues in relation to sourcing water, water efficiency initiatives and results achieved
- Total energy consumption and intensity of energy consumption
- Energy use efficiency initiatives and results achieved

Employee care

- Measures to review employment practices to avoid child and forced labour
- Steps taken to eliminate non-compliance practices when discovered
- Number and rate of work related fatalities

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運營管理

- 關於產品及服務的投訴應對方法
- 品質檢定過程及產品回收程序
- 維護及保障智慧財產權有關的慣例

Operation management

- How products and service related complaints are dealt with
- Quality assurance process and recall procedures
- Practices relating to observing and protecting intellectual property rights

2.2 倡廉善治

企業高效運營及可持續發展，離不開有力且到位的企業管治。在完善的管治架構(詳情請參閱本司年報中的「企業管治報告」部分)下，為進一步確保集團上下保持廉潔，四環醫藥為員工行為及供應商招標過程訂立嚴格標準，要求各員工恪守原則，亦避免招標過程出現不公平的情況。

集團已依照地區法律訂立員工守則規範員工行為。員工守則秉持全員全面合規原則，不論業務、職級人員均需要同一準則遵守各規定。根據集團的合規管理規定，員工不得擅自披露集團的財務信息、商業機密及產品價格信息，藉此避免員工收受不當利益。另外，集團已針對員工與各類外部人員，包括政府官員、供應商、經銷商的交流活動提供指引，以免員工作出含有利益衝突的行為，禁止任何形式的賄賂發生。在集團清晰的指引下，員工可避免觸及灰色地帶，保持清廉。

2.2 Anti-corruption and sound governance

Efficient operation and sustainable development of an enterprise is inseparable from a robust and effective corporate governance system. With a comprehensive governance structure (please refer to “Corporate Governance Report” of the Company's annual report), to further ensure the integrity of the Group, Sihuan Pharmaceutical has set strict standards for the behavior of employees and the tendering process of suppliers, and required that all staff adhere to the principles to avoid unfairness in tendering processes.

The Group has established staff code of conduct in accordance with local laws to regulate the behavior of employees. The code of conduct upholds the principle of comprehensive compliance for all staff. Regardless of position or level, all staff follow the same the principle and comply with all provisions thereof. According to the Group's compliance management policies, employees may not disclose the Group's financial information, trade secrets and product price information in order to avoid employees from receiving improper benefits. In addition, the Group has provided guidance for exchanges between employees and external personnel, including government officials, suppliers and dealers, so as to avoid any behavior with conflict of interest and any form of bribery. With clear guidelines from the Group, employees can avoid entering into grey areas and maintain integrity.

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在採購過程中，集團已制定統一的評審方式，公平選取供應商。所有供應商均需提交資料作背景調查，並經過調查小組及採購部副總裁級別以上的人士審批。過程經不同單位審批，獲選用的供應商亦需要簽署廉潔承諾書，以確保當中未有貪污行為。

During procurement processes, the Group has developed a consistent evaluation method to fairly select suppliers. All suppliers are required to submit information for background investigation, and will go through approval processes from the investigation team and Purchasing Department personnel beyond vice-presidentship. The process shall be approved by different units, and the selected suppliers will be required to sign a commitment letter of integrity to ensure that no corrupted practices are present during the process.

3 運營管理

3.1 產品與服務

3.1.1 質量保證

- 質量標準

集團的生產過程按照藥品的《生產質量管理規範》(「GMP」)的標準執行。集團已備有公司的GMP文件，並由質量保證部負責監察公司GMP的執行情況，確保公司的藥品生產符合國際規範。

GMP是一套全球各地廣泛使用、並適用於製藥、食品製造等行業的品質保證系統。此規範是要確保生產商按照既定程序從原料採用、廠房設計、設施設備、衛生水平、包裝運輸、人員培訓、生產過程及質量控制等方面以規範標準製造高質量的藥品，以達到高水平的安全及品質標準。

同時，四環醫藥會嚴謹遵從國家有關法規，透過一套可操作的作業規範改善企業衛生環境，及時發現生產過程中可能存在的問題。

3 OPERATION MANAGEMENT

3.1 Products and services

3.1.1 Quality assurance

- Quality standards

The production process of the Group is in line with the standards of the pharmaceutical Good Manufacturing Practice (GMP). The Group has GMP files for all companies, and the Quality Assurance Department is responsible for monitoring the implementation of the Company's GMP to ensure that the Company's pharmaceutical production is in line with international norms.

GMP is a quality assurance system widely used around the world and applied to pharmaceutical, food manufacturing and other industries. This practice is to ensure that manufacturers follow established procedures from raw material selection, plant design, facilities and equipment, hygiene level, packaging and transportation, personnel training, production process to quality control so as to produce high quality medicines and to achieve a high level of safety and quality standards.

Meanwhile, Sihuan Pharmaceutical strictly abides the relevant laws and regulations of the country, improve the corporate health environment through a set of operational norms, and timely detection of potential problems in the production process.

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四環醫藥採取GMP的品質保證系統使集團走向標準化，同時讓集團製造的藥品更有品質保證，有效增加普羅大眾使用四環製藥的信心。

集團旗下工廠的生產流程管控一直參考國際標準，同時也嚴謹遵守國家法規要求，每年為產品的質量定下目標。各企業的總經理會按照公司內部文件的《藥品重點監測管理規定》與不同職能及層次訂立目標，此舉確保集團在產品質量上持續改善，並時刻提醒員工公司對產品質量的要求，杜絕產品製造過程帶來的品質及安全風險。對於生產及檢測過程中對任何藥品品質上的風險，本集團會按照《藥品不良事件報告與監測管理制度》嚴謹處理每個個案。有賴各個部門的積極配合及嚴謹把關，集團於本年度沒有出現任何產品質量問題流出市場造成需要回收藥品的個案。

Sihuan Pharmaceutical adopts the GMP quality assurance system and promote quality standardization within the Group, thus facilitating the Group's assurance in the quality of drugs manufactured, and effectively increasing the public's confidence in Sihuan Pharmaceutical.

Control over the production processes of factories of the Group is benchmarked against international standards, and is strictly in compliance with national laws and regulations. The Group sets goals for the quality of products each year. The general manager of each facility establishes targets in accordance with the company's internal documentation of "Key Monitoring and Management Protocols for Drugs" with staff of different functions and levels to ensure continuous improvement in product quality of the Group, to remind employees of the Company's requirements for product quality, and to prohibit quality and safety risks in the process of manufacturing. The Group strictly handle each case in line with "Adverse Drug Event Reporting and Monitoring Management System" for any risk of drug quality in the production and testing process. Thanks to the active cooperation and strict control of various departments, the Group did not have any case this year, regarding drug recall as a result of products with quality issues entering the market.

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- 質量檢測

四環醫藥矢志成為心腦血管藥物領域中一流的國際性企業，同時積極開拓其他藥品市場。我們明白每種藥品的質量都關乎使用者的健康甚至生命。因此，確保藥品的品質及安全是我們重中之重的

工作。集團出產的所有藥品均受集團的安全性監測系統管理。集團旗下的公司會把質量管理交由多個部門處理，包括質量保證部、質量控制部、驗證技術部及藥物警戒部。質量控制部的主要職責是要針對製作過程可能產生的質量問題進行嚴密監控，例如對設備、原輔料及工藝用水均定期作檢驗。質量保證部則負責組織集團的GMP系統，確保集團以符合GMP的標準生產。驗證技術部針對各藥品驗證進行管理，例如制定驗證總計劃、監督廠房設施維修。最後，藥物警戒部主要負責有關藥品不良反應的事件。如此一來，不同類型的質量問題可以獲得更專門及有效率的處理，全面地監控產品質量。

- Quality testing

Sihuan Pharmaceutical is determined to become an international first-class enterprise in the field of cardiovascular medicine, while actively explores other drug markets. We understand that the quality of each drug is concerned with the health and lives of the users. Therefore, ensuring the quality and safety of pharmaceutical products is our priority.

All drugs produced by the Group are managed by the Group's safety monitoring system. The companies of the Group delegates quality control to a number of departments, including Quality Assurance Department, Quality Control Department, Verification Technology Department and Pharmacovigilance Department. The main responsibilities of the Quality Control Department is to closely monitor the quality problems that may arise during the manufacturing process, such as regular inspection of equipment, raw materials and process water. The Quality Assurance Department is responsible for organizing the Group's GMP system to ensure that the Group's complies with the GMP production standard. The Verification Technology Department is responsible for the management of drug verification, such as the formulation of the overall verification plan, the supervision of plant facilities maintenance. Finally, the Pharmacovigilance Department is mainly responsible for adverse drug reaction events. As a result, different types of quality problems can be processed more specially and efficiently, and product quality can be comprehensively monitored.

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而集團亦策略性地對部份藥品進行重點監測。集團目前積極發展業務，投放資源於創新藥及首仿藥研發。對於新研發的藥品，集團已納入作重點監測項目，特別就該藥物籌建包括藥學專家、臨床專家、統計學專家及流行病學專家的專家組及實施團隊落實監測方案，以精密的統計分析確保藥物安全無害。其他在部分地區暫停使用、存在安全性隱患或藥品監管部要求進行重點監測的藥品，集團同樣以重點監測處理，絕不掉以輕心。

3.1.2 優質客戶服務

- 投訴處理

四環醫藥出產的藥品與民眾安全息息相關，對於客戶的投訴及意見，集團務必認真看待，確保公眾用藥安全。集團各個部門及需要與客戶對接的人員都必須按照集團制定的《藥品不良事件投訴處理流程》處理相關投訴個案，以確保所有事件得以妥善的記錄、調查、分析、上報及監測，能夠及時制定相關措施。

The Group also strategically focused on the monitoring of selected drugs. The Group is actively developing its business, allocating resources into drugs research and development of original new drugs and first generic drugs. The Group has included the research and development of new drugs as a key monitoring project, through the establishment of an expert group composed of pharmaceutical experts, clinical experts, statistics experts and epidemiology experts to implement the monitoring proposal through a dedicated team. This is to ensure that the drug is safe and harmless through precise statistical analysis. The Group also attaches high importance to the need to exercise monitoring control over drugs which are suspended in certain areas and encompasses potential safety risks.

3.1.2 Quality customer service

- Complaint handling

The drugs produced by Sihuan Pharmaceutical are closely related to public safety. The Group must take customer complaints and comments seriously to ensure safety in public medication. The various departments of the Group and the personnel dealing with customers must handle relevant complaints in line with the “Complaint Handling Process of Adverse Drug Events” formulated by the Group to ensure that all events are recorded, investigated, analyzed, reported and monitored properly, and that relevant and timely measures are taken.

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為確保我們提供讓客戶滿意的優質藥品，集團已設有藥物警戒部。如接到任何關於四環醫藥產品的品質投訴，警戒部會為其作詳細紀錄，並按要求進行上報。對任何有關產品質量問題的投訴，會將之轉至藥品生產企業處理。對於因患者用藥不良引致的情況，藥物警戒部會直接把正確的用藥方式反饋予使用者；對於疑似藥品質量引起的不良反應，生產企業則需要提供出廠報告及進行核查，確保產品對人體安全無礙。不論何種情況，我們要求所有投訴均可獲認真看待，並及時把藥品質量核查的結果回覆投訴者。由於本集團製藥過程已設有穩固機制，同時子公司抱著對品質的嚴緊要求，因此集團於年內並沒有收到未能解決的投訴個案。

3.2 員工關愛

四環醫藥相信，公司的成功為集團上下點滴努力累積而來的成果。為肯定員工的付出，我們為員工制定妥善的人力資源政策，讓員工的努力獲得公平回報。為使員工能夠持續增值，公司提供一連串培訓計劃予員工。同時，為保障員工在安全的辦公室／車間工作，公司也制定了安全生產策略。

In order to ensure that we provide customers with satisfactory high quality products, the Group has set up the Pharmacovigilance Department. If there is any complaint about the quality of the products of Sihuan Pharmaceutical, the Pharmacovigilance Department will make a detailed record and report it as required. Any complaint about the quality of the product will be transferred to and handled by the drug manufacturing facility. If the adverse events are resulted from the improper medication methods by the patients, the Pharmacovigilance Department will educate users on the correct medication methods; if adverse reactions are suspected to be caused by drug quality, production enterprises shall provide the ex-factory inspection report and conduct verifications to ensure product safety to the human body. In any case, we require that all complaints shall be taken seriously, and the results of the quality verification of the drugs shall be promptly returned to the complainants. Because the Group has a solid pharmaceutical process mechanism, and at the same time, the subsidiaries have stringent requirements for quality, the Group has not received any unresolved complaints this year.

3.2 Caring for employees

Sihuan Pharmaceutical believes that the success of the Company owes to the efforts of all the staff of the Group. In order to recognize the efforts of the staff, we have developed appropriate human resources policies for employees, so that the endeavor of employees can get a fair return. To enable employees to develop, the Company has provided various training programs for employees. At the same time, in order to ensure that employees work in safe offices/workshops, the Company has also developed a safety production strategy.

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3.2.1 員工待遇概況

集團招募員工時一直以用人唯才為基本聘用原則。集團制定的《招聘錄用管理制度》中明確指定公司會在僱用新員工時，僅以工作態度、文化程度或技能水平等與工作相關的素質為聘任條件，且所有應徵者均需通過統一的甄選程序，保證以客觀標準選任賢能。我們反對任何形式的歧視，任何性別、年齡、婚姻狀況等與工作能力無關的個人背景資訊將不影響錄用機會及日後的工作待遇，致力締造一個公平、公正、反歧視的工作環境。

集團尋求組成技能及知識背景更多元化的員工組合，著意打造高效及優良的工作環境。對於基本的勞工議題，如童工及強制勞工等，集團採取強硬態度，務必杜絕集團及旗下工作場所出現相關基本勞工問題的可能性。因此，集團會把有關要求納入應聘員工的首要條件之中，確保公司能夠有效地全方位禁止使用童工及強制勞工，在招聘階段已杜絕有關問題。

除此之外，集團以國家相關法律及法規為基礎，建立人力資源政策。同時，我們以公平公正的原則編製明確的人員招聘、晉升、解僱、薪酬與福利、工時等制度及規定，力求讓每一位員工在符合法規及業界標準的基礎下工作，並享有公平及平等的待遇。

3.2.1 Overview of employee welfare

When recruiting employees, the Group has always followed the basic principle of employment of talents based on merit. "Recruitment Management System" formulated by the Group clearly specifies that when the company hires new employees, only work attitude, education or skill level and other work related quality can be regarded as employment criteria, and all applicants are required to go through a consistent selection procedure to ensure objectivity for employee selection. We oppose any form of discrimination. Any gender, age, marital status and information on personal background which is not concerned with work abilities shall not affect the employment opportunities and treatment of employees. We are committed to creating a fair and impartial work environment of anti-discrimination.

The Group seeks to create a diverse workforce with a combination of skills and knowledge to build an efficient and excellent working environment. With regard to basic labor issues, such as child labor and forced labor, the Group strongly opposes any form of labor malpractice and prohibits potential basic labor problems within the workplace. Therefore, the Group includes relevant requirements as one of the primary criteria for employment to ensure that the company effectively prohibits the use of child labor and forced labor and will put an end to such problems in the recruitment phase.

In addition, the Group has set up human resources policies on the basis of relevant laws and regulations of the country. At the same time, we have formulated specific rules and regulations concerning recruitment, promotion, dismissal, salary, benefits and hours of work with the principle of fairness, and strove to make every employees work in accordance with the basic laws and regulations and industry standards and enjoy fair and equal treatment.

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3.2.2 培訓與發展

集團視每位員工為重要資產。我們珍惜每位員工的價值及才能，為了讓員工持續增值，讓他們有更大的發展空間，人力資源部每年為員工制定培訓計劃，使不同職能的員工能獲得合適的培訓項目。管理層的員工能持續提升管理才能，而各技術人員需要了解有關職業安全的知識，以及提升技術的培訓，安全且有效地迎接工作上的挑戰。在本年，我們分別向高級管理層提供了668小時的培訓，向部門主管提供了777小時的培訓，向其他辦公室職員提供了1,872小時的培訓，向普通工人、技術工人提供了5,857小時的培訓，以及向臨時工人提供了134小時的培訓。

3.2.2 Training and development

The Group regards each employee as an important asset. We cherish the value and talent of each employee. In order to empower employees' continuous self-improvement capabilities and to enrich their developmental potential, the Human Resources Department has annual plans for staff training, such that staff of different functions can benefit from appropriate training programs. Employees with management responsibilities will be provided with programs to improve their management skills, while technical personnel will be provided with knowledge on occupational safety, and to improve on technical training skills, so as to enable them to safely and effectively meet the challenges at work. In this year, we have provided 668 hours of training to senior management, 777 hours of training to department managers, 1,872 hours of training to other office staff, 5,857 hours of training to general staff and technical staff and 134 hours of training to temporary staff.

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四環醫藥已系統化地制定《培訓管理》標準作業程序，有效制定各員工所接受的培訓內容。培訓種類大致分為入職培訓、上崗培訓及在崗培訓。入職培訓主要為了加深新入職員工對公司的基本認識，內容包括公司概况、企業文化、員工守則、規章制度及國家相關相律法規。員工可了解公司的背景、文化及基本守則，加強員工對公司的歸屬感，亦避免員工意外違反公司政策及國家法規。除了入職培訓外，新加入的員工也需要接受針對各員工職位部門的上崗培訓。上崗培訓讓員工熟悉所在部門及崗位，亦會傳授他們該職位需具備的專業知識和工作技能，如器材操作、維修、質量標準及職業安全等。除了讓員工加快投入工作外，更重要的是讓新入職的員工也能謹守集團的質量及安全標準。集團也為在職員工提供持續增值的機會，設有在崗培訓。在崗培訓是在上崗培訓之上擴展員工知識層面、提升工作效率的培訓，並會對員工進行考核，保證員工表現符合公司標準。經過集團的努力，我們在二零一六年沒有發生任何因工作關係導致員工死亡的事務。

Sihuan Pharmaceutical has systematically developed standard operating procedures on "Training Management" to effectively plan for the training content for our staff. The types of training available include orientation, induction training and on-the-job training. Orientations are conducted to enhance the new employees' basic understanding of the company, including company profile, culture, staff rules and regulations and the relevant laws and regulations of the country. Employees can understand the company's background, culture and basic rules to enhance the sense of belonging to the Company and to avoid employees unintended violation of the Company's policies and national laws and regulations. In addition to orientation, the new employees also need to receive induction training from their attached department. Induction training allows employees to be familiar with their departments and positions, and is designed to educate them with professional knowledge and skills required for the position, such as equipment operation skills, maintenance skills, quality standards and occupational safety, etc. In addition to enabling employees' efficient familiarity to their job nature, what is more important is that new employees can also follow the Group's quality and safety standards. The Group also provides on-the-job training with opportunities for employees to improve themselves continuously. On-the-job training extends to knowledge level, and enables improvement in the efficiency of the training on the basis of induction training, and the staff will be assessed to ensure that their performance is in line with the Company's standards. In virtue of our efforts in health and safety, there were no work related fatalities in 2016.

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員工在集團擔當不同角色，他們所需的知識及技能也有所不同。我們的在崗培訓多元化，確保公司向員工傳授切合實際工作需求的信息。例如，高級管理層為集團制定指導性策略，他們需要時刻更新醫藥行業的資訊及建立集團管理架構的知識。去年，集團的高級管理人員特別出席創新藥高峰論壇，交流藥品研發的發展方向。醫藥知識對部門主管同樣重要。為維持四環醫藥心腦血管處方藥物方面的領導地位，並持續開拓其他醫療領域的市場，各部門主管分別參與長城國際心臟病學會議、全國臨床腫瘤學大會暨CSCO學術年會等行業年會培訓等。辦公室職員擔任的角色略有不同，安排予他們的培訓內容是職業技能與醫學知識並重，包括醫學知識培訓、醫療器械臨床試驗法規學習等，全方面提升員工水平。

集團明白員工希望有明確的發展道路及晉升空間。考慮到員工個人發展的需求，在提供與醫藥行業相關的培訓之餘，集團會為員工的職業發展進行規劃，讓不同崗位的員工對個人在集團的事業發展更為明確，藉此吸引有潛質向上發展的優秀人才留任。

Employees play different roles in the Group, and the knowledge and skills required are also different. We have diverse on-the-job training to ensure that the Company communicate the information required in work to the staff. For example, senior management members have developed guidance strategies for the Group. They need to be kept informed of latest information on pharmaceutical industry and the knowledge on the establishment of a Group management structure. Last year, the Group's senior executives attended a summit on original new drugs to communicate about the development trends of drug research and development. Medical knowledge is of equal importance to department heads. In order to maintain the leading role of Sihuan Pharmaceutical in cardiovascular prescription drugs, and to continue to explore other healthcare markets, all department representatives attended conferences such as the Great Wall International Cardiology Conference, National Clinical Oncology Conference, CSCO Academic Annual Meeting and other industry annual trainings, etc. As office staff play slightly different roles, the training focuses on both occupational skills and medical knowledge, including training on medical knowledge, regulations of clinical trials of medical devices, ultimately to enhance staff capabilities comprehensively.

The Group understands that employees wish to have a clear path of development and promotion. Considering the individual development needs of staff, in addition to providing relevant training about pharmaceutical industries, the Group has occupation development plan for employees, and allows staff of different positions to have a clearer vision about individual career development in the Group to attract talented people with great potential.

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3.2.3 安全生產

為確保集團順利運行，我們力求讓員工能夠以健康的身體狀態工作。集團已根據國家法規制定有關職業安全的管理程序及《環境、健康、安全方針》，並針對不同情況編製不同規程予員工遵守。

顧及員工個人身體狀況，集團已特別為擔任存在職業健康風險的工作崗位的僱員進行年度身體檢查，確保在崗員工的身體狀態均處於健康的水平，如有需要會得到及時治療。另外，集團也考慮到工作過程的潛在風險，規定各製作場地必須向員工配發適當的個人防護設備如口罩、手套等，避免員工在生產期間直接接觸對身體有影響的化學品。同時，集團規定各製作場地為倉庫管理、危險化學品管理等訂立規程，讓員工在廠房時以符合安全要求的程序工作，使員工遠離職業安全風險。除了針對廠房生產程序的意外，集團也顧慮到火災及其他險情的安全隱患，定期組織各部門人員進行消防安全知識培訓與逃生演練，讓員工面對火災及其他突發意外時會正確使用逃生路線，迅捷地逃離險境。

3.2.3 Safe manufacturing

In order to ensure the smooth operation of the Group, we strive to allow employees to work in a healthy state. The Group has developed a management program for occupational safety and “Environmental, Health and Safety Policies” in accordance with national regulations, and has prepared different procedures according to different situations for compliance.

Considering employees' personal health, the Group has especially provided annual physical examination for employees whose positions exposes them to occupational health risks. Timely treatment will be provided when necessary. In addition, the Group has also taken into account the potential risks in work processes, and regulated protocols in the provision of appropriate personal protective equipment such as masks and gloves to employees at manufacturing sites, to prevent employees from coming into direct contact with chemicals that affect the health of staff at manufacturing sites. At the same time, the Group requires manufacturing sites to establish protocols on warehouse and hazardous chemicals management, such that employees can work in line with the safety requirements in the factory and stay away from occupational safety risks. In addition to the focus on potential accidents at manufacturing facilities, the Group also takes fire and other potential safety risks into account, and regularly organize fire safety training and drills for department personnel, to ensure that employees can respond appropriately and use escape routes in the unlikely event of fire and other emergencies.

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3.2.4 員工關愛活動

集團相信，員工的身心健康對工作效能尤關重要。集團特別為員工安排各項活動，且動靜俱備，關懷員工的娛樂需要。在集團的悉心安排下，員工除了能參與自己有興趣的活動外，亦讓員工之間建立更親厚的關係。

充足運動對保持健康體魄大有助益，亦能讓員工藉運動競技發揮團隊精神。集團於去年舉辦多場運動競賽，包括籃球比賽、足球友誼賽、羽毛球友誼賽、綜合運動會等。多元化的運動項目讓擅長不同項目的員工也能參與其中，而當中的球類項目著重團隊合作，促使比賽隊伍的代表成員通力合作，培養團隊精神。更重要的是，員工在練習、比賽過程中能進行大量運動，可從中舒展筋骨，鍛鍊身體。

員工大多在廠內工作，較少機會進行戶外活動。運動健將固然投入體育項目之中，集團也為其他員工安排一系列自然環境拓展活動，地點包括磨盤胡國家濕地公園、三角龍灣公園、長春北湖濕地公園及長白山。員工有機會欣賞國家得天獨厚的自然風光，亦能在途中與同事密切交流，提高同事的凝聚力。特別的是，除了用眼睛欣賞外，集團也安排員工在初荷生態農業園裏進行植樹活動，讓員工在勞動過程中培育關愛大自然的情操，並明白在日常生活中愛護環境的責任。

3.2.4 Employee care activities

The Group believes that the physical and mental health of employees is particularly important to their job performance. The Group has specially arranged both dynamic and static activities to meet the recreational preferences of staff. The Group has carefully arranged various types of activities such that employees can participate in activities based on their interest and can establish closer relationships with other employees.

Adequate exercise keeps a person fit and healthy, and will also facilitate employees to display their team spirit through team sports. Last year, the Group held a number of friendly matches, including basketball, football, badminton, and other sporting events, etc. Diverse sporting events enable staff with different sporting abilities to participate in. Ball games require team work which promotes members to cooperate and cultivate team spirit. What is more important is that employees can exercise during practices and games to stretch their muscles and work out.

Factory-based employees mostly work within the factories and may have limited opportunities for outdoor activities. While athletic staff can devote themselves into sports, the Group has also arranged a series of outdoor outreach activities for other employees. These places include Mopanhu National Wetland Park, Sanjiaolongwan Park, Changchun Beihu Wetland Park and Changbai Mountain etc. Employees have the opportunity to enjoy the country's unique natural scenery and enjoy closer communication with colleagues, thus improving the cohesion among colleagues. In particular, in addition to enjoying the natural scenery, the Group also arranged staff to tree-planting activities at Chuhe Ecological Agriculture Park, which also allowed employees to foster their care for nature, and to understand the responsibility of environmental protection in their daily lives.

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動態活動能提升體能，靜態活動亦可保持頭腦靈活。集團為喜愛靜態活動的員工舉行棋牌賽、住宿員工打撲克比賽、愚人節趣味活動等。員工能在業餘時間進行放鬆心身的活動，亦能與夥伴切磋，加深對彼此的認識。

Dynamic activities can improve physical fitness, and static activities can assist to maintain a flexible mind. The Group held chess and poker game competitions for accommodation staff, and other static activities such as April Fools' fun activities, etc for those with preference over static activities. Employees can have relaxing activities physically and mentally in their spare time, and learn from their partners to deepen their understanding of each other.

3.3 供應鏈管理

3.3.1 供應商評估與支持

集團生產藥品時需要使用的原輔料、內外包裝材料及有機化學溶媒等均需要透過供應商購入。在挑選供應商時，我們一貫以產品質量為最重要原則，同時亦考慮成本、安全技術水平、檢測準確性等。基於以上各點，集團避免採用單一供應商，若有需要，將不斷開發新的供應商。集團特地為篩選及檢測供應商的步驟制定《四環醫藥控股集團供應商管理規程》，加強對供應鏈的管理。當中主要針對法規要求管理供應商，同時於非強制要求事項按規程管控供應商的行為，並進行供應商開發、供應商調查、合格供應商確定及供應商複查等工作。

3.3 Supply chain management

3.3.1 Suppliers' assessment and support

The raw materials, internal and external packaging materials and organic solvents are required from suppliers when the Group manufacture drugs. When selecting suppliers, we have always taken product quality as the most important principle, while simultaneously considering cost, safety technical level, precision, etc. Based on the above, the Group avoids over-reliance on one single supplier, and if necessary, new suppliers will be explored. The Group especially formulated a "Supplier Management Protocol of the Sihuan Pharmaceutical Holding Group" for the selection and examination of suppliers to strengthen the management of the supply chain. The main focus is on regulatory requirements that apply to suppliers. For non-mandatory guidelines, the Group controls the behavior of suppliers according to the protocol and develops supplier base, conducts supplier survey, and confirms qualified supplier and conducts supplier review, etc.

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為確保整個挑選供應商的過程公平公正，所有供應商均需遵循統一的輪選程序。集團的供應商需要經歷開發、背景調查及資格評審的步驟。為加強過程的公平性，所有採購事項需要雙人監管，達致互相監察的效果，另外每年會重新安排採購人員跟進。在背景調查的過程中，供應商需提交指定的資格文件，集團亦會為此成立供應商調查小組，除了進行實地考察外，亦對供應商實施調查及給予評價。在調查過程中，會清晰比對供應商各利益相關方與四環醫藥的關係，亦更清楚了解供應商的產品及服務質素，確保篩選根據供應商實際表現為考量。為確保經過篩選後的供應商表現符合預期，集團亦對供應商進行年度審計。集團會特地派員到場進行實地考察，評估供應商環境及社會各方面的表現。為了更客觀地審視供應商的表現，我們會查考供應商在其行業的許可資歷，並為個別可疑情況備案。

In order to ensure that the entire process of selecting suppliers is fair and impartial, all suppliers are required to follow a consistent selection process. The Group's suppliers need to go through the steps of experience development, background investigation and qualification review. In order to enhance the fairness of the process, all procurement activities are required to be supervised by two people, so as to achieve the effect of mutual supervision. Moreover, purchasing staff follow-up accounts will be rearranged each year. In the process of background investigation, suppliers should submit specified qualification documentations. The Group has also set up a supplier survey team which investigates and evaluates suppliers, in addition to field visits. In the process of supplier surveying, the relationship among various stakeholders with suppliers and Sihuan Pharmaceutical are clearly compared. The suppliers' products and service quality are further understood to ensure that the screening is considered by virtue of the actual performance of the suppliers. In order to ensure that the performance of selected suppliers meets expectations, the Group also conducts annual audits on suppliers. The Group specially sends personnel to conduct field investigation and to assess the social and environmental performance of suppliers. In order to objectively examine the performance of suppliers, we examine the license and qualifications of suppliers in their industry and make record should there be suspicious cases.

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3.3.2 綠色可持續採購

集團除了推行廠區環保政策外，也嘗試管理整條供應鏈的環境表現。故此，四環醫藥一向會為供應商表現進行評審分級，為表示四環醫藥推廣環保的決心，在評審供應鏈的標準中按實際情況加入環境社會事項。本集團已於《四環醫藥控股集團供應商管理規程》制定明確指引，若合作的供應商出現違反環境、安全等政策受到行政處罰或社會曝光，或因失信進入黑名單應等情況，將會及時列入不合格供應商名單，停止一切合作。

為保持藥品質素，集團對供應商的要求一向嚴格。故此，集團要求各採購部門定期按照供應商的各項表現進行評審，並對能夠提供高質量的供應商給予肯定，建立合格供應商名單，與名單中的公司建立長期戰略夥伴關係。集團過往會為供應商的質量、交貨期、價格水平、服務品質等事項給予評分。為了加強管理集團的環境及安全表現，集團特地將之納入評審項目。對於違反環境、安全等政策而遭受行政處罰的公司，集團會將之納入不合格供應商名單，停止一切合作，藉此鼓勵供應商恪守保護環境的規條，從而建立符合社會企業責任的供應鏈。

3.3.2 Green sustainable procurement

In addition to the implementation of environmental protection policies at the facilities, the Group also attempts to extend the management of environmental performance of the whole supply chain. As a result, Sihuan Pharmaceutical has always graded supplier performance. As a demonstration of Sihuan Pharmaceutical's determination in environmental protection, environmental issues are taken into account in the assessment criteria of supply chain according to the actual situation. The Group has formulated clear guidelines in "Protocols of Supplier Management of Sihuan Pharmaceutical Holdings Group". If suppliers violate the environment and safety policy and is involved in administrative penalties or social exposure, or blacklisted due to dishonesty, etc., they will be included in a list of unqualified suppliers, and all cooperative relations will cease to exist.

To maintain drug quality, the Group has always exercised stringent controls over its suppliers. Therefore, the Group has requested Purchasing Departments to regularly review supplier performance, and to provide affirmation to high-quality suppliers, to establish a list of qualified suppliers and to establish long-term strategic partnerships with them. The Group has rated the quality, delivery time, price level, service quality of suppliers and other matters in the past. In order to improve the management of the Group's environmental and safety performance, the Group has specifically included relevant issues for review. For suppliers which violate environmental and safety policy and are subject to administrative penalties, the Group will include them in the list of unqualified suppliers and cease all cooperation to encourage suppliers to abide by the rules of protecting the environment, so as to establish a supply chain which is in line with the corporate social responsibility.

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4 環境污染防治

4.1 綠色生產

集團提倡綠色生產，我們認為要持續健康地發展業務，就必須為社會的環境保護獻出一分力量。集團樂意提倡環保，並已制定符合國家法規要求的《環境、健康、安全方針》。

集團盡量減低營運為周邊環境帶來的影響。在後期製藥過程中，會涉及機器及食水的使用。為降低營運對環境的影響，集團力求減少各廠區消耗的天然資源，包括食水、能源和原材料。另外，為了進一步減少碳足印，集團鼓勵各廠區能更快使用清潔及可再生能源，讓提升生產水平的同時免除增加碳足印的疑慮。

集團處理各種排放的手法能大大影響周邊環境。四環醫藥除了顧及民眾健康，也關心生態環境的健康。我們禁止任何超標排放的行為，包括廢水、廢氣及固體廢棄物，使業務為周邊環境帶來的影響降至最低。

4 PREVENTION AND CONTROL OF ENVIRONMENTAL POLLUTION

4.1 Green manufacturing

The Group promotes green manufacturing. We believe that we must make an effort in environmental protection to sustain healthy development of the business. The Group is willing to promote environmental protection, and has developed an “Environmental, Health and Safety Policy” in line with the requirements of national laws and regulations.

The Group tries to minimize the impact of operations on the surrounding environment. The latter part of drug manufacturing process involves the use of machinery and water. To reduce the impact of operations on the environment, the Group seeks to reduce the consumption of natural resources, including water, energy and raw materials. In addition, to further reduce carbon footprint, the Group encourages facilities to use clean and renewable energy sources, so as to improve manufacturing standards while eliminating the concerns of increasing carbon footprint.

The way the Group handles emissions can greatly affect the environment. Sihuan Pharmaceutical is concerned with the health of the public, as well as the ecological health. We prohibit any actions contributing to excessive emissions of wastewater, waste gases and solid waste, and are committed to minimizing the impact of the business on the surrounding environment.

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4.1.1 能源管理

使用能源會產生各種廢氣及溫室氣體，而所耗用的原材料也並非用之不竭。集團的主要工序為後端製作，雖然不屬於高耗能的活動，但考慮到使用能源隨之而來的環境問題，集團積極監控能耗來源，亦盡量以不同方法減少耗用能源。

為減少對化石能源的依賴，集團採用了較清潔的替代能源。自二零一六年六月起，於通州的工廠宿舍由蒸氣換熱更改為太陽能提供熱水，在維持員工生活需要之餘亦能減少燃氣的使用。集團旗下部分公司的室外道路照明系統亦改用太陽能LED燈，節省用電。除了使用替代能源外，集團亦採取其他減少能源使用的措施。集團仔細研究工廠的生產週期，制定符合業務運作的措施。位於通州的工廠車間現時同時使用同一套空壓機系統，在生產量較低的月份便可共同使用設備，減低能源損耗。除了針對空壓機系統外，集團也按照季節的耗能特點制定產量。秋季時分氣溫較低，較少運用空調系統。集團把生產月份集中在能耗較低的秋季，夏季則選擇減少生產。在冬季，廠房需要使用暖氣。我們採用間斷性供暖系統，只在特定溫度的時候供應暖氣，讓能源用得其所。透過以上各種措施，集團已把能源使用有效降低。

4.1.1 Energy management

Use of energy will generate different kinds of gas emissions and greenhouse gases, however, our resources are not inexhaustible. The manufacturing procedures of the Group mainly focused at the latter stages of drug manufacturing. Although the Group is not engaged in an energy-intensive activities, considering the environmental implications brought by energy usage, the Group actively monitors energy consumption to reduce the consumption as far as possible.

In order to reduce dependence on fossil fuels, the Group adopted a clean alternative energy source. Since June 2016, the factory dormitories in Tongzhou have provided hot water using solar energy instead of steam heat to reduce the use of gas while satisfying the needs of employees' life. Some companies of the Group have changed their outdoor road lighting system to solar LED lights to save electricity. In addition to using alternative energy, the Group has also taken other measures to reduce energy use. The Group studies the production cycle of the plant carefully, and takes measures in line with the business operation. Workshops in Tongzhou share the use of the same air compressor system, which allows the workshops to share equipment use during months of lower production capacity to reduce overall energy consumption. In addition to the air compressor system, the Group also arranges production cycles in accordance with the characteristics of seasonal energy consumption. Due to the low temperature in autumn, air conditioning system is used less frequently. The Group focuses on its production in fall, when energy consumption is lower, while in summer, the Group chooses to reduce production levels where possible. In winter, factories require heating. An intermittent heating system supplying heat only at a certain temperature is used in order to make the best use of energy. Through the above measures, the Group has effectively reduced energy use.

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4.1.2 廢水排放管理

要減少廢水排放，其中一個有效方法是在源頭提升用水效能。四環醫藥爭取在各方面努力使用循環水，例如把凍幹機的用水設計改裝成循環用水系統；利用回收裝置，把車間蒸氣冷凝水回收用作鍋爐進料水；為純化水製備系統配備增加原水利用率及回收二級反滲透水裝置。以上各措施透過廠房設施收集用水，循環使用尚可加以運用的水資源。

在生產過程中會產生不同類型的液體廢棄物。部分廢棄液體如過了有效期限的消毒劑、清潔劑等，含有對環境或人體有害的化學成份。集團要求子公司制定操作程序確保通過地下水道、地漏排掉的廢棄物已經初步處理及沒有危害性，確保地下水源免受污染，影響人民安全。

集團業務主要集中於藥品的後期製作，而相關污水來源為洗瓶水。集團旗下的公司所有處理廢水的過程均符合國家標準，具有危害性的液體會排入污水處理管道，而二零一五年後建成的新工廠區更具備法規要求以外的廢水處理站。廢水處理站的興建保證營運過程中產生的廢水得到適當處理，減低對周邊環境的影響及水源的安全。

4.1.2 Wastewater discharge management

One of the effective ways to reduce wastewater discharge is to improve water efficiency at the source. Sihuan Pharmaceutical manages to use recycled water in various aspects. For example, it converts the water usage design of freeze dryers into a water reuse system; recovered steam condensate water in plant with recovery equipment will be used as boiler feed water; and equipped purified water preparation system with stage 2 reverse osmosis water devices to increase raw water use ratio and to promote recycling. The above measures collect used water through plant facilities for reusing.

Different types of liquid waste will be produced during the manufacturing process, and some liquid waste, such as out-of-date disinfectants and detergents, contain chemical compositions that are harmful to the environment or human. The Group requires all subsidiaries to develop operational procedures to ensure that the waste discharged through groundwater and floor drain has been initially treated and is not hazardous, and ensure that the groundwater source is free from pollution and the safety of the people is not affected.

The main business of the Group is focused at the latter stages of drug manufacturing and the relevant wastewater source is bottle-washing water. For the subsidiaries of the Group, all wastewater treatment processes are in line with national standards with the hazardous liquids discharged into wastewater treatment pipeline, while the new plants built after the year 2015 are equipped with wastewater treatment stations, which is beyond minimum regulatory requirements. The construction of wastewater treatment stations ensures that wastewater generated during operational processes is to be treated properly, thus reducing the impact on the surrounding environment and the safety of water source.

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4.1.3 物料使用

為減低集團營運對環境的影響，我們對物料的選用以至棄置方法也嚴加管理。我們明白物料在生產、使用以至棄置對環境也造成不同程度的影響，故此，我們對包裝材料的選用極為謹慎。在生產過程中，我們使用的包裝材料如紙盒、紙箱等均為可降解的材料，減輕堆填區的負擔。包裝時使用的小盒需運用噴油，其中選用可有效減少油墨使用的激光噴碼技術。我們也重視包裝材料的質量，避免運送貨品的過程中發生損耗，因更換包裝造成浪費。除了材料選用，我們也希望以更環保的方式處理剩餘的物料。我們在任何不影響工作流程的情況下均會盡力把製作過程使用的材料進行回收。當中效果比較顯著的是藥品包裝物料之一的鋁箔紙邊角料，集團旗下的工廠在藥品包裝的過程中均會把鋁箔紙邊角料回收再用，而集團方面亦有指引要求旗下各企業自行回收及交予當地具備資質的回收商，使回收有效進行。

4.1.3 Use of material

Sihuan Pharmaceutical conducts stringent controls over the management and selection of raw materials and the disposal of materials with the purpose of reducing the impact of the Group's operations on the environment. It is understood that the manufacturing, usage and disposal of materials will lead to different kinds of impact on the environment, therefore the packaging materials are also selected with great prudence. Certain packaging materials selected such as paper boxes and cartons are biodegradable and can reduce the burden of landfill. Laser marking technology, which can reduce the use of ink effectively, is adopted for small boxes which required oil injection. Special attention is also paid to the quality of packaging material to avoid wear and tear in delivery process and avoid the waste caused by changing of package. Apart from material selection, we also hope to dispose of the remaining materials in more environmentally friendly ways, and will try our best to reuse the materials used in production process without affecting normal workflow. One of the more significantly used material is aluminum-foil paper scraps, which is one of the packaging materials of the drugs. All plants owned by the Group recycle such aluminum-foil paper scrap during drug packaging process, and the Group also instructs these subsidiaries to recycle and deliver aluminum-foil paper scrap to qualified local recycling operators to ensure effective recovery.

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4.1.4 廢棄物處理

集團的廢棄物主要源自採購、生產、化驗、研發等過程中產生的包裝材料、原輔料、餘試劑、未符合標準的半成品等。為減少廢棄物對環境的污染，集團盡量減少廢棄物。現時辦公室的打印紙均雙面使用，又循環使用可多次耗用的包裝紙箱，減少浪費。對所有產生的廢棄物，集團一律分類妥善處理，並填寫處理紀錄，以便有效監管。

集團產生的廢棄物可大致分為四類：一般垃圾、製藥產生的固體廢料、液體廢料及其他固體危險廢棄物。集團及旗下公司均會按《廢棄物管理》標準作業程序將一般垃圾及辦公垃圾交由行政部處理。製藥而產生的廢料和產品、包裝產生的廢棄物及原材料則由質量保證部監督下自行銷毀處理。液體廢棄物如液體生產原料及廢棄的液體產品及其他固體危險廢棄物如廢電池、廢光管處理方法相同。這類廢棄物可能具有化學品或毒性，危害環境及相關人員的安全，需要小心處理。集團會把此類廢棄物妥善標示及儲存，並在專業人員的監督下交由廢棄物處理公司處理。我們的營運過程無可避免地產生各項廢物，但經過相關廢棄物處理策略，已把廢棄物帶來的環境及衛生風險降至最低。

4.1.4 Waste disposal

The main waste of the Group is packaging materials, raw materials, excipients, remaining reagents, semi-finished products failing to meet standard generated in procurement, production, testing and R&D processes. The Group minimizes waste so as to reduce pollution to the environment. Currently, the employees in office are required to use both sides of printing paper and will reuse packaging boxes and cartons to reduce waste. The Group will properly categorize and dispose of all wastes generated, and write a disposal record to conduct effective supervision.

The waste generated by the Group can be classified into four categories: general waste, solid waste generated from pharmaceutical production, liquid waste and other solid hazardous wastes. General waste and office waste of the Group and its subsidiaries will be disposed of by the Administration Department in accordance with the standard operating procedures of "Waste Management". Pharmaceutical waste and rejected products, packaging waste and raw materials will be destroyed and disposed of by the Group itself under the supervision of the Quality Assurance Department. Liquid waste such as liquid raw materials and waste liquid products and other solid hazardous waste such as waste batteries and waste fluorescent lamps will be disposed of in the same way. Such waste may have chemical components or be toxic, hazardous to the environment and to the safety of the persons concerned and need to be handled with care. The Group will mark and store such waste properly and deliver them to waste disposal companies under the supervision of professional persons. It is unavoidable to generate various waste in operation process, but the Group has minimized the environmental and health risks through relevant waste disposal strategies.

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5 社會貢獻

5.1 社區

四環醫藥非常注重業務發展對周邊社區的影響，致力減低廠區對周邊的環境及社會影響。由於本集團的製藥工廠位於中國的各個省份及城市，我們在開拓生產基地的同時，也期望能夠為周邊社區帶來勞工需求的正值增長。這是四環醫藥對於聆聽客戶及員工的需求以外，同時關注工廠所在地的社區的需求。我們在設立廠房的地區會因應廠房需求增聘大量員工，因而帶動當區就業機會。為了首先讓當區居民受惠於本集團工廠所帶來的人才需求，我們希望能夠盡量減少僱員需要遠赴其他城市尋找工作的情況。為表示集團支持本地社區的市區發展，已於《招聘錄用管理制度》有明確指引相關主管於招聘及挑選人才時優先考慮工廠周邊社區的居民，讓當地民眾受惠。

四環醫藥有志成為負責任的企業公民。因此在未來將會繼續在營運時照顧當地社區的居民，除了繼續創造就業機會外，也盡量對社區的形響減至最低，與社區共同健康發展。

5 SOCIAL CONTRIBUTION

5.1 Community

Sihuan Pharmaceutical places great significance to the impact on the development of its business to the surrounding areas, and does the best to minimize the environmental and social impacts. The Group's pharmaceutical plants are located in various provinces and cities in China, and we hope to create employment opportunities for the surrounding residents while extending our production facilities. Apart from the demands and requirements of customers and staff, Sihuan Pharmaceutical also cares about the demands of nearby communities, thus recruiting large number of employees and creating more employment opportunities. We hope to recruit local employees to benefit the local residents and prioritise job seekers within the community. To support the development of local communities, the Group has stipulated the "Recruitment and Hiring Management System" of relevant executives and should give priority to residents around the plants during recruitment and talent selection to benefit the local people.

Sihuan Pharmaceutical is dedicated to becoming a responsible corporate citizen, and will continue to take care of the local residents during operation process. Apart from creating employment opportunities, it will also minimize the impact on the communities to jointly achieve healthy development.

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ESG 層面、一般披露及關鍵績效指標(「KPI」)			對應章節
ESG aspect, general disclosure and Key Performance Indicator (“KPI”)			Corresponding Chapter
環境 Environment			
A1：排放物	一般披露	有關廢氣及溫室氣體排放、向水及土地的排污、有害及無害廢棄物的產生等的政策；及遵守對發行人有重大影響的相關法律及規例	4.1 綠色生產
A1: Emissions	General disclosure	Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	4.1 Green manufacturing
	KPI A1.5	描述減低排放量的措施及所得成果 Description of measures to mitigate emissions and results achieved	4.1.1 能源管理 4.1.1 Energy management
	KPI A1.6	描述處理有害及無害廢棄物的方法、減低產生量的措施及所得成果 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	4.1.4 廢棄物處理 4.1.4 Waste disposal
A2：資源使用	一般披露	有效使用資源(包括能源、水及其他原材料)的政策	4.1.1 能源管理
A2: Use of Resource	General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	4.1.1 Energy management
	KPI A2.3	描述能源使用效益計劃及所得成果 Description of energy use efficiency initiatives and results achieved	4.1.1 能源管理 4.1.1 Energy management
	KPI A2.4	描述求取適用水源上可有任何問題，以及提升用水效益計劃及所得成果 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	4.1.2 廢水排放管理 4.1.2 Wastewater discharge management
A3：環境及天然資源	一般披露	減低發行人對環境及天然資源造成重大影響的政策	4.1 綠色生產
A3: The Environment and Natural Resources	General disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources	4.1 Green manufacturing
	KPI A3.1	描述業務活動對環境及天然資源的重大影響及已採取管理有關影響的行動 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	4.1 綠色生產 4.1 Green manufacturing

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ESG 層面、一般披露及 KPI		對應章節
ESG aspect, general disclosure and KPI		Corresponding Chapter
社會		
Society		
B1：僱傭	一般披露	有關薪酬及解僱、招聘及晉升、工作時數、假期、平等機會、多元化、反歧視以及其他待遇及福利的政策；及遵守對發行人有重大影響的相關法律及規例的資料
B1: Employment	General disclosure	Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare
B2：健康與安全	一般披露	有關提供安全工作環境及保障僱員避免職業性危害的政策；及遵守對發行人有重大影響的相關法律及規例的資料
B2: Health and Safety	General disclosure	Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards
	KPI B2.1	因工作關係而死亡的人數及比率 Number and rate of work-related fatalities
	KPI B2.3	描述所採納的職業健康與安全措施，以及相關執行及監察方法 Description of occupational health and safety measures adopted, how they are implemented and monitored
		3.2.1 員工福利概況 3.2.1 Overview of employee welfare
		3.2.3 安全生產 3.2.3 Safe manufacturing
		3.2.3 安全生產 3.2.3 Safe manufacturing
		3.2.3 安全生產 3.2.3 Safe manufacturing
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ESG 層面、一般披露及 KPI			對應章節
ESG aspect, general disclosure and KPI			Corresponding Chapter
B3：發展及培訓	一般披露	有關提升僱員履行工作職責的知識及技能的政策。描述培訓活動	3.2.2 培訓與發展
B3: Development and Training	General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	3.2.2 Training and development
	KPI B3.2	按性別及僱員類別劃分僱員完成受訓的時數 The training hours completed by gender and employee category	3.2.2 培訓與發展 3.2.2 Training and development
B4：勞工準則	一般披露	有關防止童工或強制勞工的政策；及遵守對發行人有重大影響的相關法律及規例的資料	3.2.1 員工福利概況
B4: Labor Standards	General disclosure	Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor	3.2.1 Overview of employee welfare
	KPI B4.1	描述檢討招聘慣例的措施以避免童工及強制勞工 Description of measures to review employment practices to avoid child and forced labour	3.2.1 員工福利概況 3.2.1 Overview of employee welfare
B5：供應鏈管理	一般披露	管理供應鏈的環境及社會風險政策	3.3.1 供應商評估與支持
B5: Supply Chain Management	General disclosure	Policies on managing environmental and social risks of the supply chain	3.3.1 Suppliers' assessment and support
	KPI B5.2	描述有關聘用供應商的慣例，向其執行有關慣例的供應商數目、以及有關慣例的執行及監察方法 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	3.3.1 供應商評估與支持 3.3.1 Suppliers' assessment and support
B6：產品責任	一般披露	有關所提供產品和服務的健康與安全、廣告、標籤及隱私事宜以及補救方法的政策；及遵守對發行人有重大影響的相關法律及規例的資料	3.1.1 品質保證
B6: Product Responsibility	General disclosure	Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	3.1.1 Quality assurance
	KPI B6.2	接獲關於產品及服務的投訴應對方法 How products and service related complaints received are dealt with	3.1.2 優質客戶服務 3.1.2 Quality customer service
	KPI B6.4	描述質量檢定過程及產品回收程序 Description of quality assurance process and recall procedures	3.1.1 品質保證 3.1.1 Quality assurance

環境、社會及管治報告

Environmental, Social and Governance Report

ESG 層面、一般披露及 KPI			對應章節
ESG aspect, general disclosure and KPI			Corresponding Chapter
B7：反貪污	一般披露	有關防止賄賂、勒索、欺詐及洗黑錢的政策；及遵守對發行人有重大影響的相關法律及規例的資料	2.2 倡廉善治
B7: Anti-corruption	General disclosure	Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	2.2 Anti-corruption and sound governance
	KPI B7.2	描述防範措施及舉報程序，以及相關執行及監察方法	2.2 倡廉善治
		Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	2.2 Anti-corruption and sound governance
B8：社區投資	一般披露	有關以社區參與來了解營運所在社區需要和確保其業務活動會考慮社區利益的政策	5.1 社區
B8: Community Investment	General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	5.1 Community
	KPI B8.1	專注貢獻範疇	5.1 社區
		Focus areas of contribution	5.1 Community

管理層討論及分析

Management Discussion and Analysis

I 業務回顧

二零一六年，醫保費用控制力度進一步加強，各地區出台重點監控藥品目錄，腫瘤、心腦血管（「心腦血管」）等重大疾病領域的規模產品成為醫院控費的主要對象，本集團幾個規模產品的市場銷售同樣受到壓力。自二零一六年四月中華人民共和國國務院（「國務院」）下發《關於印發深化醫藥衛生體制改革二零一六年重點工作任務通知》（國辦發2016年26號）後，「兩票制」¹在多個省份陸續推行，對於採取分銷模式的四環醫藥無疑面臨一系列的調整與改變。此外，本集團核心產品克林澳/安捷利已面對數家企業的同品競爭。

在如此嚴峻的市場形勢下，本集團順應政策變化，通過市場策略的及時調整和有效執行，二零一六年上半年基本控制住了銷售持續下滑的態勢（與二零一五年下半年環比），二零一六年下半年則穩步回升，從而保證了全年營業績的穩定。二零一六年銷售收入為人民幣3,186百萬元，與二零一五年同比微增0.6%；本公司擁有人應佔溢利為人民幣1,708百萬元，與二零一五年同比下降17.2%，扣除去年出售附屬公司權益的一次性投資收益後，本公司擁有人應佔溢利與二零一五年同比增長11.8%。

1. 根據「兩票制」，製藥商須向分銷商或其指定的代理銷售其產品（首張發票），其後，該分銷商或指定代理不允許再向其他分銷商或彼等指定的代理銷售產品，而須直接向醫療機構銷售（第二張發票）。「兩票制」旨在減少在製藥商與醫療機構之間的經銷商層級數目。

I BUSINESS REVIEW

In 2016, the industry faced stronger controls over excessive medical insurance expenditures. Governments of various regions announced their “Key Monitored Drug List” (重點監控目錄), among which best-selling drugs of major therapeutic areas, including oncology, cardio-cerebral vascular (“CCV”), etc. have become hospital’s main targets for budget control. Consequentially, sales of the Group’s several best-selling products were also under pressure. Since the announcement of the “Notice of the General Office of the State Council on Issuing the Major Tasks in 2016 in the Deepening of the Reform of the Medical and Health Care System” (SCS 2016, no. 26) by the State Council of the People’s Republic of China (the “State Council”) in April 2016, the “Two-invoice System”¹ has been implemented in multiple provinces. Faced with the “Two-invoice System”, the Group, which adopts an indirect sales model, must make a series of adjustments and changes. In addition, the Group’s core products Kelinao/Anjieli have been confronted with competing products with the same module from other companies.

Under such market condition, the Group timely adjusted its strategies in accordance with policy changes. Due to strategy adjustments and efficient execution, the trend of sales decline was mostly stabilized in the first half of 2016 as compared to the second half of 2015. In the second half of 2016, the sales achieved steady rebound, and thus secured a stable performance for the full year. Sales revenue of 2016 was RMB3,186 million, representing a slight increase of 0.6% year-on-year. Profit attributable to owners of the Company decreased by 17.2% year-on-year to RMB1,708 million. Excluding the one-off investment income from disposal of interests in a subsidiary last year, profit attributable to owners of the Company increased by 11.8% year-on-year.

1. Under the “Two-invoice System”, a drug manufacture would sell its products to a distributor or its designated agent (the first invoice), and after that, that particular distributor or designated agent would not be allowed to on-sell the products to other distributors or their designated agents but should sell them directly to the medical institution (the second invoice). The objective of the “Two-invoice System” was to reduce the number of layers of distributors between the drug manufacturers and the medical institutions.

管理層討論及分析 Management Discussion and Analysis

據艾美仕數據顯示，二零一六年以醫院採購額計，本集團在心腦血管處方藥市場份額達11.9%，穩居首位；在中國整體醫院市場本集團位列第四位，增速為8.9%（既終端市場增速），略高於二零一六年行業的增速8.1%。足見本集團在中國心腦血管處方藥市場及中國醫院市場的扎實基礎，以及穩固的市場領先地位。

年內，除市場銷售回穩外，新藥研發也取得不俗的進展，不僅創新專利藥研發項目有效推進，仿製藥研發也顯著加快了腳步；生產品質管理水準不斷提高的同時，生產成本也得到良好控制；集團內部各項經營管控更加嚴格規範，整體管理在調整中取得了顯著的進步和改善。年內，集團各項經營指標均已達成。

According to the IMS data, the Group maintained its no.1 position in the CCV prescription drug market in 2016 with a market share of 11.9% in terms of hospital purchases. Moreover, the Group was ranked the fourth in China's entire hospital market with a growth rate of 8.9% (i.e. terminal market growth rate), which was slightly above the industry growth rate of 8.1% in 2016. This demonstrates the Group's solid foundation and stable leading position in China's CCV prescription drug market and the overall hospital market.

In addition to a gradual recovery in sales, the Group also achieved impressive progress in new drug R&D during the Year. Not only did innovative patent drug R&D proceeded efficiently, the pace of generic drugs R&D also accelerated. While the manufacturing management and quality control further improved, production costs were also controlled effectively. Moreover, the Group's comprehensive administration gained remarkable progress and improvement, with its internal control over all operational activities becoming stricter and more regulated. All of the Group's operational goals were accomplished during the Year.

管理層討論及分析

Management Discussion and Analysis

i. 主要產品銷售情況

(a) 心腦血管產品

年內，心腦血管藥物佔本集團收益總額的94.4%，同比微增0.2%。

面對核心產品克林澳／安捷利和歐迪美因醫保控費在一、二線城市大、中醫院銷售遇阻，集團調整營銷策略，在努力穩固高端市場的同時，市場下沉，積極開拓基層醫療市場。源之久、也多佳、丹參川芎嗪和益脈寧等處於成長期的產品，則橫向、縱向市場同時開發，除了開拓基層醫療市場以外，隨著招標的進程，快速開發空白市場。通過一年的努力，已初見成效，克林澳／安捷利銷售收入同比下降18.6%，降幅收窄；而歐迪美恢復增長，同比增長12.0%；源之久和多佳銷售收入分別同比增長8.6%和26.7%，丹參川芎嗪和益脈寧、曲奧和澳昔均保持正增長，川青和清通等品種因同品競爭、價格走低等因素，銷售出現不同程度的下降。

i. Sales of Key Products

(a) CCV Products

During the Year, sales of CCV products accounted for 94.4% of the Group's total revenue, representing a slight increase of 0.2% year-on-year.

In view of the fact that sales of the core products Kelinao/Anjieli and Oudimei were hindered in large and medium-sized hospitals in first-and second-tier cities due to medical insurance expenditure control, the Group adjusted its marketing strategy to achieve market penetration by actively developing low-end markets while consolidating its position in existing high-end markets. As for products at the growth stage such as Yuanzhijiu, Yeduoja, Danshen Chuanxiongqin, and Yimaining, the strategy is to expand markets both horizontally and vertically, which means rapidly developing high-end markets in new regions along with the tender progress, while penetrating into low-end markets. The strategy has gained initial success within a year-round effort. As a result, the sales decline of Kelinao/Anjieli was narrowed to 18.6% year-on-year, and Oudimei achieved an upturn with an increase in sales of 12.0% year-on-year. Yuanzhijiu and Yeduoja recorded increases in sales of 8.6% and 26.7% year-on-year, respectively. Danshen Chuanxiongqin, Yimaining, Qu'Ao and Aogan have all retained positive growth, while products such as Chuanqing and Qingtong recorded sales decline due to competition and lowered selling prices.

管理層討論及分析

Management Discussion and Analysis

主要心腦血管產品的銷售情況：

Sales of key CCV products:

產品名稱 Product Name	截至十二月三十一日止年度 銷售收入 Revenue for the year ended 31 December		同比 銷售額變動 (Change in sales year-on-year)
	二零一五年 2015 (人民幣千元) (RMB'000)	二零一六年 2016 (人民幣千元) (RMB'000)	
克林澳／安捷利(馬來酸桂哌齊特注射液) Kelinao/Anjieli (Cinepazide maleate injection)	607,401	494,624	-18.6%
歐迪美(腦苷肌肽注射液) Oudimei (Cerebroside-kinin injection)	729,815	817,239	12.0%
源之久(曲克蘆丁腦蛋白水解物注射液) Yuanzhijiu (Troxerutin and cerebroprotein hydrolysate injection)	452,677	491,600	8.6%
也多佳(複方三維B(II)注射液) Yeduojia (Compound trivitamin B for injection (II))	116,518	147,644	26.7%
丹參川芎嗪(丹參川芎嗪鹽酸注射液) Danshen Chuanxiangqin (Salviae miltiorrhizae and ligustrazine hydrochloride injection)	218,353	222,414	1.9%
益脈寧(前列地爾脂乳注射劑) Yimaining (Alprostadil lipid emulsion injection)	243,121	247,341	1.7%
澳昔(GM1)(單唾液酸四己糖神經節苷脂鈉注射液) GM1 (Monosialotetrate osylganglioside sodium injection)	184,454	189,677	2.8%
曲奧(腦蛋白水解物) Qu'ao (Cerebroprotein hydrolysate)	108,813	124,000	14.0%
川青(注射用鹽酸川芎嗪) Chuanqing (Ligustrazine hydrochloride for injection)	81,985	66,770	-18.6%
清通(依達拉奉注射液) Qingtong (Edaravone injection)	71,941	55,805	-22.4%
穀紅注射液(乙醯穀醯胺及紅花提取物複方製劑) Guhong injection (Compound of aceglutamide and safflower extract)	137,419	120,733	-12.1%
燈盞花素葡萄糖注射液 Scutellarin glucose injection	3,175	3,291	3.6%

管理層討論及分析

Management Discussion and Analysis

(b) 非心腦血管產品

年內，本集團非心腦血管藥物中的新產品表現突出，如羅莎替丁同比增長136.7%，回能同比增長237.5%，另一新產品尼爾雌醇也已開始銷售，嶄露頭角。新產品雖因市場覆蓋有限，銷量尚未形成規模，但隨著招標的進展和醫院覆蓋面的擴大，這些新產品的銷售貢獻將逐步顯現。仁奧(奧卡西平)仍保持良好增長勢頭，同比增長24.9%；卓澳/必澳等多家競爭品種，因同品競爭激烈及價格持續走低未能實現增長。

上述非心腦血管藥物的銷售情況：

(b) Non-CCV products

During the Year, newly-launched products achieved outstanding sales performance among our non-CCV products. For instance, sales of Roxatidine and Huineng increased by 136.7% and 237.5% year-on-year, respectively. Nilestriol, another newly-launched product, has entered the market with a promising start. Although sales of these new products were on a relatively small-scale due to limited market coverage, their contribution to the Group's total revenue will steady grow along with the tender progress and increasing coverage of hospitals. Ren' Ao (Oxcarbazepine) maintained stable growth with sales increased by 24.9%, whereas non-exclusive products Zhuo' Ao/Bi' Ao did not achieve growth due to intensified competition and lowered selling prices.

Sales of key Non-CCV products:

產品名稱 Product Name	截至十二月三十一日止年度 銷售收入 Revenue for the year ended 31 December		按年比 銷售額變動 (Change in sales year-on-year)
	二零一五年 2015 (人民幣千元) (RMB'000)	二零一六年 2016 (人民幣千元) (RMB'000)	
仁奧(奧卡西平) Ren' Ao (Oxcarbazepine)	22,754	28,417	24.9%
必澳(鹽酸氨溴索) Bi' Ao (Ambroxol hydrochloride)	49,374	47,726	-3.3%
卓澳(鹽酸氨溴索) Zhuo' Ao (Ambroxol hydrochloride)	15,490	15,199	-1.9%
克林黴素 Clindamycin	35,599	19,808	-44.4%
羅莎替丁 Roxatidine	9,086	21,511	136.7%
回能(甘草酸單銨半胱氨酸氯化鈉注射液) Huineng (Monoammonium glycyrrhizinate and cysteine and sodium chloride injection)	2,386	8,054	237.5%

管理層討論及分析

Management Discussion and Analysis

ii. 市場營銷

二零一六年，醫保控費在各省一、二線城市大中醫院已全面鋪開，高端市場銷售明顯受阻。本集團市場策略調整為：力求穩固高端市場的同時，加大基層醫療市場的開發。將縣級及社區醫療機構等基層醫療市場作為重點，配合國家分級診療的政策導向，開發更多的中小醫院，分擔一、二線城市大中醫院市場的銷售壓力。經過一年的努力，主要產品醫院覆蓋數量明顯增加，克林澳和歐迪美的醫院覆蓋分別達到6,055家和4,535家，年內新開發醫院均超過1,000家；源之久、丹參川芎嗪和也多佳的醫院覆蓋分別達到3,438家、2,756家和1,140家，新開發醫院數量在300至1,000家不等。

同時，對近兩年新推出市場的系列產品加大市場開發力度，抓住所有招標、補標的機會，並爭取進入各省醫保目錄或基藥目錄。羅莎替丁和回能已分別在十五和十二個省份中標，回能進入了六個省的醫保目錄，羅莎替丁則進入了兩個省的醫保目錄；尼爾雌醇和煙醯胺、多巴胺等也已陸續招標進入市場，開始銷售。

ii. Marketing and Sales

In 2016, the medical insurance expenditure control has extended to large and medium-sized hospitals in first and second-tier cities of all provinces, which hindered the Group's sales in high-end markets. The Group adjusted its marketing strategy to promote the development of low-end medical markets, while consolidating its business foundation in high-end markets. In accordance with the national policy orientation of hierarchical treatment system, the Group targeted at low-end markets such as county-level and community-level medical institutions, and dedicated its efforts in the development of more small-and medium-sized hospitals to lessen the pressure of sales in large and medium-sized hospitals of first-and second-tier cities. The number of hospitals covered by the Group's key products increased remarkably after a year of dedication. Kelinao and Oudimei have entered 6,055 and 4,535 hospitals, respectively, among which over 1,000 were newly developed during the Year. Yuanzhijiu, Danshen Chuanxiongqin, and Yeduojia have entered 3,438, 2,756, and 1,140 hospitals, respectively, with 300 to 1,000 of them newly developed.

Meanwhile, the Group increased the intensity of market development for its newly launched products during the past two years by seizing all tendering opportunities and entering the products into provincial reimbursement drug lists or essential drug lists. Roxatidine and Huineng have won tenders in fifteen and twelve provinces, respectively. Moreover, Huineng has entered six provincial reimbursement drug lists, and Roxatidine entered two. In addition, Nilestriol, Nicotinamide and Dopamine, etc. have also been progressively launched into the markets via tendering.

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為配合醫院市場的開發，本集團力求學術推廣活動務實有效，密集推展醫院科室級別的小型學術會議及活動，同時也組織或參與地區性和全國性相關專業領域的大、中型學術會議，持續提升集團及產品的品牌形象。二零一六年共開展各類學術推廣活動7,705場次，其中醫院科室級學術會議7,488場次，省／地區級中型學術會議及全國性大型學術會議217場次。

同時，繼續發揮四環醫藥網絡學院的專業網絡平台的市場推廣作用，進一步優化、豐富網絡平台欄目內容。北京醫院神經內科沙龍欄目正式上線外，腦苷肌肽時間、桂派齊特時間、曲腦時間三個產品合作活動也正式上線，並順利開展；年內，桂派齊特時間參與答題會員45,716人次，腦苷肌肽時間參與答題會員32,941人次，曲腦時間參與答題會員19,335人次。年內新增註冊會員15,095人，截至二零一六年十二月底，該平台註冊醫生會員數量超過60,000人，累計超過1,000萬人次訪問量。該網絡平台不斷提升本集團在神經科領域的專業品牌形象，也開闢了本集團學術推廣一個重要的新路徑。

In order to facilitate the development of hospital markets, the Group conducted pragmatic and effective academic activities. The Group frequently organized small academic seminars and activities at hospital departmental levels, and also organized or participated regional and national large- and medium-scale conferences in relevant academic fields. This continually enhanced the brand image of the Group and its products. In 2016, the Group organized a total of 7,705 academic promotion activities, including 7,488 hospital departmental seminars and 217 provincial/municipal medium-scale and national large-scale academic symposiums.

At the same time, the Group continued to take advantage of the professional online platform of Sihuan Pharm Online School for academic promotions, and further optimized and enriched its online contents. “Beijing Hospital Neurology Snapshot” was officially launched; a section of interactive activities for 3 key products, namely “Cerebroside-kinin Time”, “Cinepazide Time”, and “Troxerutin and cerebroprotein hydrolysate Time” was also launched and implemented smoothly. During the Year, participation counts of 45,716 was recorded for the Q&A section of “Cinepazide Time”, and 32,941 and 19,335 were recorded for the Q&A section of “Cerebroside-kinin Time” and “Troxerutin and cerebroprotein hydrolysate Time”, respectively. During the Year, there were 15,095 new registered members. By the end of December 2016, this platform attracted over 60,000 physicians as registered members and over 10 million visits. The online platform continually improved the Group’s professional brand image in neurology, and also served as a new channel for the Group’s academic promotion.

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二零一六年，本集團還陸續啟動針對幾個核心產品的九項研究課題。通過對核心產品作用機理、作用特點、新的臨床應用等課題研究，使醫生對本集團產品有更深入的理解和認可，對延長核心產品的生命週期具有重要的意義。

面對「兩票制」的推行，與分銷商積極探討實施「兩票制」的具體方案，最大限度地減輕其對市場銷售的衝擊。目前已在福建、北京、安徽、遼寧、黑龍江、河北、天津、海南以及湖北和陝西的部分地區實施了兩票制，並在實行中不斷總結經驗，以便其它省份實行兩票制時更為順利。

為適應市場的發展變化，本集團對市場營銷體系進行了系統性的強化建設，著力提升營銷體系的專業水準及業務能力。於年內引進數位曾在跨國企業就職的優秀營銷管理人員，成立了涵蓋醫學事務、學術推廣和藥物警戒等部門的市場營銷管理中心。同時引進SMART(即specific(到位)、measurable(可算)、achievable(可達)、realistic(靠現)和timed(何得))市場分析數據系統，用市場分析數據，確定市場拓展空間及目標設定，引導資源的有效配置，以實現市場的有效開發。

In 2016, the Group has commenced nine research projects on its core products. These research projects were conducted to further explore mechanisms, characteristics, and new clinical applications of the core products, thereby allowing physicians to have a better understanding and recognition of the Group's products. In addition, this is critical in extending the life cycles of these core products.

Confronted with the requirement of the “Two-invoice System” implementation, the Group discussed with its distributors to explore specific schemes in order to minimize its impacts on the sales. To date, the “Two-invoice System” has been implemented in Fujian, Beijing, Anhui, Liaoning, Heilongjiang, Hebei, Tianjin, Hainan, and some regions in Hubei and Shaanxi. The Group gathered experiences along the progress, which will facilitate the subsequent implementation of the “Two-invoice System” in other provinces.

To better adapt to market changes, the Group strengthened its marketing and sales system by enhancing the professionalism and marketing and sales capabilities of its sales staff. During the Year, the Group hired several outstanding marketing management personnel who have extensive experience in multi-national pharmaceutical companies, and established a marketing management center which comprises departments of medical affairs, academic promotion and pharmacovigilance, etc. At the same time, the Group introduced the SMART (which means specific, measurable, achievable, realistic and timed) market data analysis system which uses analyzed market data to determine a product's market potential and sales target, and in turn leads to an efficient resource allocation and market development.

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iii. 新藥研發

年內，本集團創新藥研發取得理想進展。創新專利藥哌羅替尼在美國和中國的I期臨床試驗均順利推進。鹽酸依格列汀於二零一六年七月二十七日獲得國家藥監總局頒發的II/III期臨床批件，II期臨床已經啟動。安納拉唑鈉I期臨床試驗已經結束，正在進行II/III期臨床試驗樣品的製備，準備II/III期臨床試驗的申請；另外兩個1.1類新藥泰樂地平和百納培南的I期臨床試驗已結束並完成總結；加格列淨的I期臨床試驗倫理已經通過，I期臨床試驗於近日正式啟動。二零一六年下半年，1.1類創新專利藥賽羅替尼和複達那非先後獲得I/II/III期臨床批件，二零一六年十一月還提交了另一個1.1類創新藥吡羅西尼(XZP-3287，抗腫瘤新藥，擬用於腦瘤和乳腺癌的治療)的新藥臨床試驗申請，並獲受理。與日本RaQualia Pharma Inc.聯合開發新型鎮痛專利新藥的進展順利，合成40個新化合物，正在進行篩選，其中已發現具有進一步研究價值的化合物單體。

仿製藥研發於年內也取得了不俗的成績。本集團於年內獲得47個臨床批件，其中35個為3.1類新藥項目；多個項目進入臨床試驗，26個仿製藥項目申報了生產，正等待獲批上市。

iii. New Drug R&D

The Group achieved encouraging progress in the innovative drug R&D during the Year. Phase I clinical trials of innovative patent drug Pirotinib in the United States and China progressed smoothly. The Group obtained approval for Phase II/III clinical trials of Imiglipitin Dihydrochloride from the CFDA on 27 July 2016, and has commenced its Phase II clinical trials. Phase I clinical trials of Anaprazole Sodium was completed, and samples for Phase II/III clinical trials are being prepared for the application of clinical trial approval. In addition, Phase I clinical trials and their summary reports of Tylerdipine Hydrochloride and Benapenem, two other Category 1.1 innovative drugs, were completed. Ethics approval for Phase I clinical trials of Janagliflozin was granted, after which Phase I clinical trials will be officially commenced soon. In the second half of 2016, Sirotinib and Fadanafil, two Category 1.1 innovative patent drugs, were granted Phase I/II/III clinical trial approvals. The Group also filed investigational new drug application for clinical trial approval of Birociclib (XZP-3287), another Category 1.1 innovative oncology drug intended to treat brain tumor and breast cancer, in November 2016 and obtained acceptance. In addition, the collaboration with Japan's RaQualia Pharma Inc. in the development of novel analgesic patent drugs is proceeding smoothly with 40 new compounds synthesized and currently under screening, and among them, monomers that worth further investigation have been identified.

The R&D of generic drugs also gained impressive progress during the Year. The Group was granted 47 clinical trial approvals, among which 35 were for Category 3.1 generic drugs. Several projects have entered clinical trials and 26 projects have filed applications for production approvals and are expected to be launched into the market.

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仿製藥團隊承擔的產品一致性評價工作也順利推進，在已開展的五個口服製劑(包括鹽酸二甲雙胍片、阿奇黴素膠囊、奧卡西平片、辛伐他汀片及坎地沙坦酯片)的基礎上，又啟動了對尼爾雌醇片的一致性評價。

二零一六年，本集團新藥研發項目共獲得國家級、省級及地方各類科研獎項十三項，顯示國家各級科技管理機構對本集團新藥研發的肯定和鼓勵。

年內，研發費用支出總額合計人民幣254百萬元，佔總收益8.0%，較二零一五年增長4.9%。

iv. 生產管理與品質控制

集團生產品質管理中心(「本中心」)，對所屬各生產企業實施系統化管理。根據新GMP及國家藥監總局提出的新要求，制訂了更為嚴格的內部品質管控制度，為推動制度的嚴格執行，實行內部品質審計和品質巡查。二零一六年，本中心對各生產基地完成六次品質審計、兩次品質巡察，針對發現的問題及缺陷項，要求各生產企業提交整改計劃，經本中心的批准後，立即進行改進完善。將品質巡察與品質審計相結合，提升了對生產企業監管的針對性和有效性。

In addition, quality consistency evaluation undertaken by the generic drug R&D team progressed smoothly. Besides, the ongoing projects on five oral formulations (Metformin tablets, Azithromycin capsules, Oxcarbazepine tablets, Simvastatin tablets and Candesartan Cilexetil tablets), a quality consistency evaluation on Nilestriol tablets has also been initiated.

In 2016, the Group was granted a total of 13 awards at national, provincial, and municipal levels for its new drug R&D, demonstrating the recognition and encouragement of the Group's R&D capabilities from government entities at all levels.

During the Year, the total R&D expenditures was RMB254 million, accounting for 8.0% of the total revenue, which increased by 4.9% compared to 2015.

iv. Production Management and Quality Control

The Group's production quality control center (the "Center") implemented systematic management over subsidiary manufacturing facilities. According to the new GMP guidelines and new requirements from the CFDA, the Group established a stricter internal quality control system, and conducted internal quality audits and inspections to ensure the stringent implementation of the system. In 2016, the Center conducted six quality audits and two quality inspections at the manufacturing facilities, and required manufacturing facilities to submit rectification plans on the problems and defects found in the quality audits and inspections. These problems and defects should be improved and rectified immediately after the rectification plans were approved by the Center. The integration of quality audits and quality inspection improved the pertinence and effectiveness on the management of manufacturing facilities.

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除了嚴格的品質管控，本中心還對各生產企業的生產成本實施有效管控。根據年度成本控制規劃，對各生產企業的能源消耗費用及物料消耗費用、試驗檢驗費用、維護修理費用（「三項費用」）的預算進行嚴格的審批。根據各企業上報的能源消耗及三項費用數據，結合產量、批數及年度批消耗預算情況，按季度進行系統分析，確保整體費用控制在預算範圍內。

在系統化的嚴格管理下，各生產企業生產管理及品質控制持續優化，不僅產品品質優良，且能源消耗及三項費用得到有效控制。年內，內部成品合格率100%，未發生外部機構（地方藥檢部門等）抽檢產品不合格事件發生，也未發生任何品質及安全事故。

v. 內部管控

為加強內部管理，集團在審計部的基礎上成立了集團審計合規中心，不僅承擔集團內部各項審計監察工作，而且負責集團的全面合規管理。自二零一五年開始到二零一六年末，共完成對集團所屬九家子公司的財務管理與內控專項審計，並對審計整改情況進行落實，年內所涉及的子公司均完成整改，集團內部管理進一步得到強化，管理更加嚴謹規範，合規經營得到保障。

In addition to the strict quality control, the Center also implemented effective control over the production cost of all manufacturing facilities. According to the annual cost control plan, the Center adopted a stringent assessment and approval process for the budgets of the manufacturing facilities on their energy consumption and material costs, experimental costs, and maintenance costs (“Three Types of Costs”). According to energy consumption data and the Three Types of Costs data reported by all manufacturing facilities, complemented by the relevant production volume, number of batches and approved annual consumption budget, the Group performed a systematic analysis on quarterly basis to ensure that the aggregate expenses were within the budget.

Under the strict systematic management, the manufacturing facilities continued to optimize their production management and quality control. Not only did the products reach premium quality, energy consumption and the Three Types of Costs were also controlled effectively. During the Year, the Group’s internal qualification rate was 100%, and no unqualified samples were found during inspections conducted by external institutions (local drug testing departments). Also, there was no occurrence of quality and safety-related incident.

v. Internal Management

In order to strengthen internal management, the Group established an audit and compliance center on the foundation of the audit division. The audit and compliance center not only undertakes audits and inspections but is also responsible for the overall compliance management of the Group. From 2015 to the end of 2016, the audit and compliance center completed the audits of financial management and internal controls for nine subsidiaries in total, and enforced rectification progress. All subsidiaries involved have accomplished rectification during the Year. The internal management of the Group was further strengthened in a stricter and more normative manner, and thus the compliance of the Group’s operation was guaranteed.

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二零一六年還聘請安永諮詢團隊，協助管理層完成了「全面風險管理」專案，對四環醫藥可能面臨的風險進行全面辨識、評估及分析，提供相應風險應對策略，建立風險管理制度，為今後風險管理的常態化提供了系統方案和制度保障。

In 2016, the Group's management completed a "comprehensive risk management" program with the assistance of the consulting team from Ernst & Young. This program identified, assessed, and analyzed potential risks the Group may face, provided corresponding strategies, and established a risk management system. Ultimately, this program provides a systematic scheme and a system safeguard for the standardization of risk management in the future.

II 未來展望

i. 行業前景

醫保費用的控制將會持續加強，醫院將繼續加強控制處方、降低藥費佔比。二零一七年一月九日國家衛生和計劃生育委員會發佈《在公立醫療機構藥品採購中推行「兩票制」的實施意見（試行）》，標誌著「兩票制」將在全國全面鋪開。各省採購招標中藥品價格必然是持續走低，隨著國家新醫保目錄及醫保支付價格的出台，醫院藥品加成的全面取消，醫院二次議價也將全面實行，二零一七年醫藥企業的壓力有增無減。

但受人口老齡化、城鎮化加快，以及全民醫保廣覆蓋等因素的影響，我國醫藥市場的剛性需求仍在持續增長。據艾美仕數據顯示，二零一六年醫院藥品採購額增速為8.1%，儘管藥品價格持續走低，但較二零一五年5.0%的增速回升三個百分點，這也說明醫藥市場剛性需求的增長不可遏制。

隨著醫改後續政策的明朗和落地，行業經歷陣痛期後，必將迎來更加規範、健康的發展新階段。具有綜合經營優勢或具特色專業化的醫藥企業將會贏得新的發展機遇和長遠的發展空間。

II FUTURE PROSPECTS

i. Industry Outlook

It is expected that the government will continue to intensify the control over excessive medical insurance expenditure, which, in turn, will render hospitals to exercise tighter control on drug prescriptions to reduce the proportion of drug costs in their cost structure. On 9 January 2017, the National Health and Family Planning Commission announced the "Opinions on the implementation of the "two-invoice" policy in the procurement of pharmaceuticals in public medical institutions (tentative)", which marked the upcoming nationwide roll-out of the "Two-invoice System". There is no doubt that tender prices in all provinces will continue to decline. In addition, the release of new National Drug Reimbursement List and reimbursement prices, the nationwide implementation of medicine mark-ups removal as well as the second-round price negotiation will bring more pressure to the pharmaceutical industry in 2017.

Fueled by China's ageing population, rapid urbanization and universal medical insurance coverage, rigid demand in the domestic pharmaceutical market will continue to grow. According to IMS data, hospital drug procurements increased by 8.1% in 2016. Despite of lowered prices, the growth rate was raised by approximately three percentage points from 5.0% in 2015, demonstrating a persistent growth of rigid demand in pharmaceutical markets.

With increased visibility and implementation of the subsequent policies of the medical reform, the industry will step into a more regulated and healthy stage after experiencing short-term difficulties. It is expected that pharmaceutical enterprises with advantages in integrated operation or specialization will eventually gain growth opportunities and flourish in the long run.

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ii. 經營策略調整

我們面對當前的市場形勢及政策環境，近期，本集團既要順應政策變化，調整短期策略，解決「兩票制」實施中的實際問題，還要在醫保控費的市場環境下保證近兩年的經營穩定；同時，也要為未來長期發展的戰略調整著手準備，確定調整的方向。

增長策略

1) 繼續開發基層市場，挖掘現有產品市場潛力

基層市場的開發已初見成效，在此基礎上，二零一七年將繼續推進。對處於市場不同階段的產品分別制定具體策略和目標，精耕細作，細化管理，充分挖掘可開發市場的空間，確定主要產品8,000至10,000家醫院的覆蓋目標，實現產品在全國醫療機構的廣泛覆蓋和最大產出。同時，力爭穩固核心產品在一、二線市場的地位。

2) 進一步豐富產品資源組合

在羅莎替丁、回能、克林黴素和甲硝唑等上市後，本集團陸續推出尼爾雌醇、維拉帕米、煙醯胺和多巴胺等產品；計劃還將從現有產品儲備中甄選、推出一些產品，加之陸續獲批的新產品，進一步豐富目前經營的產品組合。隨著招標準入省份的擴展，這些陸續上市的系列產品對經營收益的貢獻將逐步顯現，分擔成熟品種後續增長的壓力。

ii. Operation Strategies Adjustment

In view of the current market situation and policy environment, the Group, on one hand, will adjust its short-term strategy in accordance with the policy changes, which is to solve the practical problems in the implementation of the “Two-invoice System” while maintaining its operation stability of the upcoming two years under the market condition with strict control over medical insurance expenditure. On the other hand, the Group will identify a future direction, towards where the long-term strategy will be adjusted.

Growth Strategies

1) *Continual development of low-end markets to fully tap the potential of existing products*

The development of low-end markets has achieved initial success, and thus it will be continually implemented in 2017. In order to fully tap the market potential, the Group will make specific strategies and targets for products in different stages in terms of market development, and implement intensive market promotion as well as refined management. A goal of 8,000 to 10,000 hospitals was formulated for the Group's key products to ensure a universal coverage of the national medical institutions and a maximum output. Meanwhile, the Group will make efforts to consolidate the foundation of its key products in first- and second-tier cities.

2) *Further enrichment of product resources portfolio*

The Group progressively launched more new products including Nilestriol, Verapamil, Nicotinamide and Dopamine subsequent to the launch of Roxatidine, Huineng, Clindamycin and Metronidazole. The Group will further enrich its product portfolio by launching new products selected from the product reserve as well as those having received production approvals. Along with the tender progress across provinces, contribution of these products is expected to grow gradually, which will help alleviate the burden on sales growth of mature products.

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3) 做好「兩票制」的轉換與調整

為保障市場營銷體系的穩定，本集團仍延續以往的分銷模式，分銷商轉換為合規的銷售服務機構，仍以獨立的服務商家為四環醫藥提供市場終端服務，與本集團內部營銷團隊分工合作。這樣既符合「兩票制」的要求，也保障了營銷系統業務的正常運行。

為減少「兩票制」推行帶來的衝擊，局部市場採取混合式營銷模式，對於少量的小規模分銷商則選擇性吸納轉入內部營銷隊伍，空白市場或薄弱市場則計劃建立自有直銷隊伍，以保證市場營銷網路及產品銷售的穩定過渡。

與此同時，做好市場分銷、配送渠道的深度建設，選擇適宜的物流商業企業合作，建立起從高、中端市場向低端基層市場延伸的物流配送網路，尤其為產品在基層市場的開發搭建好分銷渠道。

長遠發展策略

1) 打造以學術為主導的營銷體系

建立以學術引領的大市場營銷體系，轉變過往商務主導的傳統銷售理念。用學術研究成果和市場分析數據為產品市場定位，學術推廣為主導，商務服務輔助並行，實現營銷系統的科學化、系統化和數據化管理。

本集團將加強學術推廣隊伍建設，優化商務服務系統，把控營銷的核心要務，保持市場的運行效率。與此同時，本集團將探索符合未來市場發展的新型營銷模式。

3) *Making the best efforts on the Group's transition and adjustments for the "Two-invoice System"*

In order to maintain the stability of the marketing and sales system, the Group will continue to adopt its distribution sales model, which requires distributors to register compliant contract service organizations to provide the Group with terminal sales service as independent third parties while cooperating with the Group's internal marketing team. In this way, normal operation of the Group's marketing and sales system is guaranteed while the requirements of the "Two-invoice System" are met.

In order to minimize the impact of the "Two-invoice System", a hybrid marketing model will be adopted in some regions. The Group will selectively hire some small distributors as its in-house sales staff, and will also build direct sales teams in markets where it has no or little presence, thereby ensuring a smooth transition of the sales network to the "Two-invoice System".

In the meantime, the Group will strengthen its construction of distribution and delivery channels. Specifically, the Group will extend its delivery channels from high- and middle-end markets to low-end markets by collaborating with suitable logistics companies, laying the foundation for the Group's development in those markets.

Long-term Development Strategies

1) *Establishing a marketing and sales system driven by academic promotion*

The Group will build a greater marketing and sales system led by academic promotion, which is different from the traditional sales-driven model. Under such system, a product's market position is built upon academic research results and market analysis data. Driven by academic promotion while supplemented by sales service, the marketing and sales system will be managed in a scientific, systematic and digitized manner.

The Group will intensify the construction of academic promotion team, optimize the sales service system, and grasp the key business to maintain a high market efficiency. Meanwhile, the Group will explore a new marketing and sales model that fits the future trend of market development.

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2) 多途徑獲取優質的產品資源

為獲取更豐富的優質產品資源，堅持新藥研發與收購兼併（「併購」）並舉。

為加快新藥研發的步伐、提升研發實力，加大與國際領先水準的創新企業及機構的合作，在不斷優化新藥項目管線的同時，使四環醫藥新藥研發團隊及平台保持在國際水準。以臨床價值為導向，選擇重點項目，集中資源大力推進，實現創新專利藥的盡早上市。

另一方面，產品項目的併購，則將以更靈活多樣的方式、在更廣泛的區域及領域開展，在本集團發展戰略的框架內，或實現提升、充實現有新藥項目管線，或增強、擴充現有經營產品資源，或成功進入新的疾病治療領域等。使併購成為獲取產品資源的重要途徑。

3) 自身有機增長與外延式擴展相結合

本集團發展壯大的過程就是自身增長與外延擴展有效結合的結果。而本集團目前具有更佳的業務整合條件。不僅擁有強大的市場營銷能力，創新藥及仿製藥兩大研發平台，還有功能齊備的生產系統，可承接併購項目或合作項目所需的所有業務支援，能夠使外延擴展與自有業務有機融合，實現整體經營的壯大與發展。

未來仍將在穩健的有機增長的同時，本集團將通過收購兼併和合作經營等方式積極尋找發展壯大的機會。

2) *Obtaining high-quality product resources through multiple channels*

The Group will enrich and enhance its product resources through both R&D and merger and acquisitions (“M&A”).

In order to accelerate the pace of R&D and enhance the R&D capabilities, the Group will intensify its collaboration with world leading innovative companies or institutions. This will not only optimize the Group’s R&D pipeline, but will also benefit its R&D teams by maintaining their R&D capabilities at an internationally competitive level. In the process of R&D, certain key research projects will be selected mainly based on their clinical values, followed by resources allocation and investment to expedite their commercialization.

On the other hand, M&A can be conducted more flexibly in broader regions and more therapeutic areas. Under the strategic framework of the Group’s growth and development, appropriate M&A will enhance and enrich the Group’s R&D pipeline and existing product resource, or build up new therapeutic fields for the Group’s development. M&A will be considered as an important way for the Group to expand its product resources.

3) *Combination of organic growth and external expansion*

Rapid development of the Group resulted from an effective combination of organic growth and external expansion. At present, the Group is better prepared for business consolidation supported by its strong marketing capabilities, superior R&D platforms of innovative and generic drugs, and advanced manufacturing system, as well as all kinds of business supportive services for M&A and collaboration programs. It is believed that the integration of organic growth and external expansion will boost the Group’s overall business development.

In addition to maintaining its organic growth, the Group will keep seeking growth opportunities via M&A and cooperation to promote its development.

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iii. 展望

二零一七年，本集團將順應政策及市場變化，調整中不斷總結經驗，規避風險，穩健經營；同時本集團將繼續強化內部管理，有效管控成本，保持經營穩中求進。

本集團憑藉領先的市場地位，現有經營基礎和規模效益，以及雄厚的研發實力和強大的營銷能力，管理層堅信四環醫藥定能經受住考驗，平穩度過行業的陣痛期，在調整和改進中不斷進步，贏得新的發展機遇。

iii. Future Outlook

In 2017, the Group will learn from experiences of continuous adjustment in accordance with policy and market changes, avert risks, and maintain operational stability. Meanwhile, the Group will continue to strengthen its internal management and costs control, in order to maintain a firm operational foundation and to achieve a steady growth.

On the foundation of the Group's leading market position, solid operation foundation, economies of scale, strong capabilities in R&D, and marketing and sales, the management believes that Sihuan Pharmaceutical can withstand and will overcome short-term challenges and difficulties. Through continuous adjustment and improvement, the Group will embrace new opportunities for future prosperity.

III 財務回顧

營業額

本年度，本集團繼續增強心腦血管藥物業務，同時提高其它治療領域的產品銷量。收益總額由二零一五年的人民幣3,167.2百萬元增加0.6%至二零一六年的人人民幣3,185.7百萬元，增加約人民幣18.5百萬元。增速較緩因為主打產品之一克林澳(馬來酸桂哌齊特)存在競爭者，為提高分銷商的積極性，本公司下調了供貨價格，其它多家競爭品種的供貨價格也有不同程度的下調。此外，醫保控費對本集團的收益也存在一定影響。

本年度，心腦血管藥物於本年度的銷售額約為人民幣3,006.0百萬元，較二零一五年增加約人民幣5.3百萬元，約佔本集團營業總額的94.4%。

非心腦血管藥物收益由截至二零一五年十二月三十一日止年度的人民幣166.5百萬元增加約7.9%至本年度的人民幣179.7百萬元，約佔本集團收益總額的5.6%。

III FINANCIAL REVIEW

Turnover

During the Year, the Group continued to strengthen its CCV drug business while promoting sales of its products in other therapeutic areas. Total revenue increased by approximately RMB18.5 million or 0.6% from RMB3,167.2 million in 2015 to RMB3,185.7 million in 2016. Growth rate was relatively slow due to one of the major products, Keliniao (Cinepazide maleate injection), had keen competition in the market. In order to compete with the lowered supply prices at different degrees of other competing products, motivation of the distributors were increased through lowering the supply price. Furthermore, control on total expenditure for medical insurance had also affected revenue of the Group.

During the Year, sales of CCV drugs for the Year amounted to approximately RMB3,006.0 million, representing an increase of approximately RMB5.3 million when compared with 2015, which accounted for approximately 94.4% of the Group's total revenue.

Revenue derived from non-CCV drugs increased by approximately 7.9% from RMB166.5 million for the year ended 31 December 2015 to RMB179.7 million in the Year, accounting for approximately 5.6% of the Group's total revenue.

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銷售成本

本集團本年度銷售成本約為人民幣996.8百萬元，約佔收益總額的31.3%。

毛利

本年度的毛利為人民幣2,188.9百萬元，比截至二零一五年十二月三十一日止十二個月的人民幣2,228.0百萬元減少約人民幣39.1百萬元，整體毛利率由截至二零一五年十二月三十一日止年度的70.3%下降至本年度的68.7%。主要原因是競爭激烈，降低我們產品的銷售價格，特別是某些主要產品。

其它收益淨額

其它收益淨額由截至二零一五年十二月三十一日止年度的收益人民幣540.7百萬元減少人民幣54.4百萬元至本年度的收益人民幣486.3百萬元。此乃主要由於政府補助較截至二零一五年十二月三十一日止年度減少所致。

分銷成本

本年度的分銷成本較截至二零一五年十二月三十一日止年度減少人民幣9.3百萬元至人民幣145.8百萬元。

行政開支

行政開支由截至二零一五年十二月三十一日止年度的人民幣455.9百萬元增加18.6%至本年度的人民幣540.5百萬元。其中，研發費用由二零一五年十二月三十一日人民幣151.8百萬元(包含人力成本)增加7.3%至本年度的人民幣162.9百萬元(包含人力成本)。此增加主要是薪酬較去年大幅增加所致。

Cost of sales

The Group's cost of sales for the Year amounted to approximately RMB996.8 million, accounting for approximately 31.3% of the total revenue.

Gross profit

Gross profit of RMB2,188.9 million was recorded for the Year, representing a decrease of approximately RMB39.1 million when compared with RMB2,228.0 million for the year ended 31 December 2015. Overall gross profit margin decreased from 70.3% for the year ended 31 December 2015 to 68.7% for the Year, which was due to lowered selling price of our products, especially certain key products, as a result of intensified competition.

Other net gains

Other net gains decreased by RMB54.4 million from RMB540.7 million for the year ended 31 December 2015 to RMB486.3 million for the Year. This was mainly due to the decrease in government grants received as compared with the year ended 31 December 2015.

Distribution costs

Distribution costs decreased by RMB9.3 million to RMB145.8 million for the Year as compared with the year ended 31 December 2015.

Administrative expenses

Administrative expenses increased by 18.6% from RMB455.9 million for the year ended 31 December 2015 to RMB540.5 million for the Year, in which, R&D cost increased 7.3% from RMB151.8 million (including labor cost) as at 31 December 2015 to RMB162.9 million (including labor cost) for the Year. The increase was primarily due to the significant increase of payroll as compared to last year.

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其他開支

其他開支由截至二零一五年十二月三十一日止年度的人民幣104.5百萬元減少至本年度的人民幣29.0百萬元。主要是由於本年度的附加稅減少所致。

除所得稅前溢利

由於上述因素，本集團的除所得稅前溢利由截至二零一五年十二月三十一日止年度的人民幣2,841.7百萬元下降24.3%至本年度的人民幣2,152.6百萬元。

所得稅開支

本集團所得稅開支由截至二零一五年十二月三十一日止年度的人民幣797.0百萬元下降40.7%至本年度的人民幣472.7百萬元，主要是由於二零一五年附屬公司需支付額外所得稅的一次性影響所致。

年內溢利

由於上述因素以及二零一五年一次性出售吉林四長的權益所得，本集團的純利由截至二零一五年十二月三十一日止年度的人民幣2,044.8百萬元下降17.8%至本年度的人民幣1,679.8百萬元。

本公司擁有人應佔溢利

本公司擁有人應佔溢利由截至二零一五年十二月三十一日止年度的人民幣2,062.4百萬元下降17.2%至本年度的人民幣1,708.2百萬元。然而，於撇除二零一五年出售附屬公司權益的一次性所得人民幣535.0百萬元(除稅後)後，本公司擁有人應佔溢利增大11.8%。

非控股權益

非控股權益由截至二零一五年十二月三十一日止年度的虧損人民幣17.6百萬元增至本年度的虧損人民幣28.4百萬元。

Other Expenses

Other expenses decreased from RMB104.5 million for the year ended 31 December 2015 to RMB29.0 million for the Year. The decrease was mainly due to the decrease of tax surcharge of the Year.

Profit before income tax

Due to the aforesaid, the Group's profit before income tax decreased by 24.3% from RMB2,841.7 million for the year ended 31 December 2015 to RMB2,152.6 million for the Year.

Income tax expenses

The Group's income tax expenses decreased by 40.7% from RMB797.0 million for the year ended 31 December 2015 to RMB472.7 million for the Year, due to the one-off effect from additional income tax expenses incurred from a subsidiary in 2015.

Profit for the Year

Due to the aforesaid, and the one-off gain from disposal of interest in Jilin Sichang in 2015, the Group's net profit decreased by 17.8% from RMB2,044.8 million for the year ended 31 December 2015 to RMB1,679.8 million for the Year.

Profit attributable to owners of the Company

Profit attributable to owners of the Company decreased by 17.2% from RMB2,062.4 million for the year ended 31 December 2015 to RMB1,708.2 million for the Year. However, excluding an one-off gain of RMB535.0 million (net of tax) from disposal of interests in a subsidiary of the Company in 2015, profit attributable to the owners of the Company increased by 11.8%.

Non-controlling interests

Non-controlling interests loss increased from RMB17.6 million for the year ended 31 December 2015 to RMB28.4 million for the Year.

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流動資金及財務資源

於二零一六年十二月三十一日，本集團現金及現金等價物為人民幣2,407.1百萬元(二零一五年十二月三十一日：人民幣2,282.4百萬元)，可供出售的金額性資產為人民幣1,710.0百萬元(二零一五年十二月三十一日：人民幣1,959.3百萬元)。

本集團一般將多餘現金存入計息銀行賬戶及活期賬戶。本集團可能將額外的現金用作短期投資，以獲取較豐厚的回報。因此，本集團成員公司與若干中國聲譽顯著的銀行機構訂立協議，將額外的現金進行投資。於本年度，根據有關協議，本集團成員公司投資本金總額為人民幣1,695.1百萬元。本集團按該等協議進行的投資為短期投資，主要為向若干中國聲譽顯著的銀行機構購買的財務計劃產品。對於上述財務計劃產品，發行該等財務計劃產品的銀行可酌情決定將本集團資金投資國債、貼現的銀行承兌匯票及商業承兌匯票以及銀行存款等財務工具。投資本金人民幣1,695.1百萬元加上約人民幣14.9百萬元利息合共約人民幣1,710.0百萬元於本集團截至二零一六年十二月三十一日的綜合資產負債表確認為可供出售金融資產。於本報告日期，已出售／償還投資本金總額為人民幣979.4百萬元。

除下文所披露者外，本集團並無其它負債及銀行貸款。因此，其資產負債比率(債務淨額除以本集團擁有人應佔股權加債務淨額)低於1%。

Liquidity and financial resources

As at 31 December 2016, the Group's cash and cash equivalents amounted to RMB2,407.1 million (31 December 2015: RMB2,282.4 million) and available-for-sale financial assets amounted to RMB1,710.0 million (31 December 2015: RMB1,959.3 million).

The Group generally deposits its excess cash in interest-bearing bank accounts and current accounts. The Group may use extra cash for short-term investments in order to obtain better returns. Therefore, members of the Group entered into agreements with certain PRC reputable banking institutions to invest extra cash. According to such agreements, during the Year, the total investment principals of members of the Group amounted to RMB1,695.1 million. The investments made by the Group according to these agreements were categorized as short-term investments, which mainly consisted of financial planning products purchased from certain PRC reputable banks. For the said financial planning products, the issuing banks of such financial planning products can invest the Group's funds into financial instruments such as treasury bonds, discounted bank acceptances, commercial acceptance bills and bank deposits. The investment principals of RMB1,695.1 million plus interests of approximately RMB14.9 million amounted to approximately RMB1,710.0 million, which was recognized as available-for-sale financial assets in the consolidated balance sheet of the Group as at 31 December 2016. As at the date of this report, sold/repaid investment principal amounted to RMB979.4 million.

Save as disclosed above, the Group did not have other liabilities and bank loans, as a result of which, its gearing ratio (net debt to equity attributable to owners of the Group plus net debt) is less than 1%.

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本集團於二零一六年十二月三十一日有足夠現金。董事認為，本集團並無任何重大資金風險。

The Group has sufficient cash as at 31 December 2016. The Directors are of the opinion that the Group does not have any significant capital risk.

		二零一六年 十二月三十一日	二零一五年 十二月三十一日
		As at 31 December 2016	As at 31 December 2015
		人民幣千元	人民幣千元
		<i>RMB'000</i>	<i>RMB'000</i>
		經審核	經審核
		<i>Audited</i>	<i>Audited</i>
現金及現金等價物	Cash and cash equivalents	2,407,073	2,282,370
減：借款	Less: Borrowings	(8,280)	(8,280)
		2,398,793	2,274,090

貿易及其它應收賬款

本集團的貿易應收賬款包括我們的分銷商支付我們的產品的信貸銷售款。本集團的其它應收賬款包括來自其它應收賬款、應收票據、應收賬款及預付供應商款項。於二零一六年十二月三十一日本集團擁有的貿易及其它應收賬款為人民幣877.3百萬元。比二零一五年十二月三十一日貿易及其它應收賬款金額人民幣972.3百萬元減少了約人民幣95.0百萬元，主要是因為本年度收回其它應收賬款所致。

Trade and other receivables

The Group's trade receivables consist of credit sales of our products to be paid by our distributors. Other receivables consist of other receivables, receivable notes, receivables and prepayments to suppliers. The Group's trade and other receivables were RMB877.3 million as at 31 December 2016, representing a decrease of approximately RMB95.0 million when compared with trade and other receivables of RMB972.3 million as at 31 December 2015, which was mainly due to decrease in other receivables for the Year.

存貨

於二零一六年十二月三十一日，存貨金額為人民幣200.7百萬元(二零一五年十二月三十一日：人民幣233.0百萬元)。本年度存貨周轉期為78日(二零一五年：79日)。本年度我們並無存貨減值。

Inventory

Our inventory as at 31 December 2016 amounted to RMB200.7 million (as at 31 December 2015: RMB233.0 million). Inventory turnover days were 78 days (2015: 79 days). There were no inventory impairment for the Year.

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物業、廠房及設備

我們的物業、廠房及設備包括樓宇、生產及電子設備、汽車及在建工程。於二零一六年十二月三十一日，物業、廠房及設備的賬面淨值為人民幣2,104.3百萬元，較截至二零一五年十二月三十一日止年度增加了人民幣52.9百萬元，上升約2.6%。主要是現有及新投建的生產廠進行擴建或建設以及購置設備。

商譽

本集團的商譽產生自收購附屬公司。於二零一六年十二月三十一日，商譽淨值為人民幣2,247.7百萬元(二零一五年十二月三十一日：人民幣2,247.7百萬元)。

無形資產

本集團的無形資產主要包括客戶關係、專利權、遞延開發成本及進行中產品開發。遞延開發成本及進行中產品開發主要指向外部研究機構收購若干藥品研發項目與其自行開發的研發項目。於二零一六年十二月三十一日，無形資產淨值為人民幣579.0百萬元(二零一五年十二月三十一日：人民幣569.3百萬元)。

貿易及其它應付賬款

本集團的貿易及其它應付賬款主要包括貿易應付賬款、來自客戶的墊款、其它應付賬款、應計開支及應付職工薪酬。於二零一六年十二月三十一日，貿易及其它應付賬款金額為人民幣827.3百萬元，比二零一五年十二月三十一日貿易及其它應付賬款金額增加了約人民幣163.0百萬元。主要是由於應付存貨採購款、應付增值稅及附加稅費、預收貨款及應付職工薪酬增加所致。

Property, plant and equipment

Our property, plant and equipment consist of buildings, production and electronic equipment, motor vehicles and construction in progress. As at 31 December 2016, the net book value of property, plant and equipment amounted to RMB2,104.3 million, representing an increase of RMB52.9 million, or approximately 2.6%, as compared with the year ended 31 December 2015. The increase was mainly attributable to the expansion or construction of existing and new production facilities, and the purchase of equipment.

Goodwill

The Group's goodwill arose from the acquisition of subsidiaries. As at 31 December 2016, net carrying amount of goodwill was RMB2,247.7 million (31 December 2015: RMB2,247.7 million).

Intangible assets

The Group's intangible assets mainly consist of customer relationships, patents, deferred development costs and product development in progress. The deferred development costs and product development in progress mainly represent the acquisition of certain pharmaceutical R&D projects from external research institutions and its self-developed R&D projects. As at 31 December 2016, net intangible assets amounted to RMB579.0 million (31 December 2015: RMB569.3 million).

Trade and other payables

The Group's trade and other payables primarily consist of trade payables, advances from customers, other payables, accrued expenses and payables to employee remuneration. As at 31 December 2016, trade and other payables amounted to RMB827.3 million, representing an increase of approximately RMB163.0 million as compared with 31 December 2015. The increase was due to the increase in payables for inventory procurement, payables for value added tax and additional tax, prepayments to suppliers and payables for employee salary.

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或然負債及擔保

於二零一六年十二月三十一日，本集團概無任何重大或然債務或擔保(二零一五年十二月三十一日：無)。

資產負債表外承擔及安排

於二零一六年十二月三十一日，本集團並無訂立任何資產負債表外安排或承擔以為任何第三方的付款責任提供擔保。本集團並無在為我們提供融資或流動資金、或引致市場風險或提供信貸支持、或從事向本集團提供租賃或對沖或研發服務的任何非綜合實體擁有任何可變權益。

資本承擔

於二零一六年十二月三十一日，本集團的資本承擔總額為人民幣342.3百萬元，主要預留作購買物業、廠房及設備，以及無形資產。

信貸風險

信貸風險指交易對手方違反其合約責任而導致我們財務損失的風險。我們並無重大信貸風險集中情況。信貸風險主要來自現金及現金等價物、貿易及其它應收賬款，以及可出售金融資產。現金等價物、短期銀行存款、貿易及其它應收賬款，以及可出售金融資產的賬面值乃我們所面臨有關我們的金融資產的最大信貸風險。

就現金及現金等價物而言，我們透過將銀行存款存放在並無重大信貸風險的中國大型國家控制銀行來管理中國的現金信貸風險。我們透過將銀行存款存放在高信貸質量的金融機構來管理中國以外的現金信貸風險。

Contingent liabilities and guarantees

As at 31 December 2016, the Group had no material contingent liabilities or guarantees (31 December 2015: nil).

Off-balance sheet commitments and arrangements

As at 31 December 2016, the Group has not entered into any off-balance sheet arrangements or commitments to provide guarantees for any payment liabilities of any third parties. The Group did not have any variable interests in any unconsolidated entities that provide financing or liquidity, create market risk or offer credit support to us or engage in the provision of leasing, hedging or R&D services to the Group.

Capital commitment

As at 31 December 2016, the Group had a total capital commitment of RMB342.3 million, mainly set aside for the acquisition of property, plant and equipment, and intangible assets.

Credit risk

Credit risk refers to the risk of a counterparty defaulting on its contractual obligations resulting in a financial loss for us. We have no significant concentrations of credit risk. Credit risk arises mainly from cash and cash equivalents, trade and other receivables and available-for-sale financial assets. The carrying amounts of cash equivalents, short term bank deposits, trade and other receivables, and available-for-sale financial assets represent our maximum exposure to credit risk in relation to our financial assets.

With respect to cash and cash equivalents, we manage the credit risk of cash in the PRC by placing our bank deposits in large PRC state-owned banks without significant credit risks. We manage the credit risk of cash outside the PRC by placing our bank deposits in financial institutions that have high credit quality.

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就貿易及其它應收賬款而言，我們已制定政策確保在與客戶訂立相關銷售訂單協議後收取若干現金墊款。我們通過考慮交易對手方的財務狀況、信貸歷史及其它因素評估其信貸質量。我們亦進行若干監控程序以確保採取適當跟進行動收回逾期債務。我們定期進行賬齡分析，評估信貸風險及根據歷史數據及現金收回歷史，估計面臨類似信貸風險的貿易應收賬款組別的可收回性。

並無其它金融資產面臨重大信貸風險。

外匯風險

本集團的功能貨幣為人民幣。本集團的金融工具以人民幣為單位。本集團以美元(「美元」)或港元(「港元」)等計值的若干現金結餘令本集團面對美元及港元兌人民幣的外匯風險。此外，以由人民幣兌換的外幣派付股息須遵守中國政府頒佈外匯規則及條例。於二零一六年十二月三十一日，本集團沒有以外幣計值的未償還借款。

於截至二零一六年十二月三十一日止年度，本集團概無購買任何外匯、利率衍生產品或相關對沖工具。

庫務政策

本集團以自有資源為其日常經營業務提供所需資金。

資本開支

我們的資本開支主要包括購置物業、廠房及設備、土地使用權及無形資產。本年度，我們的資本開支為人民幣364.5百萬元，其中物業、廠房及設備的開支為人民幣241.1百萬元，購買及自研無形資產為人民幣38.3百萬元，購買土地使用權的開支為人民幣85.1百萬元。

With respect to trade and other receivables, we have policies in place to ensure certain cash advances are paid by customers upon entering into the agreement related to sales orders. We assess the credit quality of the counterparties by taking into account their financial positions, credit histories and other factors. We also undertake certain monitoring procedures to ensure that proper follow-up action is taken to recover overdue debts. We regularly perform ageing analysis, assess credit risks and estimate the recoverability of groups of trade receivables bearing similar credit risks based on historical data and cash collection history.

No other financial assets bear a significant exposure to credit risk.

Foreign exchange risk

RMB is the functional currency of the Group. The financial instruments of the Group are denominated in RMB. The Group is subject to United States Dollar (“USD”) and Hong Kong Dollar (“HKD”) foreign exchange risk from certain USD or HKD denominated cash balances. Nevertheless, dividend payment in foreign currency converted from RMB is subject to foreign exchange rules and regulations promulgated by the PRC government. As at 31 December 2016, the Group had no outstanding borrowings denominated in a foreign currency.

For the year ended 31 December 2016, the Group did not purchase any foreign exchange, interest rate derivative products or relevant hedging tools.

Treasury Policies

The Group finances its ordinary operations with internally generated resources.

Capital expenditure

Our capital expenditure primarily consists of the purchase of property, plant and equipment, land use rights and intangible assets. During the Year, our capital expenditures amounted to RMB364.5 million, of which RMB241.1 million was spent on property, plant and equipment. Purchasing and self-developed intangible assets was RMB38.3 million, and the remaining RMB85.1 million was spent on land use rights.

管理層討論及分析

Management Discussion and Analysis

本年度，我們研發投入的資本開支為人民幣91.1百萬元，其中物業、廠房及設備的開支為人民幣55.4百萬元，購買及自研無形資產為人民幣35.7百萬元。

重大投資收購和出售

於二零一六年二月五日，本公司的全資附屬公司耀忠國際(香港)有限公司(「耀忠」)與NHPEA IV Health Holding B.V.(「NHPEA IV Health」)及Euromax Holdings Limited(「Euromax」)協定向聯營公司仁方醫療控股有限公司注資。聯營公司由Euromax、NHPEA IV Health及耀忠分別擁有23.71%、38.14%及38.14%。注入聯營公司的資本總額為26.6百萬美元(相當於人民幣172.4百萬元)(「注資」)。注資由合營夥伴按各自於聯營公司的持股比例作出(即Euromax注資6.3百萬美元(相當於人民幣40.9百萬元)、NHPEA IV Health注資10.1百萬美元(相當於人民幣65.6百萬元)及耀忠注資10.1百萬美元(相當於人民幣65.6百萬元))。

注資由聯營公司用於為拓展附屬醫院收購土地提供資金及滿足其運營資金需求。

資產抵押

於二零一六年十二月三十一日，本集團概無抵押資產。

For the Year, capital injection for R&D was RMB91.1 million, in which, expenditure in property, plant and equipment was RMB55.4 million, purchased and self-developed intangible assets was RMB35.7 million.

Material investment, acquisition and disposal

On 5 February 2016, Sun Moral International (HK) Limited (“Sun Moral”), a wholly-owned subsidiary of the Company, agreed with NHPEA IV Health Holding B.V. (“NHPEA IV Health”) and Euromax Holding Limited (“Euromax”) to inject capital into Renfang Medical Holdings Ltd., an associate. The associate is owned as to 23.71% by Euromax, 38.14% by NHPEA IV Health and 38.14% by Sun Moral, respectively. The total amount of capital injected into the associate was USD26.6 million (equivalent to RMB172.4 million) (the “Capital Injection”). The Capital Injection was contributed by the associate partners with respect to their shareholdings in the associate proportionally (i.e. USD6.3 million (equivalent to RMB40.9 million) by Euromax, USD10.1 million (equivalent to RMB65.6 million) by NHPEA IV Health and USD10.1 million (equivalent to RMB65.6 million) by Sun Moral).

The Capital Injection was used by the joint venture company to fund land acquisition for the expansion of a subsidiary hospital and its working capital needs.

Pledge of assets

As at 31 December 2016, none of our assets was pledged.

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人力資源及僱員薪金

人力資源是本集團在競爭中得以成功的不可或缺資產。本集團為全體僱員提供具競爭力的薪酬待遇。本集團定期檢討自身人力資源及薪酬政策，以鼓勵僱員致力提升本公司價值及促進本公司的長期增長。

於二零一六年十二月三十一日，本集團僱用員工3,026人，本集團本年度的薪金總額及相關成本約為人民幣316.2百萬元（於二零一五年十二月三十一日：人民幣248.8百萬元）。

Human Resources and Remuneration of Employees

Human resources are indispensable assets to the success of the Group in a competitive environment. The Group provides competitive remuneration package to all employees. The Group reviews its own human resources and remuneration policy regularly, to encourage employee to work towards enhancing the value of the Company and promoting the long-term growth of the Company.

As at 31 December 2016, the Group had 3,026 employees. For the Year, total salary and related costs of the Group was approximately RMB316.2 million (as at 31 December 2015: RMB248.8 million).

董事及高級管理層履歷

Biographical Details of Directors and Senior Management

執行董事

車馮升醫生，55歲，為執行董事及本公司主席（「主席」），於二零零六年五月十八日獲委任為董事會成員。彼為本集團的共同創辦人，車醫生負責本集團的整體管理、策略規劃及業務發展，自其於二零零一年成立起幫助本集團發展及拓展業務。在本集團成立之前，車醫生擁有逾8年醫生／神經科醫生執業經驗，並在藥品的銷售及行銷以及醫藥公司管理方面擁有逾20年經驗。一九九七年至二零零一年，車醫生為海南康通醫藥有限公司總經理，負責該公司的整體管理。一九九五年至一九九七年，車醫生為深圳市新藥特藥有限公司的副總經理及營銷副經理，負責該公司業務的營銷及整體管理。一九九三年至一九九五年，車醫生為深圳市健安醫藥公司的產品推廣經理及華東地區經理，負責銷售及營銷。一九九一年至一九九三年，車醫生擔任廣州市第一軍醫大學珠江醫院的神經科醫生主任及講師。車醫生由一九九零年至一九九一年及由一九八四年至一九八七年分別於中國西安市第四軍醫大學及中國西安市西京醫院第四軍醫大學任神經科醫生及助理講師。車醫生曾擔任若干委員會及協會的副主席，包括中國政策科學培訓中心、中國藥物經濟學雜誌社及海南省企業家協會。車醫生亦為海南省企業家協會食品藥業工作委員會的副主任及中國企業改革發展研究院指定研究員。於二零零六年，彼獲海南省商業聯合會、海南省工業經濟聯合會及海南省工商業十大領軍人物十大新銳人物評委會授予「首屆海南省工商業十大新銳人物」稱號。二零一零年至二零一一年擔任全國工商聯醫藥業商會副會長。二零一二年獲中國生命科學業安永企業家獎。二零一四年為全國五一勞動獎章獲得者。二零一四年擔任北京生物工程學會第四屆理事。二零一五年獲全國勞動模範。於一九八四年及一九九零年，車醫生分別於中國西安第四軍醫大學獲得航空醫學學士學位及神經醫學碩士學位。於一九九九年，彼亦獲中歐國際工商管理學院工商管理碩士學位。

EXECUTIVE DIRECTORS

Dr. Che Fengsheng, aged 55, is our executive Director and chairman of the Company (the "Chairman") and was appointed to the Board on 18 May 2006. He is a co-founder of the Group and is responsible for the overall management, strategic planning and business development of the Group and is instrumental to the Group's growth and business expansion since its establishment in 2001. Prior to the Group's establishment, Dr. Che had more than 8 years of experience as a medical doctor/neurologist and 20 years of experience in the sales and marketing of pharmaceutical products and the management of pharmaceutical companies. From 1997 to 2001, Dr. Che was general manager of Hainan Kang Tong Pharmaceutical Co., Ltd where he was in charge of the company's overall management. From 1995 to 1997, Dr. Che was the assistant general manager and vice manager (marketing) of Shenzhen City New Special Pharmaceutical Products Co., Ltd. where he was responsible for the marketing and overall management of the company's business. Between 1993 and 1995, Dr. Che was the product promotions manager of Shenzhen City Healthcare Pharmaceutical Company and East China Regional manager, in charge of sales and marketing. From 1991 to 1993, Dr. Che held the position of chief neurologist and lecturer in First Military Medical University, Zhu Jiang Hospital, Guangzhou City, PRC. Dr. Che was a neurologist and an assistant lecturer at the Fourth Military Medical University in Xi'an City, PRC from 1990 to 1991 and at the Fourth Military Medical University, Xi Jing Hospital in Xi'an City, PRC from 1984 to 1987 respectively. Dr. Che was the vice-chairman of several committees and associations including, China Political Science Training Centre, China Medical Economics Magazine Board and the Hainan Entrepreneurs Association. Dr. Che is also a deputy supervisor of the Hainan Food and Drug Working Committee in the Hainan Entrepreneurs Association as well as a specially appointed research member of the China Enterprise Reform and Development Research Institute. In 2006, he was named as one of the Top 10 New and Enterprising Businessmen in Hainan Province by the Hainan Province Commerce Association, the Hainan Industry & Economics Association and the Evaluation Committee of Top 10 Leading Businessmen and Top 10 New and Enterprising Businessmen in Industry and Commerce in Hainan. He was vice chairman of the Medical Pharmaceutical Chamber of the All-China Federation of Industry and Commerce from 2010 to 2011. He won the Ernst & Young Entrepreneur Award for Life Science Industry of China in 2012. He was awarded the National Labour Day Medal in 2014. He was appointed director for the Fourth Session of the Board of the Society of Biotechnology in Beijing in 2014. He was recognized as the National Labour Model in 2015. Dr. Che received his Bachelor of Medicine (Aviation) and Master of Medicine (Neurology) from the Fourth Military Medical University, Xi'an City, PRC, in 1984 and 1990 respectively. He also received an Executive Master of Business Administration from China Europe International Business School in 1999.

董事及高級管理層履歷

Biographical Details of Directors and Senior Management

郭維城醫生，53歲，為執行董事、副主席及本公司行政總裁。他於二零零六年五月十八日獲委任為董事會成員及為本集團的共同創辦人。郭醫生負責本集團的整體營運、營銷及我們的研發活動，專注於策略規劃，特別是合併與收購及產品合作方面。於二零零七年我們收購深圳四環醫藥有限公司後，彼亦負責其整體營運。自我們於二零零一年成立以來，郭醫生幫助本集團發展及擴展業務。在我們成立之前，郭醫生擔任外科醫生擁有逾四年經驗，並在藥品銷售及行銷方面擁有逾20年經驗。一九九二年至一九九三年，郭醫生在廣州軍區177醫院擔任外科主任。一九八六年至一九八九年，郭醫生在中國西安市第四軍醫大學任外科醫生及助理講師。於一九八六年及一九九二年，郭醫生分別於中國西安市第四軍醫大學獲醫學學士學位及外科醫學碩士學位。

孟憲慧先生，53歲，為執行董事及副總經理，於二零零六年五月十八日獲委任為董事會成員。彼於二零零二年加入本集團，負責公共及政府關係以及本集團在若干區域的銷售及行銷網路的運作。加入本集團之前，孟先生在藥品行業的藥品行銷、銷售及分銷方面擁有逾7年經驗。一九八七年至一九九七年，孟先生為吉林省物資局的部門主管，負責生產資料的計劃分配工作。孟先生於一九九三年獲吉林省政府授予經濟師稱號。孟先生於一九八七年獲華中工學院(現稱為華中理工大學)管理工程學的學位元證書。二零零四年至二零零五年，彼在北京大學攻讀一年工商管理研究生課程。

Dr. Guo Weicheng, aged 53, is our executive Director, deputy chairman and chief executive officer of the Company. He was appointed to our Board on 18 May 2006 and is a co-founder of our Group. Dr. Guo is responsible for the overall operations of our Group, sales and marketing and our R&D activities, with a focus on strategic planning, particularly in relation to mergers and acquisitions and product collaborations. He has also become responsible for Shenzhen Sihuan's Pharmaceutical Co., Ltd. overall operations after it was acquired in 2007. Dr. Guo is instrumental to our Group's growth and business expansion since our establishment in 2001. Prior to our establishment, Dr. Guo had more than 4 years of experience as a general surgeon and more than 20 years of experience in the sales and marketing of pharmaceutical products. From 1992 to 1993, Dr. Guo held the position of chief surgeon in Guangzhou Military 177 Hospital. Dr. Guo was a surgeon and assistant lecturer at the Fourth Military Medical University, Tang Du Hospital, Xi'an City, PRC from 1986 to 1989. Dr. Guo received his Bachelor of Medicine and Master of Medicine (General Surgery) from the Fourth Military Medical University, PRC in 1986 and 1992, respectively.

Mr. Meng Xianhui, aged 53, is our executive Director and deputy general manager and was appointed to our Board on 18 May 2006. He joined our Group in 2002 and is responsible for public and governmental relationships as well as operations of the sales and marketing network of our Group in certain regions. Prior to joining our Group, Mr. Meng had more than 7 years of experience in the pharmaceutical industry in the areas of marketing, sales and distribution of pharmaceutical products. Between 1987 and 1997, Mr. Meng was the departmental head of Jilin Materials Bureau where he was responsible for planning the allocation and distribution of production materials. Mr. Meng was conferred the title of Economist by the Jilin Provincial Government in 1993. Mr. Meng received a Graduate Certificate in Management Engineering from Huazhong Engineering College (now known as Huazhong University of Science and Technology) in 1987. He undertook a one-year Postgraduate Business Administration course at the Peking University from 2004 to 2005.

董事及高級管理層履歷

Biographical Details of Directors and Senior Management

非執行董事

張炯龍醫生，55歲，為非執行董事，於二零零六年五月十八日獲委任為董事會成員。彼於二零零五年加入本集團及擁有逾九年任醫生經驗。一九八三年至一九九二年，張醫生在中國深圳市最大醫院之一深圳市人民醫院擔任醫生。張醫生於一九八三年獲汕頭醫學專科學院（現稱為汕頭大學醫學院）醫療研究生證書（註：證書是五年制本科畢業）。於一九九二年，張醫生獲深圳市職稱改革領導小組授予主任醫生專業職銜。

孫弘先生，46歲，為非執行董事，於二零一一年八月十八日獲委任為董事會成員。孫弘先生現任摩根士丹利亞洲私募基金的首席投資官並率領摩根士丹利亞洲私募基金在中國的投資。孫先生還任摩根士丹利亞洲有限公司的董事總經理和摩根士丹利亞洲有限公司的中國管理委員會之委員，此管理委員會乃由摩根士丹利在中國的業務管理高層組成。他現為大自然家居控股有限公司（於聯交所上市的公司，股份代號：2083）及天合化工集團有限公司（於聯交所上市的公司，股份代號：1619）的非執行董事。孫先生現為中國鑫達塑膠有限公司（NASDAQ上市公司，股份代號：CXDC）的獨立非執行董事。自二零零八年六月至二零一三年十月，孫先生曾任中國山水水泥集團有限公司（於聯交所上市的公司，股份代號：691）的非執行董事。孫先生於二零零零年加入摩根士丹利亞洲有限公司，而在加入摩根士丹利亞洲有限公司前他為盛信美國律師事務所駐紐約及香港專攻併購的公司律師。孫先生於一九九三年自密歇根大學以優異成績取得化學工程理學學士學位，並於一九九六年自密歇根大學法學院以優等成績取得法學博士學位。彼於二零零九年十二月十三日至二零一一年六月三日期間曾出任本公司非執行董事。

NON-EXECUTIVE DIRECTORS

Dr. Zhang Jionglong, aged 55, is our non-executive Director and was appointed to our Board on 18 May 2006. He joined our Group in 2005 and has more than 9 years of experience as a medical doctor. From 1983 to 1992, Dr. Zhang worked as a medical doctor in Shenzhen City People's Hospital, one of the largest hospitals in Shenzhen City, PRC. Dr. Zhang received a Graduate Certificate in Medical Treatment from Shantou Medical College, PRC (now known as Shantou University Medical College) in 1983. In 1992, Dr. Zhang was conferred the professional title of chief physician by the Shenzhen City Conferment Reform Leadership Group.

Mr. Homer Sun, aged 46, is our non-executive Director and was appointed to Board on 18 August 2011. Mr. Homer Sun is currently the Chief Investment Officer of Morgan Stanley Private Equity Asia and leads the China investments for Morgan Stanley Private Equity Asia. Mr. Sun is also a Managing Director of Morgan Stanley Asia Limited and a member of the China Management Committee which is comprised of Morgan Stanley Asia Limited's most senior business leaders within China. He is currently the non-executive director of Nature Home Holding Company Limited (a company listed on the Stock Exchange with stock code: 2083) and Tianhe Chemicals Group Limited (a company listed on the Stock Exchange with stock code: 1619). Mr. Sun is currently the independent non-executive director of China XD Plastics Company Limited (a company listed on the NASDAQ stock exchange, ticker: CXDC). Mr. Sun was previously a non-executive director of China Shanshui Cement Group Limited (a company listed on the Stock Exchange with stock code: 691) from June 2008 to October 2013. Mr. Sun joined Morgan Stanley Asia Limited in 2000, prior to which he was a corporate attorney with Simpson Thacher & Bartlett in New York and Hong Kong, specializing in mergers and acquisitions. Mr. Sun received a B.S.E. in Chemical Engineering, magna cum laude, from the University of Michigan in 1993 and a J.D. cum laude, from the University of Michigan Law School in 1996. He acted as a non-executive Director of the Company for the period from 13 December 2009 to 3 June 2011.

董事及高級管理層履歷

Biographical Details of Directors and Senior Management

獨立非執行董事

辛定華先生，58歲，為獨立非執行董事，於二零一零年十月七日獲委任加入董事會。辛先生現任利邦控股有限公司(股份代號：891)、中國泰凌醫藥集團有限公司(股份代號：1011)、中國鐵路通信信號股份有限公司(股份代號：3969)及崑崙能源有限公司(股份代號：135)的獨立非執行董事(該等公司均於聯交所上市)。辛先生現在亦任中國中車股份有限公司(股份代號：SH601766及HK1766)及中國鐵建股份有限公司(股份代號：SH601186及HK1186)獨立非執行董事(該等公司於上海證券交易所及聯交所上市)。彼現為香港上市公司商會有限公司副主席，並曾於二零一三年至二零一五年任其主席及於二零零二年十二月至二零零四年九月任其名譽行政總裁。彼曾擔任證券及期貨交易所轄下收購及合併委員會及收購上訴委員會委員、上市委員會副召集人/主席和聯交所理事會理事。彼曾任摩根大通香港地區高級主管兼投資銀行部主管及怡富控股有限公司的集團執行董事兼中華區投資銀行業務主管。彼亦曾擔任滙盈控股有限公司(股份代號：821)執行董事及行政總裁、匯富金融控股有限公司(股份代號：188)執行董事(該等公司均於聯交所上市)及怡富控股有限公司集團執行董事兼投資銀行業務聯席主管。彼曾為領匯管理有限公司(領匯房地產投資信託基金的管理人，股份代號：823)的獨立非執行董事。彼曾擔任Solomon Systech (International) Limited(股份代號：2878)的獨立非執行董事及獨立非執行主席。彼亦曾擔任中國北車股份有限公司(曾於上海證券交易所及聯交所上市)、中國中鐵股份有限公司(股份代號：SH601390及HK390，於上海證券交易所及聯交所上市)、人和商業控股有限公司(股份代號：1387，於聯交所上市)和光大保德信基金管理有限公司的獨立非執行董事。辛先生於一九八一年畢業於美國賓夕法尼亞大學沃頓商學院，獲頒經濟理學學士學位。辛先生為英國特許會計師公會及香港會計師公會資深會員。

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Patrick Sun, aged 58, is an independent non-executive Director and was appointed to our Board on 7 October 2010. Mr. Sun is currently an independent non-executive director of Trinity Limited (stock code: 891), China NT Pharma Group Company Limited (stock code: 1011), China Railway Signal & Communication Corporation Limited (stock code: 3969) and Kunlun Energy Company Limited (stock code: 135) (all of which are listed on the Stock Exchange). Mr. Sun is currently also an independent non-executive director of CRRC Corporation Limited (stock code: SH601766 and HK1766) and China Railway Construction Corporation Limited (Stock code: SH601186 and HK1186), both of which are listed on the Shanghai Stock Exchange and the Stock Exchange. He is currently a vice chairman of the Chamber of Hong Kong Listed Companies and was formerly its chairman from 2013 to 2015 and Honorary Chief Executive Officer from December 2002 to September 2004. He was a member of the Takeovers & Mergers Panel and the Takeovers Appeal Committee of the Securities and Futures Exchange, Deputy Convenor/Chairman of the Listing Committee and a member of the Council of the Stock Exchange. He was previously the Senior Country Officer and Head of Investment Banking for Hong Kong of JPMorgan Chase, group executive director and Head of Investment Banking for Greater China at Jardine Fleming Holdings Limited. He also previously served as an executive director and chief executive officer of Value Convergence Holdings Limited (stock code: 821), executive director of SW Kingsway Capital Holdings Limited (stock code: 188) (all of which are listed on the Stock Exchange), group executive director and co-head of Investment Banking of Jardine Fleming Holdings Limited. He was formerly an independent non-executive director of The Link Management Limited (as manager of The Link Real Estate Investment Trust, stock code: 823). He was an independent non-executive director and non-executive chairman of Solomon Systech (International) Limited (stock code: 2878) (listed on the Stock Exchange). He also previously served as an independent non-executive director of China CNR Corporation Limited (previously listed on the Shanghai Stock Exchange and the Stock Exchange), China Railway Group Limited (stock code: SH601390 and HK390) (listed on the Shanghai Stock Exchange and the Stock Exchange), Renhe Commercial Holdings Company Limited (stock code: 1387) (listed on the Stock Exchange), and Everbright Pramerica Fund Management Co., Ltd. Mr. Sun graduated from the Wharton School of the University of Pennsylvania, United States with a Bachelor of Science degree in Economics in 1981. Mr. Sun is a fellow of the Chartered Association of Certified Accountants, United Kingdom, and a fellow of the Hong Kong Institute of Certified Public Accountants.

董事及高級管理層履歷

Biographical Details of Directors and Senior Management

曾華光先生，65歲，為獨立非執行董事，於二零一三年九月四日獲委任為董事會成員。加入本集團前，曾先生為香港及中國羅兵咸永道會計師事務所前合夥人。彼於審核及在首次公開發售和收購交易提供支援方面積逾30年經驗。曾先生現為多間公司的獨立非執行董事，包括招商局中國基金有限公司(股份代號：HK133)，東江集團(控股)有限公司(股份代號：HK2283)，華夏動漫形象有限公司(股份代號：HK1566)及平安證券集團(控股)有限公司(股份代號：HK231)。曾先生亦是新西蘭證券交易所上市公司 PGG Wrightson Limited 董事及為 Agria Corporation (曾於紐約證券交易所上市)的獨立董事。曾先生於二零一三年一月至二零一六年一月曾擔任榮陽實業集團有限公司(股份代號：HK2078)的獨立非執行董事。曾先生獲香港中文大學工商管理學士學位。彼為香港會計師公會資深會員、中國註冊會計師協會會員及英國特許公認會計師公會資深會員。

Mr. Tsang Wah Kwong, aged 65, is our independent non-executive Director and was appointed to our Board on 4 September 2013. Prior to joining the Group, Mr. Tsang was a former partner of PricewaterhouseCoopers in Hong Kong and China. He has over 30 years of experience in auditing and providing support for initial public offerings and acquisition transactions. Mr. Tsang is currently an independent non-executive director of a number of companies, including China Merchants China Direct Investments Limited (stock code: HK133); TK Group (Holdings) Limited (stock code: HK2283); China Animation Characters Company Limited (stock code: HK1566) and Ping An Securities Group (Holdings) Limited (stock code: HK231). Mr. Tsang is also a director of PGG Wrightson Limited, a company listed on the New Zealand Stock Exchange and an independent director of Agria Corporation (formerly listed on the New York Stock Exchange). Mr. Tsang was an independent non-executive director of PanAsialum Holdings Company Limited (stock code: HK2078) from January 2013 to January 2016. Mr. Tsang received a bachelor degree in business administration from the Chinese University of Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of the Chinese Institute of Certified Public Accountants and a fellow member of the Chartered Association of Certified Accountants.

董事及高級管理層履歷

Biographical Details of Directors and Senior Management

朱迅先生，59歲，為獨立非執行董事，於二零一四年二月二十日獲委任為董事會成員。加入本集團前，朱先生於醫藥行業擁有逾21年經驗。朱先生自二零一一年八月起擔任國泰國際醫藥有限公司（於倫敦證券交易所上市的公司，股份代號：LSE: CTIL）的非執行董事。彼自二零一一年五月起亦出任方正集團醫藥研究院的高級顧問，自二零一三年十一月起出任Crown Bioscience的顧問。彼現為國家新藥諮詢委員會、中國國家自然科學基金委員會生命科學部專家評審組、國家發展和改革委員會生物技術專家諮詢組、中國科學技術部中小企業創新基金審查組及《中國腫瘤生物治療雜誌》編輯委員會成員。彼亦為中國醫藥生物技術協會酶工程與發酵工程專業委員會副主任。二零零三年八月至二零零七年七月，朱先生為長春市人民政府市長的特別助理。朱先生於一九八九年四月獲得白求恩醫科大學醫學博士學位。

Mr. Zhu Xun, aged 59, is our independent non-executive Director and was appointed to the Board on 20 February 2014. Prior to joining the Group, Mr. Zhu has more than 21 years of experience in the pharmaceutical industry. Mr. Zhu has been a non-executive director of Cathay International Pharmaceutical Limited (a company listed on the London stock exchange, LSE: CTIL) since August 2011. He has also served as a senior consultant of the Pharmaceutical Research Institute of the Founder Group* (方正集團醫藥研究院) since May 2011 and a consultant of Crown Bioscience since November 2013. He is currently a member of the National New Drugs Advisory Committee* (國家新藥諮詢委員會), the expert review group of the Life Science Division of the National Natural Science Foundation of China (中國國家自然科學基金委員會生命科學部專家評審組), the expert advisory group in Biotechnology of the National Development and Reform Commission (國家發展和改革委員會生物技術專家諮詢組), the review group of the Innovation Fund for SMEs of the Ministry of Science and Technology of the PRC (中國科學技術部中小企業創新基金) and the editorial committee of the Chinese Journal of Cancer Biotherapy (中國腫瘤生物治療雜誌). He is also the deputy director of the enzyme and fermentation engineering committee of the China Medicinal Biotech Association (中國醫藥生物技術協會). Mr. Zhu was the special assistant to the mayor of Changchun Municipal People's Government, PRC from August 2003 to July 2007. Mr. Zhu was awarded a doctorate degree in medicine from Norman Bethune University of Medical Science (白求恩醫科大學) in April 1989.

** For identification purpose only 僅供識別*

董事及高級管理層履歷

Biographical Details of Directors and Senior Management

高級管理層

賈中新女士，57歲，為本公司首席營運官，並自二零一二年十一月起擔任山東軒竹董事長。賈女士於二零零七年加入本集團，為一名執業藥劑師及高級工程師。賈女士於一九八二年取得北京大學醫學院(原稱北京醫科大學北京醫學院)藥學學士及於二零零四年取得澳大利亞南澳州立大學工商管理碩士學位。彼曾在多家公司擔任多個管理職位。於二零零六年一月至二零零七年十一月期間，賈女士主管中國寶安集團股份有限公司的生物醫學部門，亦為深圳大佛藥業有限公司的主席。在此之前，於二零零二年十一月至二零零五年十二月，彼為武漢馬應龍藥業集團股份有限公司的行政總裁及武漢馬應龍大藥房連鎖有限公司的主席。

蔡耀忠先生，43歲，為本公司財務總監兼其中一位聯席公司秘書。蔡先生於二零零六年加入本集團，負責監察及管理本集團的會計及財務部。在加入本集團之前，蔡先生在一家在馬來西亞證券交易所(前稱吉隆坡證券交易所)主板上市的公司以及在德勤獲得其財務及會計經驗。蔡先生於一九九七年取得新西蘭Nelson Polytechnic(現稱Nelson Marlborough Institute of Technology)的工商(會計)學士學位。彼為英國特許管理會計師公會成員，亦為新加坡會計師協會成員。

史激空博士，61歲，為山東軒竹總經理，於二零一一年加入集團。史博士的新藥研發工作涉及多個治療領域，具有25年以上從事新藥研發和管理工作的經驗。史博士於一九七九年獲得台灣大學生物化學專業學士學位，後留學美國，於一九八五年獲美國紐約洛克菲勒大學分子遺傳工程及腫瘤學博士學位，並於一九八八年在美國斯隆凱特琳腫瘤醫院完成博士後研究。一九八八年至二零一零年，史博士於美國勃林格殷格翰製藥公司從事新藥研發及專案管理工作，擔任首席科學家及專案負責人。

SENIOR MANAGEMENT

Ms. Jia Zhongxin, aged 57, is our chief operating officer and has been the chairman of Shandong Xuanzhu since November 2012. Ms. Jia joined our Group in 2007 and is a practising pharmacist and senior engineer. Ms. Jia received a Bachelor in Pharmacy in 1982 from the Medical Department of Peking University (formerly known as Beijing Medicine College, Beijing Medical University) and a Master in Business Administration from the University of South Australia in 2004. She had held various managerial positions in many companies. Between January 2006 and November 2007, Ms. Jia headed the biomedical department of China Baoan Group Co., Ltd. and was also chairman of Shenzhen Daphne Pharmaceutical Co., Ltd. Prior to that, she was the chief executive officer of Wuhan Ma Ying Long Pharmaceutical Co., Ltd. and chairman of Wuhan Ma Ying Long Chained Pharmacies Co., Ltd. from November 2002 to December 2005.

Mr. Choi Yiau Chong, aged 43, is our chief financial officer and one of the joint company secretaries. Mr. Choi joined our Group in 2006 and is responsible for overseeing and managing the accounting and finance functions of our Group. Prior to joining our Group, Mr. Choi gained his finance and accounting experience at a company listed on the main board of Bursa Malaysia (formerly known as Kuala Lumpur Stock Exchange) and at Deloitte and Touche. Mr. Choi received a Bachelor of Commerce (Accounting) from Nelson Polytechnic (now known as Nelson Marlborough Institute of Technology), New Zealand in 1997. He is a member of the Chartered Institute of Management Accountants (UK) and also a member of the Institute of Certified Public Accountants of Singapore.

Dr. Shih Chengkon, aged 61, is the general manager of Shandong Xuanzhu. He joined our Group in 2011. He has more than 25 years of experience in innovation drug R&D and management in various therapeutic areas. Before he studied abroad in the U.S.A., Dr. Shih received his B.S. degree in Biochemistry from National Taiwan University in 1979. He received a Ph.D. in Molecular Genetics and Oncology from the Rockefeller University in 1985 and accomplished his postdoctoral program in Memorial Sloan-Kettering Cancer Center in 1988. Between 1988 and 2010, he was a senior principal scientific officer and project team leader at Boehringer Ingelheim Pharmaceuticals, Inc., and responsible for project management and innovation drug research.

董事及高級管理層履歷

Biographical Details of Directors and Senior Management

宋運濤博士，53歲，現為山東軒竹執行董事兼首席科學官，於二零一五年加入集團。宋博士的新藥研發工作涉及多個治療領域，具有25年以上從事新藥研發和管理工作的經驗。宋博士於一九八六年獲得山東大學有機化學專業學士學位，後留學美國，於一九九二年獲美國威斯康辛大學－麥迪森分校有機化學博士學位，一九九二年至二零零七年，宋博士在美國Parke-Davis/Warner Lambert/Pfizer製藥公司工作並拾級而上至副研究員。二零零七年至二零零八年底，宋博士在北京亦莊創辦了北京奧特康森公司並擔任總經理。二零零九年初加入本集團擔任首席科學官和山東軒竹的首席運營官和首席科學官。二零一三年，宋博士在美國創辦了CS Therapeutics Inc.，並擔任總經理直至二零一五年，CS Therapeutics Inc.，被本集團收購後，宋博士又回到本集團任職。

袁廷均女士，54歲，現為集團副總裁，負責集團生產、質量、採購及工程等管理工作。袁女士於二零零三年加入本集團，負責監察本集團的生產及質量控制部。在加入本集團之前，彼曾在若干醫藥公司擔任多個管理及營銷職位。彼亦擁有七年研究院經驗，期間對中藥進行研究。袁女士於一九八六年獲四川大學化學理學士學位，並於一九八九年的四川大學理科碩士學位。

霍彩霞博士，47歲，現為北京澳合藥物研究院有限公司總經理。霍博士於二零零四年加入本集團，負責藥品的註冊及協助監察本集團研發部。由二零零二年至二零零四年期間，彼為中國科學院化學研究所助理研究員。霍博士分別於一九九三年、一九九八年及二零零二年取得內蒙古醫學院的藥劑學理學學士學位、內蒙古醫學院的藥物化學理學碩士及北京大學的藥物化學理學博士學位。

Dr. Yuntao Song, aged 53, is currently the executive director and chief scientific officer at Shandong Xuanzhu. He joined our Group in 2015. Dr. Song has more than 25 years of experience in pharmaceutical R&D and management in various therapeutic areas. He received his B.S. Degree of Organic Chemistry from Shandong University in 1986, and a Ph.D. in Organic Chemistry from University of Wisconsin-Madison in 1992. From 1992 to 2007, he worked at Parke-Davis/Warner Lambert/Pfizer where he rose through the ranks to become Associate Research Fellow. From 2007 to the end of 2008, he co-founded Beijing AoTeKangSen Co. Ltd. in Yizhuang, Beijing and acted as its general manager. In early 2009, he joined Sihuan as chief scientist officer of the Group and chief operating officer and chief scientific officer of Shangdong Xuanzhu. In 2013, Dr. Song co-founded CS Therapeutics Inc., in the U.S.A. engaging in discovery of novel therapeutics where he was the general manager. In 2015, after the acquisition of CS Therapeutics Inc., by the Group, Dr. Song rejoined the Group.

Ms. Yuan Tingjun, aged 54, is the vice president of our Group, responsible for the management of production, quality, procurement and engineering projects of our Group. Ms. Yuan joined our Group in 2003 and was responsible for overseeing the production and quality control functions of our Group. Before joining our Group, she held various managerial and marketing posts in several pharmaceutical companies. She also had seven years of experience as a researcher during which she carried out research on Chinese medicines. Ms. Yuan obtained her academic degrees of Bachelor of Science (Chemistry) from Sichuan University in 1986 and Master of Science from Sichuan University in 1989.

Dr. Huo Caixia, aged 47, is the general manager of Beijing Ao He Research Institute Co., Ltd. Dr. Huo joined our Group in 2004 and is responsible for the registrations of pharmaceutical products and assists in overseeing the R&D functions of our Group. Between 2002 and 2004, she was an assistant researcher at the Chemistry Research Institution of the Chinese Academy of Sciences. Dr. Huo received a Bachelor of Science (Pharmacy) from Inner Mongolia Medical College in 1993, a Master of Science (Pharmaceutical Chemistry) from Inner Mongolia Medical College in 1998 and a Doctor of Science (Pharmaceutical Chemistry) from Peking University in 2002.

董事及高級管理層履歷

Biographical Details of Directors and Senior Management

徐勃先生，41歲，集團營銷總經理及市場營銷官，於二零一六年初加入本集團。徐勃先後就職於國際著名的合營製藥公司葛蘭素史克、賽諾菲、輝瑞和諾華，擔任過銷售、市場和准入策略方面的負責人，具有逾19年成功的工作和管理經驗。徐勃於一九九八年畢業於瀋陽藥科大學，獲得藥物化學學士學位。在隨後的深造中，分別就讀於北京大學國家發展研究院BiMBA商學院和瑞士洛桑國際管理學院(IMD)。

聯席公司秘書

蔡耀忠先生，為我們的財務總監兼聯席公司秘書。蔡先生的履歷請參閱本節「高級管理層」。

莫明慧女士，為我們的聯席公司秘書。莫女士於二零一三年十二月被任命。莫女士目前為凱譽香港有限公司的董事，並擁有逾21年公司秘書方面的專業及內部經驗。她為香港特許秘書公會和英國特許秘書及管理人員公會的資深會員。

Mr. Xu Bo, aged 41, is appointed as our commercial general manager and chief marketing & sales officer of the Group. Xu Bo joined our Group in early 2016. He has more than 19 years of experience in sales, marketing, market access strategy management in positions with internationally renowned joint venture companies, such as GSK, Sanofi, Pfizer and Novartis. Xu Bo received his Bachelor Degree of Pharmaceutical Chemistry from ShenYang Pharmaceutical University in 1998. He has continued his study in BiMBA and IMD in the past years.

JOINT COMPANY SECRETARIES

Mr. Choi Yiau Chong, is our chief financial officer and joint company secretary. Please refer to this section headed “Senior Management” for his biography.

Ms. Mok Ming Wai, is our joint company secretary. Ms. Mok was appointed in December 2013. Ms. Mok is a director of KCS Hong Kong Limited and has over 21 years of professional and in-house experience in company secretarial field. She is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom.

企業管治報告

Corporate Governance Report

良好的企業管治有利於提高本公司的整體表現、透明性及問責性，對於現代化企業管治尤為重要。董事會以股東利益為依歸，致力維持及確保高水平之企業管治。

企業管治守則

本公司認識到公司的透明度及問責之重要性。本公司致力於實現高標準的企業管治及憑藉行之有效的企業管治流程，帶領本集團取得良好業績及提高企業形象。

本公司已遵守聯交所證券上市規則（「上市規則」）附錄十四內企業管治守則企業管治守則（「守則」）所載的所有適用守則條文。

董事會

董事會由三名執行董事、兩名非執行董事及三名獨立非執行董事組成。除馮升醫生為本公司主席兼執行董事外，董事會成員之間並無任何財務、業務、家族或其他重要關係。董事會成員之履歷載於第69至77頁之「董事及高級管理層履歷」。

董事會負責監管本集團的戰略發展，決定本集團的目標、商務策略及政策，並監察及掌控營運及財務表現，以達到本集團的戰略性目標。本集團的管理團隊具備廣泛的營運經驗及行業知識，並已獲董事會授予權力及責任以處理本集團的日常管理事務。此外，董事會亦已授出若干特定責任予多個董事會委員會，即審核委員會、薪酬委員會、提名委員會及風險管理委員會。該等董事會委員會的進一步詳情載列如下。

Good corporate governance is favorable for the improvement of the overall performance, transparency and accountability of the Company and is crucial to the modern corporate administration. The Board, in the interests of the Shareholders, devotes considerable efforts to maintaining and ensuring a high standard of corporate governance.

CORPORATE GOVERNANCE CODE

The Company recognises the importance of corporate transparency and accountability. The Company is committed in achieving a high standard of corporate governance and leading the Group to attain better results and improve its corporate image with effective corporate governance procedures.

The Company has complied with all the applicable code provisions as set out in the Corporate Governance Code (the “Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

BOARD OF DIRECTORS

The Board comprises three executive Directors, two non-executive Directors and three independent non-executive Directors. Save for Dr. Che Fengsheng who is the Chairman and executive Director of the Company, there is no financial, business, family or other material relationship among the members of the Board. The biographical information of the members of the Board are set out on pages 69 to 77 in the section headed “Biographical Details of Directors and Senior Management”.

The Board is responsible for the governance of the Group’s strategic development, determination of the Group’s objectives, business strategies and policies, and the supervision and control of the operation and financial performance in pursuit of the Group’s strategic objectives. Our management team, which possesses extensive operating experience and industry knowledge, has been delegated by the Board with the authority and responsibility for the day-to-day management of the Group. In addition, the Board has also delegated certain specific responsibilities to the various Board committees, namely, the audit committee, remuneration committee, nomination committee and risk management committee. Further details of these Board committees are set out below.

企業管治報告

Corporate Governance Report

董事會於報告期間召開八次董事會會議。有關會議前至少14日，向全體董事寄發載有董事會會議議程的會議通知。獨立非執行董事於董事會會議積極尋求他們的意見。董事會及董事會委員會的會議記錄由各會議經正式委任的秘書保存，全體董事將會及時獲提供董事會文件及相關數據，使董事會可就提呈會議的事項作出知情決定。此外，董事會全體成員已定時審閱有關本集團的業務文件及資料。

全體董事均可獲聯席公司秘書提供意見及服務。本公司聯席公司秘書為蔡耀忠先生(兼任本公司的財務總監)及莫明慧女士。莫女士為凱譽香港有限公司的董事，該公司在香港提供公司秘書及會計服務。莫女士在本公司的主要公司聯絡人為蔡耀忠先生。

蔡先生及莫女士已各自遵照上市規則第3.29條於年內進行不少於15小時的相關專業培訓。

於報告期間，各董事出席董事會會議的出席率如下：

The Board convened eight Board meetings during the Reporting Period. All Directors were sent a meeting notice, at least 14 days prior to such meeting, with the Board meeting agenda. The views of independent non-executive Directors were actively solicited by the Company during Board meetings. Minutes of Board meetings and Board committees meetings are kept by duly appointed secretaries of the respective meetings. All Directors are provided with Board papers and related statistics on a timely manner, which enabled the Board to make informed decisions on matters proposed. In addition, all Board members have regularly reviewed the business documents and information related to the Group.

All Directors are entitled to access to the advice and services of the joint company secretaries. The joint company secretaries of the Company are Mr. Choi Yiau Chong, who is also the chief financial officer of the Company, and Ms. Mok Ming Wai. Ms. Mok is a director of KCS Hong Kong Limited, a corporate secretarial and accounting services provider in Hong Kong. The primary corporate contact person of Ms. Mok at the Company is Mr. Choi Yiau Chong.

In compliance with Rule 3.29 of the Listing Rules, each of Mr. Choi and Ms. Mok, has undertaken no less than 15 hours of relevant professional training during the Year.

The attendance of each Director at the Board meetings, during the Reporting Period, is stated below:

	出席人數／舉行之 董事會會議次數	Attendance/ No. of Board meetings held
執行董事		
車馮升醫生(主席)		7/8
郭維城醫生(副主席兼行政總裁)		8/8
孟憲慧先生(副總經理)		8/8
非執行董事		
張炯龍醫生		8/8
孫弘先生		3/8
獨立非執行董事		
辛定華先生		8/8
曾華光先生		7/8
朱迅先生		8/8
Executive Directors		
Dr. Che Fengsheng (Chairman)		7/8
Dr. Guo Weicheng (Deputy Chairman and CEO)		8/8
Mr. Meng Xianhui (Deputy General Manager)		8/8
Non-executive Directors		
Dr. Zhang Jionglong		8/8
Mr. Homer Sun		3/8
Independent Non-executive Directors		
Mr. Patrick Sun		8/8
Mr. Tsang Wah Kwong		7/8
Mr. Zhu Xun		8/8

企業管治報告

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本公司已安排合適的責任保險，以就董事因公司業務而產生的責任向彼等提供彌償。保險覆蓋範圍將每年進行檢討。

至於守則條文規定董事應向發行人披露彼等於公眾公司或組織擔任職務的數目及性質及其他重大承擔，亦應披露該等承擔所涉及的公眾公司或組織的名稱以及彼等擔任有關職務所涉及的時間，董事們已同意及時向本公司披露彼等的職務承擔。

非執行董事及獨立非執行董事

董事會現已委任兩名非執行董事及三名獨立非執行董事。三名獨立非執行董事中，最少其中一名具備上市規則第3.10條規定的適當專業資格，或會計或相關的財務管理專長。多於三分之一董事會成員為獨立非執行董事。獨立非執行董事辛定華先生及非執行董事張炯龍醫生分別於二零一六年十月二十七日與本公司續訂自二零一六年十月二十八日起為期一年的委任函。非執行董事孫弘先生已與本公司續訂自二零一六年八月十八日起為期一年的委任函。獨立非執行董事曾華光先生及朱迅先生已分別與本公司續訂彼等的委任函，年期自二零一六年九月四日及二零一七年二月二十日起為期一年。非執行董事及獨立非執行董事須根據本公司細則輪值告退或重選連任。各獨立非執行董事已根據上市規則第3.13條規定向本公司提交年度獨立性確認書。本公司認為，所有獨立非執行董事均屬獨立人士，並符合上市規則第3.13條所載的獨立性指引。

The Company has arranged appropriate liability insurance to indemnify the Directors for their liabilities arising out of corporate activities. The insurance coverage will be reviewed on an annual basis.

With regards to the code provision requiring directors to disclose the number and nature of offices held in public companies or organizations and other significant commitments as well as their identity and the time involved in such commitments, the Directors has agreed to disclose their commitments to the Company in a timely manner.

NON-EXECUTIVE DIRECTORS AND INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board has currently appointed two non-executive Directors and three independent non-executive Directors. At least one of the three independent non-executive Directors holds appropriate professional qualifications, or accounting or related financial management expertise as required by Rule 3.10 of the Listing Rules. More than one-third of the members of the Board are independent non-executive Directors. Mr. Patrick Sun, being an independent non-executive Director and Dr. Zhang Jionglong, being a non-executive Director, have renewed their respective letters of appointment with the Company on 27 October 2016 for a term of one year commencing from 28 October 2016. Mr. Homer Sun, being a non-executive Director, has renewed the letter of appointment with the Company for a term of one year commencing from 18 August 2016. Mr. Tsang Wah Kwong and Mr. Zhu Xun, being the independent non-executive Directors, have renewed their letters of appointment with the Company for a term of one year commencing from 4 September 2016 and 20 February 2017 respectively. The non-executive Directors and independent non-executive Directors are subject to retirement by rotation or re-election in accordance with the Company's bye-laws. Each independent non-executive Director has submitted to the Company an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors are independent and meet the independence guidelines set out in Rule 3.13 of the Listing Rules.

委任、重選及撤換董事

本公司細則規定，所有董事須至少每三年輪值退任一次，而於每次股東週年大會上，當時三分之一董事（或倘人數並非三的倍數，則為最接近但不少於三分之一）須輪值退任，及如符合資格則可膺選連任。此外，任何獲董事會委任以填補臨時空缺的董事將任職至其獲委任後的首次股東大會為止，並須於該大會上接受重選。

任何獲董事會委任以增添現有董事會的董事將僅任職至下屆股東週年大會為止，屆時符合資格膺選連任。退任董事符合資格於有關股東大會上接受股東重選。

孫弘先生、曾華光先生及朱迅先生已於二零一六年六月二十八日舉行之本公司股東週年大會上退任及獲重選為董事。孫弘先生獲重選為非執行董事，曾華光先生及朱迅先生各自獲重選為獨立非執行董事。

本公司可透過普通決議案於董事任期屆滿前罷免有關董事（但不得損害有關董事可能就因違反其與本公司訂立的任何合約引致的損失而提出的任何索償），惟任何就罷免董事而召開有關大會的通告應載有擬提呈該決議案的意向聲明，並於大會舉行14日前送交有關董事，而該董事有權於該會議上就有關其罷免的動議發言。

因此，董事會認為已有足夠措施以確保本公司在此方面的企業管治常規為股東權益提供足夠保障，而保障水平與守則條文相若。

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The bye-laws of the Company provide that all the Directors are subject to retirement by rotation at least once every three years and at each annual general meeting, one-third of the Directors for the time being (or, if the number is not a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation and being eligible, can offer themselves for re-election. In addition, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his appointment and be subject to re-election at such meeting.

Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next annual general meeting and shall then be eligible for re-election. The retiring Directors are eligible for re-election by the Shareholders at the respective general meetings.

Mr. Homer Sun, Mr. Tsang Wah Kwong and Mr. Zhu Xun, were retired and re-elected as Directors at the annual general meeting held on 28 June 2016. Mr. Homer Sun was re-elected as a non-executive Director, each of Mr. Tsang Wah Kwong and Mr. Zhu Xun was re-elected as an independent non-executive Director.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) provided that the notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention to do so and be served on such Director 14 days before the meeting and, at such meeting, such Director shall be entitled to be heard on the motion for his removal.

As such, the Board considers that sufficient measures have been put in place to ensure our Company's corporate governance practice in this respect provides sufficient protection for the interests of Shareholders to a standard commensurate with the provision of the Code.

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董事培訓

本公司鼓勵董事參與持續的專業發展，以發展及更新彼等的知識及技能，以確保其在具備全面資訊及切合所需的前提下為董事會作出貢獻。於二零一六年，董事嚴格遵守守則條文A.6.5進行董事培訓。全體董事均已參與持續的專業發展，並已提供彼等收到的培訓記錄。

DIRECTORS' TRAINING

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the year of 2016, the Directors are committed to complying with the code provision A.6.5 of the Code on Directors' training. All Directors have participated in continuous professional development and provided a record of training they received.

董事姓名	Name of Director	出席與董事職責 相關的研討會、 會議及工作坊 Attending seminar, conference and workshop related to director's duties	閱讀資料，例如 報紙、雜誌及企業 管治相關更新資料 Reading materials like newspaper, journals and updates relevant to corporate governance
執行董事	Executive Directors		
車馮升醫生	Dr. Che Fengsheng	√	√
郭維城醫生	Dr. Guo Weicheng	√	√
孟憲慧先生	Mr. Meng Xianhui	√	√
非執行董事	Non-Executive Directors		
張炯龍醫生	Dr. Zhang Jionglong	√	√
孫弘先生	Mr. Homer Sun	√	√
獨立非執行董事	Independent Non-Executive Directors		
辛定華先生	Mr. Patrick Sun	√	√
曾華光先生	Mr. Tsang Wah Kwong	√	√
朱迅先生	Mr. Zhu Xun	√	√

審核委員會

本公司已根據上市規則第3.21條的規定設立審核委員會(「審核委員會」)，並遵從守則訂明其書面職權範圍。審核委員會的主要職責是協助董事會就本集團財務申報程序、內部監控及風險管理系統的效率提供獨立意見，監察審計過程及履行董事會規定的其他職務及職責。審核委員會目前包括一名非執行董事(張炯龍醫生)及三名獨立非執行董事(辛定華先生、曾華光先生及朱迅先生)，並由持有會計專業資格的辛定華先生擔任主席。

於報告期間，審核委員會已舉行三次會議。審核委員會審批了將核數師由國富浩華(香港)會計師事務所(「國富浩華」)改為安永，審閱了本集團的財務申報事項，以及檢討了財務和會計方面的內部監控制度，並已提交改善建議給董事會。審核委員會的職權範圍與守則有關部分所載條文一致。

此外，審核委員會已審閱、討論及批准截至二零一六年十二月三十一日止年度的年度業績及截至二零一六年六月三十日止期間的中期業績。於本年度報告日期，審核委員會亦審閱二零一七年的核數師酬金及向董事會推薦續聘安永為二零一七年之本公司核數師，惟須待股東於二零一七年股東週年大會上批准。

審核委員會成員於報告期間的會議出席記錄如下：

董事姓名
辛定華先生(主席)
張炯龍醫生
曾華光先生
朱迅先生

AUDIT COMMITTEE

The Company has established the audit committee (the “Audit Committee”) in accordance with the requirements of Rule 3.21 of the Listing Rules and with its written terms of reference in compliance with the Code. The primary duties of the Audit Committee are to assist the Board to provide an independent view on the effectiveness of the financial reporting procedures, internal control and risk management system of the Group, to oversee the audit process and to perform other duties and responsibilities as required by the Board. The Audit Committee currently comprises one non-executive Director (Dr. Zhang Jionglong) and three independent non-executive Directors (Mr. Patrick Sun, Mr. Tsang Wah Kwong and Mr. Zhu Xun), and is chaired by Mr. Patrick Sun who has a professional qualification in accountancy.

During the Reporting Period, three meetings were held by the Audit Committee. The Audit Committee had reviewed and approved the change of auditors from Crowe Horwath (HK) CPA Limited (“Crowe Horwath”) to Ernst & Young, reviewed the Group’s financial reporting matters, reviewed the internal control system in relation to finance and accounting and submitted improvement proposals to the Board. The terms of reference of the Audit Committee are consistent with the provisions set out in the relevant sections of the Code.

In addition, the Audit Committee had reviewed, discussed and approved the annual results for the year ended 31 December 2016 and the interim results for the period ended 30 June 2016. As at the date of this annual report, the Audit Committee also reviewed the auditor’s remuneration for 2017 and recommended the Board to re-appoint Ernst & Young as the Company’s auditor for the year of 2017, which is subject to approval by the Shareholders at the 2017 AGM.

The attendance record of the Audit Committee members at the meetings held during the Reporting Period was as follows:

董事姓名	Name of Directors	出席／舉行 之會議次數 Attendance/ No. of meetings held
辛定華先生(主席)	Mr. Patrick Sun (Chairman)	3/3
張炯龍醫生	Dr. Zhang Jionglong	3/3
曾華光先生	Mr. Tsang Wah Kwong	3/3
朱迅先生	Mr. Zhu Xun	3/3

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提名委員會

本公司根據守則規定成立提名委員會（「提名委員會」），並訂明其書面職權範圍。提名委員會的主要職責為（其中包括）：審閱董事會架構、規模及組成方式；評估獨立非執行董事的獨立性；以及就委任董事有關事宜向董事會作出推薦建議。提名委員會目前包括一名執行董事（郭維城醫生）及三名獨立非執行董事（辛定華先生、曾華光先生及朱迅先生），並由曾華光先生擔任主席。提名委員會的職權範圍與守則有關部分條文一致。於報告期間，提名委員會已根據守則規定審閱董事會的組成，並認為董事會由具備多元化背景及技能的成員組成，並確保充分制衡以及保障股東及公眾人士利益。

董事會採納董事會成員多元化政策（「董事會多元化政策」），制定達致董事會成員多元化而採取之方針。本公司相信可透過實施董事會多元化政策達致多元化。採納以下可計量目標：甄選人選將按一系列多元化範疇為基準，包括但不限於性別、年齡、文化及教育背景、種族、專業經驗、技能、知識及服務任期。充分顧及董事會成員多元化的裨益，最終將按客觀條件、人選的長處及可為董事會提供的貢獻而作決定。

於報告期間，提名委員會舉行兩次會議。提名委員會檢討董事會的架構、人數及組成；考慮退任董事的重新委任；及評估獨立非執行董事的獨立性。在向董事會提呈建議最終委任作最終批准前，提名委員會經考慮他們的技能、經驗及知識、本公司相關要求以及董事會結構及組成，盡職謹慎地識別、檢討及提名適合成為本公司董員會成員的候選人。

NOMINATION COMMITTEE

The Company established a nomination committee (the “Nomination Committee”) with its written terms of reference in compliance with the Code. The primary duties of the Nomination Committee are, among others, to review the structure, size and composition of the Board, to assess the independence of the independent non-executive Directors and to make recommendations to the Board on matters relating to the appointment of Directors. The Nomination Committee currently comprises one executive Director (Dr. Guo Weicheng) and three independent non-executive Directors (Mr. Patrick Sun, Mr. Tsang Wah Kwong and Mr. Zhu Xun) and is chaired by Mr. Tsang Wah Kwong. The terms of reference of the Nomination Committee are consistent with the provisions set out in the relevant sections of the Code. During the Reporting Period, the Nomination Committee reviewed the composition of the Board in accordance with the requirements as stipulated in the Code and concluded that the Board comprised members with diversified backgrounds and skills which ensured check and balance and safeguarded the interests of Shareholders as well as the public.

The Board adopted a board diversity policy (the “Board Diversity Policy”) setting out the approach to diversify members of the Board. The Company believes that a diversified perspective can be achieved through implementation of the Board Diversity Policy. The following measurable objectives were adopted: Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on objective criteria, merit and contribution that the selected candidates will bring to the Board having due regard for the benefits of diversity on the Board.

During the Reporting Period, two meetings were held by the Nomination Committee. The Nomination Committee had reviewed the structure, size and composition of the Board, considered the re-appointment of the retiring Directors and assessed the independence of the independent non-executive Directors. The Nomination Committee, had also, taking into consideration the skills, experience and knowledge, the relevant requirements of the Company and the structure and composition of the Board, identified, reviewed and nominated, with diligence and care, candidates who are suitable as Board members of the Company before making final recommendations to the Board for their final appointment.

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於報告期間，提名委員會成員出席會議記錄如下：

The attendance record of the Nomination Committee members at the meetings held during the Reporting Period was as follows:

董事姓名	Name of Directors	出席人數／舉行之會議次數 Attendance/ No. of meetings held
曾華光先生(主席)	Mr. Tsang Wah Kwong (Chairman)	2/2
郭維城醫生	Dr. Guo Weicheng	2/2
辛定華先生	Mr. Patrick Sun	2/2
朱迅先生	Mr. Zhu Xun	2/2

提名委員會將定期檢討董事會成員多元化政策，以確保其持續有效。

The Nomination Committee will review the Board Diversity Policy on a regular basis to ensure its continued effectiveness.

薪酬委員會

本公司根據上市規則第3.25條的規定成立薪酬委員會(「薪酬委員會」)，並遵從守則訂明其書面職權範圍。薪酬委員會的主要職責為(其中包括)就本集團董事及高級管理層所有薪酬政策與架構向董事會提供建議及檢討及審批管理層的薪酬建議。董事薪酬參考彼等職責及經驗與當前市況釐定。薪酬委員會目前包括一名執行董事(車馮升醫生)及三名獨立非執行董事(辛定華先生、曾華光先生及朱迅先生)，並由朱迅先生擔任主席。薪酬委員會的職權範圍與守則有關部分所載條文一致。

REMUNERATION COMMITTEE

The Company established a remuneration committee (the “Remuneration Committee”) in accordance with the requirements of Rule 3.25 of the Listing Rules and with its written terms of reference in compliance with the Code. The primary duties of the Remuneration Committee are, amongst other things, to make recommendations to the Board on the Group’s policy and structure for all remuneration of the Directors and senior management and to review and approve the management’s remuneration proposals. The remuneration of the Directors is determined with reference to their duties, responsibilities and experience, and to prevailing market conditions. The Remuneration Committee currently comprises one executive Director (Dr. Che Fengsheng) and three independent non-executive Directors, (Mr. Patrick Sun, Mr. Tsang Wah Kwong and Mr. Zhu Xun) and is chaired by Mr. Zhu Xun. The terms of reference of the Remuneration Committee are consistent with the provisions set out in the relevant sections of the Code.

於本年度，薪酬委員會已評估執行董事表現、檢討薪酬政策、審議及批核二零一七年執行董事的董事袍金建議以及向董事會建議非執行董事的董事袍金。

During the Year, the Remuneration Committee assessed the performance of executive Directors, reviewed the remuneration policy, reviewed and approved the proposed 2017 directors’ fees for executive Directors and made recommendation to the Board on the directors’ fees for non-executive Directors.

於報告期間，薪酬委員會舉行兩次會議，會上討論及建議董事會考慮有關二零一七年本公司執行董事及高級管理層薪酬的決議案及二零一七年執行董事及高級管理層的薪酬政策。

During the Reporting Period, two meetings were held by the Remuneration Committee, during which the resolutions regarding the remuneration of executive Directors and senior management of the Company in 2017 and the remuneration policy for the executive Directors and senior management for 2017 were discussed and recommended to the Board for consideration.

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於報告期間，薪酬委員會成員出席會議記錄如下：

董事姓名	Name of Directors	出席人數／舉行之會議次數 Attendance/ No. of meetings held
朱迅先生(主席)	Mr. Zhu Xun (Chairman)	2/2
車馮升醫生	Dr. Che Fengsheng	1/2
辛定華先生	Mr. Patrick Sun	2/2
曾華光先生	Mr. Tsang Wah Kwong	2/2

董事酬金詳情載列於財務報表附註26。此外，根據守則之守則條文第B.1.5條，年內，高級管理人員年度酬金分級載列如下：

酬金分級(港元)	Remuneration band (HKD)	人數 Number of individual
零 - 1,000,000	Nil - 1,000,000	4
1,000,001 - 2,000,000	1,000,001 - 2,000,000	2
2,000,001 - 3,000,000	2,000,001 - 3,000,000	1

風險管理委員會

於二零一五年十二月十三日，董事會批准和成立本公司的風險管理委員會(「風險管理委員會」)，並制訂其具體書面職權範圍。風險管理委員會的主要職責為(其中包括)：審核本公司的風險管理、內部監控系統、ESG策略、政策、指引及程序以及檢討風險管理、內部監控系統及ESG工作的有效性。風險管理委員會包括兩名執行董事(郭維城醫生及孟憲慧先生)及兩名獨立非執行董事(辛定華先生及曾華光先生)，並由孟憲慧先生擔任主席。

於報告期間，風險管理委員會共舉行一次會議。風險管理委員會審核及就本公司的風險管理和內部監控系統作出檢討並提供建議予董事會。風險管理委員會亦就ESG策略、政策、指引及程序作審核和檢討並向董事會提供意見。

The attendance record of the Remuneration Committee members at the meetings held during the Reporting Period was as follows:

Details of the Directors' remuneration are set out in Note 26 to the Financial Statements. In addition, pursuant to code provision B.1.5 of the Code, the annual remuneration of members of the senior management by band for the Year is set out below:

RISK MANAGEMENT COMMITTEE

On 13 December 2015, the Board approved and established the risk management committee of the Company (the "Risk Management Committee") with written terms of reference. The primary duties of the Risk Management Committee are, among others, to review the Company's risk management, internal control system and ESG strategies, policies, guidelines and procedures and to review the effectiveness of the work on risk management, internal control systems and ESG. The Risk Management Committee consists of two executive Directors (Dr. Guo Weicheng and Mr. Meng Xianhui) and two independent non-executive Directors (Mr. Patrick Sun and Mr. Tsang Wah Kwong), and is chaired by Mr. Meng Xianhui.

During the Reporting Period, one meeting was held by the Risk Management Committee. The Risk Management Committee reviewed and assessed the risk management and internal control systems of the Company, and made suggestions to the Board. The Risk Management Committee had also reviewed and assessed the ESG strategies, policies, guidelines and procedures, and expressed their opinions to the Board.

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於報告期間，風險管理委員會成員出席會議記錄如下：

The attendance record of the Risk Management Committee members at the meetings held during the Reporting Period was as follows:

董事姓名	Name of Directors	出席人數／舉行之會議次數 Attendance/ No. of meetings held
孟憲慧先生(主席)	Mr. Meng Xianhui (Chairman)	1/1
郭維城醫生	Dr. Guo Weicheng	1/1
辛定華先生	Mr. Patrick Sun	1/1
曾華光先生	Mr. Tsang Wah Kwong	1/1

董事及有關僱員的證券交易標準守則

本公司已採納上市規則附錄十所載的上市公司董事進行證券交易的標準守則(「標準守則」)為董事進行證券交易的操守守則。經向所有董事作特別查詢，所有董事確認，彼等於報告期間一直遵守標準守則之標準。為遵守守則之守則條文第A.6.4條，本集團亦已設定及採納標準守則為有關僱員進行證券交易的操守守則，以規管本集團若干被認為可能會擁有本公司內幕資料的僱員買賣本集團之證券。

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct for securities transactions by the Directors. Having made specific enquiry to all Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the Reporting Period. To comply with code provision A.6.4 of the Code, the Group has also established and adopted the Model Code as the code of conduct for securities transactions by relevant employees to regulate the dealings in the securities of the Group by certain employees of the Group who are deemed to be likely in possession of the inside information of the Company.

董事就綜合財務報表承擔的責任

董事確認彼等的責任為編製真實公平反映本集團於截至二零一六年十二月三十一日止財政年度財務狀況的財務報表。有關本公司外聘核數師的申報責任聲明載於本年報第114至121頁。

DIRECTORS' RESPONSIBILITY ON THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors confirmed that it is their responsibility to prepare the financial statements which give a true and fair view of the state of affairs of the Group for the financial year ended 31 December 2016. A statement on reporting responsibility with respect to the external auditor of the Company is set out on pages 114 to 121 of this annual report.

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風險管理及內部監控

董事會負責確保本集團維持健全有效的內部監控制度。本集團已採納內部監控程序及政策，以保障資產，確保妥善保存會計記錄及作出可靠的財務報告，並確保遵守有關法例及規定。本公司的內部審核團隊（「內部審核團隊」）在董事會審計委員會和董事局主席指導下獨立開展審計工作，配備具備一定職業道德、專業能力、審計經驗及恰當溝通能力的人員，定期檢討本集團財務及運作、向審核委員會報告檢討結果及監管方面的漏洞（如有），定期對公司內部控制系統的合法性、健全性和有效性進行測評和監督檢查。審核委員會審批年度工作計劃，內部審核團隊則監察基於審核委員會建議所協議的跟進行動。此外，審核委員會協助董事會每年檢討本集團內部監控系統是否有效，且已檢討截至本年度本集團內部監控系統是否有效，當中包括本公司會計及財務報告部的資源充足性、員工資質及經驗、培訓計劃及預算並認為其已有效及足夠。

於二零一六年董事會聘請專業第三方公司為本集團就風險管理、內部監控系統及ESG提供專業意見及服務。

集團建立了全面風險管理體系，並與現有的內部監督體系實現了有機融合。集團將風險識別、風險評估、風險應對三步驟法（如下圖所示）作為全面風險管理的指導方法。通過風險識別建立符合公司經營情況的風險清單，通過風險評估合理判斷各類風險發生的可能性與影響力，結合定性和定量分析挖掘風險成因，從經營策略、制度流程、架構職能、技術工具、人員技能、資源配置、績效考核七個方面出發，提出多維度、行之有效的應對策略，形成書面報告並匯報管理層和董事會。最終通過內部監督制度實現有效落實，體現風險管理的工作效果。且通過此次風險體系建設過程，集團形成常態化的風險日常監控與定期評估機制，實現對日常經營管理活動中的風險要素進行持續監督。

RISK MANAGEMENT AND INTERNAL CONTROL

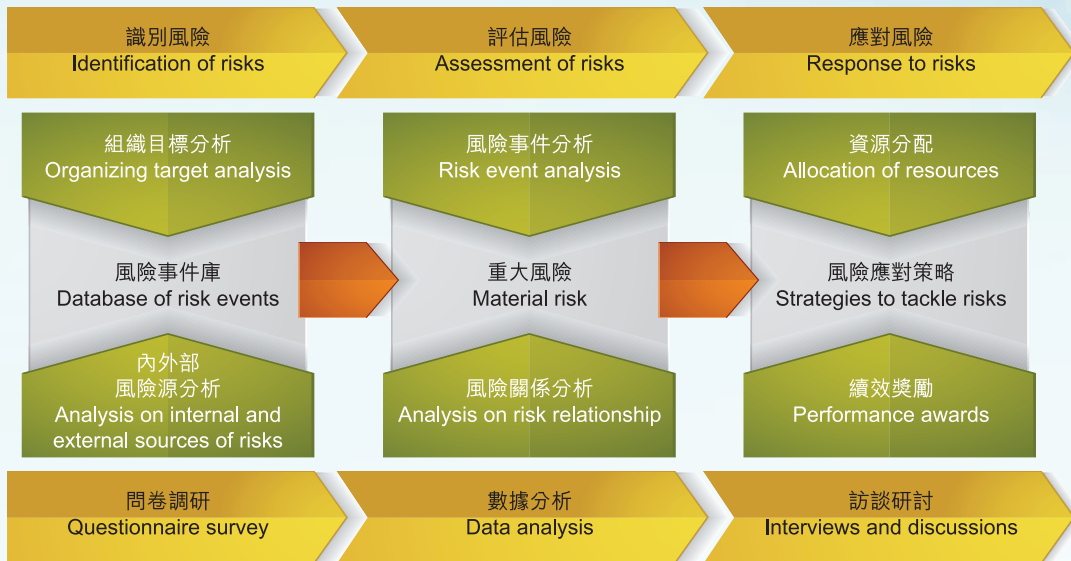
The Board has the responsibility to ensure that a sound and effective internal control system is maintained within the Group. The Group has adopted internal control procedures and policies to safeguard the assets, to ensure proper maintenance of accounting records, to carry out reliable financial reporting, and to guarantee compliance with the relevant laws and regulations. The internal audit team of the Company (the “Internal Audit Team”) conducts independent auditing work under the guidance of the Audit Committee of the Board and the Chairman of the Board. It is composed of officers who possess professional ethics, professional capabilities, auditing experience and appropriate communication abilities. It conducts regular financial and operational reviews on the Group and reports its findings and supervisory weaknesses, if any, to the Audit Committee. It performs evaluation and supervisory inspection on the legal compliance, soundness and effectiveness of the internal control system of the Company. The annual work plan is reviewed and endorsed by the Audit Committee. The Internal Audit Team monitors follow-up actions agreed based on recommendations of the Audit Committee. In addition, the Audit Committee will assist the Board to conduct annual review on the effectiveness of the internal control system of the Group, and has reviewed the effectiveness of the internal control system of the Group for the Year, including the adequacy of resources, qualifications and experience of staff of the Company’s accounting and financial reporting functions, their training programs and budget, which are considered effective and adequate.

In 2016, the Board has appointed a professional third party company to provide professional advice and services on risk management, internal control system and ESG to the Group.

The Group has established a comprehensive risk management system and realized organic integration with the internal control system. The Group has adopted a three-step method (as shown in the diagram below) comprising identification of risks, assessment of risks and response to risks as the guiding measures for comprehensive risk management. A list of risks is compiled through identification of risks with respect to the operating conditions of the Company. Reasonable judgment on the possibility of occurrence and the effects of various types of risks is attained through assessment of risks. By combining qualitative and quantitative analysis to find out the causes of risks, recommendations of multi-dimensional and effective responsive strategies are made from seven aspects, including operation strategy, system process, structural functions, technical tools, skills of staff, allocation of resources and performance appraisal, and a written report is prepared for submission to the management and the Board. Finally, fruitful results of risk management will be realized through effective implementation of the internal control system. And through the process of establishing this risk system, the Group has formed a regular mechanism for daily monitoring and regular assessment of risks to realize continuing supervision on essential risk factors in the daily operational management activities.

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集團除了在內部實施風險管理及內部監控並定期回顧外，每年外聘核數師在開展起法定審核工作的同時，檢查若干主要的風險管理及內部監控是否充足及有效。於適當情況下，集團採納外聘核數師的有關建議，加強風險管理及內部監控。

此外，為規範集團運營，保證集團各項業務符合相關法規，於二零一五年將原集團監察部改組為合規部，負責集團所有與合規相關工作的建立、檢查和報告，自此在集團內部建立了合規風險管理組織架構，定期回顧集團內部員工、客戶、供應商、合作方行為合規性，開展遵紀守法、合規廉潔的培訓教育，每年與員工簽訂合規承諾書。

集團制定了《資訊披露管理辦法》，並遵守適用法律、法規和上市規則，按資訊處理及發佈程式，真實、及時、準確、合法、完整地披露資訊，履行披露義務，並確保適當批准披露該等消息前維持保密，保護公司股東、債權人及其他利益相關人員的合法權益。

In addition to internal implementation of risk management and conducting regular review on internal control, the Group will engage external auditors annually to perform statutory audits as well as to examine the adequacy and effectiveness of certain key risk management and internal control aspects. Under appropriate circumstances, the Group will adopt the relevant recommendations of the external auditors to enhance risk management and internal control.

Moreover, to regulate operations of the Group and to ensure that all businesses of the Group comply with relevant laws and regulations, the Group's former Surveillance Department has been restructured into the compliance department in 2015 and is responsible for the establishment, inspection and reporting of all compliance-related work of the Group. A compliance risk management organizational structure has been established within the Group since then to conduct regular reviews on the compliance of conducts of the Group's internal staff, customers, suppliers and cooperative partners, provide training and education on observing discipline and laws and complying with anti-corruption rules, and sign letters of undertakings on compliance with employees annually.

The Group has formulated the Information Disclosure Management Measures, and has complied with applicable laws, regulations and the Listing Rules, to disclose information truthfully, timely, accurately, legally and completely in accordance with the information processing and release procedures to perform the obligations of disclosure, and to ensure that such information has been kept confidential prior to the proper approval of its disclosure to protect the legitimate interests of the Company's shareholders, creditors and other stakeholders.

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與股東及投資者之溝通

本集團的投資者關係於二零一六年取得顯著改善。本集團多次參與機構投資者會議，並通過多元化渠道定期與眾多投資者溝通。本集團亦於本公司及聯交所網站刊登年度及中期報告、業績報告、其他公告及通函，藉以達致最高標準及財務透明。

本年度內，本公司於二零一六年六月二十八日舉行股東週年大會（「二零一六年股東週年大會」）。本公司六名董事（即郭維城醫生、孟憲慧先生、張炯龍醫生、辛定華先生、曾華光先生及朱迅先生），均有出席會議。車馮升醫生及孫弘先生因其他的事務安排而未能抽身出席會議。

董事出席二零一六年股東週年大會的記錄載列如下：

執行董事

車馮升醫生
郭維城醫生
孟憲慧先生

非執行董事

張炯龍醫生
孫弘先生

獨立非執行董事

辛定華先生
曾華光先生
朱迅先生

自二零一六年一月一日至本年報日期，本公司的組織章程大綱及細則並無變更。

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Group had made remarkable improvements in investor relationship in 2016. The Group has participated in a number of institutional investor conferences and regularly communicated with many investors through various means. The Group has also set to provide the highest standard and financial transparency through publication of annual and interim reports, results announcements, other announcements and circulars through the websites of the Company and the Stock Exchange.

During the Year, the Company held an annual general meeting on 28 June 2016 (the “2016 AGM”). Six Directors of the Company, namely Dr. Guo Weicheng, Mr. Meng Xianhui, Dr. Zhang Jionglong, Mr. Patrick Sun, Mr. Tsang Wah Kwong and Mr. Zhu Xun, attended the meeting. Dr. Che Fengsheng and Mr. Homer Sun were not able to attend the meeting as they were engaged in their business schedule.

The attendance record of the Directors at the 2016 AGM is set out below:

	出席人數／舉行 之會議次數 Attendance/ No. of meetings held
Executive Directors	
Dr. Che Fengsheng	0/1
Dr. Guo Weicheng	1/1
Mr. Meng Xianhui	1/1
Non-executive Directors	
Dr. Zhang Jionglong	1/1
Mr. Homer Sun	0/1
Independent Non-executive Directors	
Mr. Patrick Sun	1/1
Mr. Tsang Wah Kwong	1/1
Mr. Zhu Xun	1/1

During the period from 1 January 2016 to the date of this annual report, there has not been any change in the Company's memorandum of association and bye-laws.

股東權利

下列程序受本公司細則(「細則」)、百慕達一九八一年公司法(「公司法」)及適用之法例與法規所規限。股東若對下列程序有疑問，或欲向董事會詢問，可向本公司聯席公司秘書(「公司秘書」)提出書面請求，地址為香港灣仔港灣道1號會展廣場辦公大樓4905室。

A. 股東於股東大會提呈建議(建議指定人士參選董事除外)的程序

- (1) 根據細則第56及57條，本公司股東週年大會(「股東週年大會」)須每年舉行一次，並可於必要時舉行股東特別大會。
- (2) 根據公司法第79條，(i)持有有權於股東大會上投票之全體股東總投票權不少於二十分之一的股東；或(ii)不少於一百名股東，可向有權收取股東週年大會或股東大會通知的股東提呈書面要求以通知於股東週年大會上動議的任何決議案，或就於特定股東大會提呈之任何決議案所述事項或處理的事務作出不少於1,000字的書面陳述。
- (3) 書面請求／陳述須由相關股東簽署，並於股東週年大會舉行前六(6)周(倘要求獲提供決議案通知)或股東大會舉行前一(1)周(倘為任何其他要求)連同副本呈遞至本公司註冊辦事處(地址為Clarendon House, 2 Church Street, P.O.Box, HM1022, Hamilton, HM DX, Bermuda)及本公司香港主要辦事處(地址為香港灣仔港灣道1號會展廣場辦公大樓4905室)，致公司秘書。

SHAREHOLDERS' RIGHTS

The following procedures are subject to the bye-laws of the Company (the "Bye-laws"), the Bermuda Companies Act 1981 (the "Act") and applicable legislation and regulation. Shareholders who have enquires about the following procedures or have enquires to put to the Board may write to the joint company secretaries of the Company (the "Company Secretary") at Room 4905, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

A. Procedures for Shareholders to make proposals at general meeting other than a proposal of a person for election as a Director

- (1) Pursuant to Bye-laws 56 and 57, the Company holds an annual general meeting ("AGM") every year, and may hold a general meeting known as a special general meeting whenever necessary.
- (2) Pursuant to section 79 of the Act, Shareholder(s) holding (i) not less than one-twentieth of the total voting rights of all Shareholders having the right to vote at the general meeting; or (ii) not less than 100 Shareholders, can submit a written request for notice of any resolution intended to be moved at an AGM or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting to be given to the Shareholders entitled to receive notice of the AGM or general meeting.
- (3) The written request/statements must be signed by the Shareholder(s) concerned and deposited at the Company's registered office at Clarendon House, 2 Church Street, P.O.Box, HM1022, Hamilton, HM DX, Bermuda with a copy to its principal office in Hong Kong at Room 4905, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong, for the attention of the Company Secretary, not less than six (6) weeks before the AGM in the case of a requisition for notice of a resolution and not less than one (1) week before the general meeting in the case of any other requisition.

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- (4) 根據公司法第80條，倘書面要求適當，公司秘書可要求董事會(i)將決議案加載股東週年大會議程及提供決議案通知；或(ii)傳閱股東大會陳述，惟相關股東須支付董事會釐定的合理金額的費用，以便本公司根據法定要求向全體登記股東寄發決議案通知及／或向彼等傳閱相關股東提呈的陳述。相反，倘要求無效，或相關股東未有支付足夠費用供本公司作出上述行動，則向相關股東告知此結果，因此建議決議案不會加載股東週年大會議程，股東大會陳述亦不會傳閱。

B. 股東建議指定人士參選董事的程序

- (1) 倘正式合資格出席因處理委任／選舉董事而召開的股東大會並於會上投票的股東欲建議指定人士(股東本身除外)於該大會上參選董事，則須將書面通知呈遞至本公司註冊辦事處(地址為Clarendon House, 2 Church Street, P.O. Box, HM1022, Hamilton, HM DX, Bermuda)及本公司香港主要辦事處(地址為香港灣仔港灣道1號會展廣場辦公大樓4905室)，致公司秘書。
- (2) 為使本公司告知全體股東有關建議，書面通知須列明獲建議參選董事人士的全名及上市規則第13.51(2)條規定的該名人士履歷詳情，並須由相關股東簽署及連同該名人士簽署的通知，表明其有意參選。

- (4) Pursuant to section 80 of the Act, if the written request is in order, the Company Secretary will request the Board (i) to include the resolution in the agenda for the AGM and give notice of the resolution; or (ii) to circulate the statement for the general meeting, provided that the Shareholder(s) concerned have deposited a sum of money reasonably determined by the Board sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating the statement submitted by the Shareholder(s) concerned in accordance with the statutory requirements to all the registered Shareholders. On the contrary, if the requisition is invalid or the Shareholder(s) concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the Shareholder(s) concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the AGM or the statement will not be circulated for the general meeting.

B. Procedures for a Shareholder to propose a person for election as a Director

- (1) If a Shareholder, who is duly qualified to attend and vote at the general meeting convened to deal with appointment/election of Director(s), wishes to propose a person (other than the Shareholder himself/herself) for election as a Director at that meeting, he/she must deposit a written notice at the Company's registered office at Clarendon House, 2 Church Street, P.O. Box, HM1022, Hamilton, HM DX, Bermuda and its principal office in Hong Kong at Room 4905, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong, for the attention of the Company Secretary.
- (2) In order for the Company to inform all Shareholders of that proposal, the written notice must state the full name of the person proposed for election as a director, his/her biographical details as required by rule 13.51(2) of the Listing Rules, and be signed by the Shareholder concerned and accompanied by a notice signed by that person indicating his/her willingness to be elected.

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- (3) 發出有關書面通知的最短期限至少須為七(7)日，倘該等通知於寄發指定舉行有關選舉之股東大會通知後遞交，則遞交有關通知的期限將於寄發指定舉行有關選舉之股東大會通告翌日開始，並於不遲於有關股東大會日期前七(7)日結束。
- (4) 倘於該股東大會日期前不足十五(15)個營業日收到該通知，則本公司須考慮押後股東大會，以(i)評估建議候選人是否合適；及(ii)於相關股東大會前最少十四(14)個整日及不少於十(10)個營業日就該建議向股東刊發公佈或寄發補充通函。

C. 股東召開股東特別大會(「股東特別大會」)的程序

- (1) 於遞呈要求當日持有少於附有本公司股東大會投票權之本公司繳足股本十分之一的股東，可隨時向本公司註冊辦事處發出書面要求(地址為Clarendon House, 2 Church Street, P.O. Box, HM1022, Hamilton, HM DX, Bermuda)及連同其副本寄主要辦事處(地址為香港灣仔港灣道1號會展廣場辦公大樓4905室)，致董事會或公司秘書，要求董事會召開股東特別大會，處理有關要求所指明任何事項的相關議程，而有關大會須於遞呈上述要求後兩(2)個月內舉行。
- (2) 書面要求須列明股東大會的目的，經相關要求人士簽署，並可由多份相同格式的文件組成，惟每份文件須經一名或多名該等要求人士簽署。

- (3) The minimum length of the period, during which such written notice(s) may be given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.
- (4) If the notice is received less than fifteen (15) business days prior to that general meeting, the Company will need to consider adjournment of the general meeting in order to (i) assess the suitability of the proposed candidate; and (ii) publish an announcement or circulate a supplementary circular in relation to the proposal to the Shareholders at least fourteen (14) clear days and not less than ten (10) business days prior to the general meeting.

C. Procedures for Shareholders to convene special general meeting (“SGM”)

- (1) Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition sent to the Company’s registered office at Clarendon House, 2 Church Street, P.O. Box, HM1022, Hamilton, HM DX, Bermuda and with a copy to its principal office at Room 4905, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong, for the attention of the Board or the Company Secretary, to require a SGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition.
- (2) The written requisition must state the purposes of the general meeting, be signed by the requisitionists and may consist of several documents in like form, each signed by one or more of those requisitionists.

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- (3) 倘要求適當，公司秘書將要求董事會根據法定要求向全體註冊股東發出充分通知後召開股東特別大會。相反，倘要求無效，則向相關要求人士告知此結果，亦不會應要求召開股東特別大會。
- (4) 向全體註冊股東發出通知以供考慮相關要求人士於股東特別大會上所提呈建議的期限因建議性質而異，詳情如下：
- 倘建議屬本公司特別決議案(除更正明顯錯誤的純粹文書修訂外，不得予以修訂)，須最少發出二十一(21)個整日及不少於十(10)個完整營業日的書面通知；及
 - 倘建議屬本公司普通決議案，須最少發出十四(14)個整日及不少於十(10)個完整營業日的書面通知。
- (5) 倘遞呈後二十一(21)日內董事會未有召開有關大會，則遞呈要求人士可根據公司法第74(3)條的規定自行以同樣方式召開大會。
- (6) 根據公司法第74(3)條的規定，倘董事會於遞呈要求日期起計二十一(21)日內未有召開有關大會，則遞呈要求人士或擁有彼等全體總表決權半數以上的任何該等人士可自行以同樣方式召開大會，惟所召開大會不得於上述日期起三(3)個月屆滿後舉行。
- (7) 遞呈要求人士因董事會未有正式召開大會而產生的所有合理開支須由本公司向遞呈要求人士償付，而本公司將從基於有關失責董事的服務而到期應付或即將應付的任何袍金或其他薪酬款項中扣留所償付款項。
- (3) If the requisition is in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice in accordance with the statutory requirements to all the registered Shareholders. On the contrary, if the requisition is invalid, the requisitionists will be advised of this outcome and accordingly, a SGM will not be convened as requested.
- (4) The notice period to be given to all the registered Shareholders for consideration of the proposal raised by the requisitionists at a SGM varies according to the nature of the proposal, as follows:
- at least twenty-one (21) clear days' and not less than ten (10) clear business days' notice in writing if the proposal constitutes a special resolution of the Company, which cannot be amended other than to a mere clerical amendment to correct a patent error; and
 - at least fourteen (14) clear days' and not less than ten (10) clear business days' notice in writing if the proposal constitutes an ordinary resolution of the Company.
- (5) If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of section 74(3) of the Act.
- (6) In accordance with the provision of section 74(3) of the Act, if the Board does not within twenty-one (21) days from the date of deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three (3) months from the said date.
- (7) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to convene a meeting shall be repaid to the requisitionists by the Company, and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration in respect of their services to such directors as were in default.

D. 股東向董事會作出查詢的程序

股東可隨時透過公司秘書以書面形式將其查詢及問題遞交董事會。公司秘書的聯絡詳情如下：

四環醫藥控股集團有限公司
香港灣仔
港灣道1號
會展廣場辦公大樓4905室
電話：(86) 755 8860 9726
傳真：(852) 3101 0362
電郵：ir@sihuanpharm.com

股東亦可在本公司股東大會上向董事會作出查詢。

D. Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

Sihuan Pharmaceutical Holdings Group Ltd.
Room 4905, Office Tower,
Convention Plaza, 1 Harbour Rd.,
Wanchai, Hong Kong
Telephone: (86) 755 8860 9726
Fax: (852) 3101 0362
Email: ir@sihuanpharm.com

Shareholders may also make enquiries to the Board at the general meetings of the Company.

企業管治職能

董事會負責確保公司建立健全的企業管治常規及程序。董事會授權審核委員會履行以下企業管治職務：

- (a) 發展及檢討本公司的企業管治政策及常規，並向董事會提出建議；
- (b) 檢討及監察本公司董事及高級管理層的培訓及持續專業發展；
- (c) 檢討及監察本公司的政策及常規在法律及監管規定方面的合規情況；
- (d) 發展、檢討及監察適用於本公司董事僱員的行為守則及企業管治事宜合規指引(如有)；及
- (e) 檢討本公司對守則及企業管治報告中的其他相關規則及披露規定的合規情況。

核數師酬金

本年度，本集團核數師向本集團提供核數服務。二零一六年度核數服務費用為人民幣5.5百萬元。

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for ensuring that the Company establishes good corporate governance practices and procedures. The Audit Committee is authorised by the Board to perform the corporate governance duties as below:

- (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of Directors and senior management of the Company;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual to corporate governance matters (if any) applicable to Directors and employees of the Company; and
- (e) to review the Company's compliance with the Code and other related rules and disclosure in the Corporate Governance Report.

AUDITOR'S REMUNERATION

For the Year, the auditor of the Group provided audit services for the Group. The service fees for audit services in 2016 amounted to RMB5.5 million.

企業管治報告

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遵守不競爭承諾

車馮升醫生、郭維城醫生、孟憲慧先生、張炯龍醫生及 Plenty Gold Enterprises Limited (統稱為「契諾人」) 各自就其遵守不競爭承諾契據的條款 (於本公司日期為二零一零年十月十五日的招股章程披露) 提供年度聲明書。根據不競爭契據，各契諾人已 (其中包括) 不可撤銷及無條件地向本公司承諾，於有關期間內任何時間，各契諾人須各自及須促使其連絡人 (本集團成員公司除外)：

- (i) 不會直接或間接從事、投資、參與或試圖參與或提供任何服務或提供任何財務支持或以其他方式參與 (不論以其個人名義或互相或聯同或代表任何人士或公司) 與本集團的業務相同、類似或產生競爭的任何業務；及
- (ii) 不會採取任何行動干涉或中斷或可能干涉或中斷本集團的業務。

獨立非執行董事亦已審閱契諾人遵守不競爭承諾契據的情況。

COMPLIANCE OF THE NON-COMPETITION UNDERTAKING

Each of Dr. Che Fengsheng, Dr. Guo Weicheng, Mr. Meng Xianhui, Dr. Zhang Jionglong and Plenty Gold Enterprises Limited (collectively, the “Convenantors” and each a “Convenantor”) had provided an annual declaration in respect of their compliance with the terms of the deed of non-competition undertaking (as disclosed in the Company’s prospectus dated 15 October 2010). Pursuant to the deed of non-competition, each of the Convenantors has, among other things, irrevocably and unconditionally undertaken with the Company that at any time during the relevant period, each of the Convenantors shall, and shall procure that its associates (other than members of our Group):

- (i) not, directly or indirectly, engage in, invest in, participate in, or attempt to participate in or render any services to or provide any financial support to or otherwise be involved in, whether on its own account or with each other or in conjunction with or on behalf of any person or company, any business which is the same as, similar to or in competition with the business of the Group; and
- (ii) not take any action which interferes with or disrupts or may interfere with or disrupt the business of the Group.

The independent non-executive Directors have also reviewed the compliance by the Convenantors with the deed of non-competition undertaking.

董事會報告

Report of Directors

董事會欣然提呈本年度董事會報告及經審核綜合財務報表（「財務報表」）。

主要業務

本公司為一家投資控股公司，本公司附屬公司之主要業務載列於財務報表附註 11。

業務審視

有關本集團年內業務的審視與對未來業務發展的論述均載於本年報第 11 頁至第 13 頁的主席報告，而有關本集團可能面對的風險及不明朗因素的描述，亦載於第 11 頁至第 13 頁的主席報告，財務報表附註 3 還刊載了本集團的財務風險管理分析。財務報表附註 37 就刊載了於截至二零一六年十二月三十一日止財務年度終結後發生並對本集團有影響的重大事件。本年報第 10 頁則刊載本集團財務摘要，以財務關鍵表現指標分析本集團年內表現。此外，關於風險管理、內部監控系統、ESG、與持份者關係及對本集團有重大影響的相關法律及規例之遵守情況，分別刊於第 11 頁至第 13 頁的主席報告、第 78 頁至第 96 頁的企業管治報告及第 97 頁至第 113 頁之本董事會報告書中，並於本集團企業網頁的中可供查閱。

環境保護

本公司一直以來都將環境保護視為工作重點之一。本公司在業務營運中審慎利用資源，使用可持續及環保材料，以達到其保護環境的承諾。根據聯交所的《環境、社會及管治報告指引》，本公司對內部管理系統進行了更新，加強了對於環境保護的管控。本集團鼓勵環保、遵守環保規例並致力提升僱員的環保意識，同時堅守循環再用及減少廢物之原則，實施各項綠色辦公室措施，例如用電子化審批代替紙質審批、雙面打印及複印、設置回收箱、提倡使用環保紙及透過關掉閒置的電燈及電器減少耗能。本公司亦鼓勵其股東透過聯交所及本公司之網站收取電子公司通訊，以節約紙張的浪費。

The Board is pleased to present the Directors' report together with the audited consolidated financial statements for the Year (the "Financial Statements").

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 11 to the Financial Statements.

BUSINESS REVIEW

A review of the business of the Group during the Year and a discussion on the Group's future business development are provided in the Chairman's Statement on pages 11 to 13 of this Annual Report. Description of possible risks and uncertainties that the Group may be facing can be found in the Chairman's Statement on pages 11 to 13. Also, the financial risk management analysis of the Group can be found in Note 3 to the Financial Statements. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2016 are provided in Note 37 to the financial statements. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Group Financial Summary on page 10 of this Annual Report. In addition, discussions on the Group's risk management, internal control, ESG, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the Chairman's Statement, the Corporate Governance Report and this Directors' Report on pages 11 to 13, pages 78 to 96 and pages 97 to 113 respectively and in the Group's corporate website.

ENVIRONMENTAL PROTECTION

The Company has long considered environmental protection as one of its key priorities. During its business operation, the Company has used its resources prudently, employed reusable and eco-friendly materials to fulfil its commitment to protect the environment. With reference to the Stock Exchange's Environmental, Social and Governance Reporting Guide, the Company has implemented measures to update its internal control system and strengthen the regulation and control of environmental protection initiatives. The Group is supportive of environmental protection, committed to comply with environmental protection regulations and dedicated to heighten the environmental awareness of its employees. Meanwhile, it also adheres to the principle of recycling and reducing and carries forward various initiatives to green the office, including replacing paper approval by electronic approval, printing and copying double-sided, setting up recycling bins, advocating the use of recycled paper and reducing energy consumption by switching off idling lights and electronic appliances. The Company also encourages its Shareholders to receive electronic communications through the websites of the Stock Exchange and the Company in order to save paper.

董事會報告

Report of Directors

本集團將不時檢討其環保工作，並將考慮在本集團之業務營運中實施進一步環保之措施及慣例，加強環境之可持續性。

環保工作具體之實施情況和績效詳情，請參考本年報第14至43頁之環境、社會及管治報告。

分部資料

本年度，本集團之營業額、收益及分部資料之分析載列於財務報表附註5。

業績及分派

本集團本年度之業績載列於本年報第124至125頁之綜合損益及其他全面收益表。

於二零一六年支付每股普通股人民幣1.4分的中期現金股息，合共人民幣143,309,000元。

董事會建議向股東派付每股普通股人民幣3.8分的末期現金股息及每股普通股人民幣5.5分的特別現金股息，惟須待股東於二零一七年股東週年大會審議及批准後方可作實。

財務摘要

本集團過往五個財政年度之業績以及資產與負債之摘要載列於本年報第10頁。

物業、廠房及設備

於本年度內，本集團之物業、廠房及設備之變動詳情載列於財務報表附註6。

附屬公司、聯營公司及合營企業

有關本公司於二零一六年十二月三十一日之主要附屬公司、聯營公司及合營企業之詳情分別刊於財務報表附註11、12、34及35。

股本

於本年度內，本公司之股本變動詳情連同其原因載列於財務報表附註18。

The Group will review its environmental protection activities from time to time and consider the further implementation of measures and practices on environmental protection in the Group's business operations, thereby enhancing environmental sustainability.

Details of implementation and performance of the environmental protection activities are set out in the Environment, Social and Governance Report on pages 14 to 43 of this annual report.

SEGMENT INFORMATION

An analysis of the Group's turnover, income and segment information for the Year is set out in Note 5 to the Financial Statements.

RESULTS AND DISTRIBUTIONS

The Group's results for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on pages 124 to 125 of this annual report.

An interim cash dividend of RMB1.4 cents per ordinary share, totaling RMB143,309,000, was paid during 2016.

The Board proposed to distribute a final cash dividend of RMB3.8 cents per ordinary share and a special cash dividend of RMB5.5 cents per ordinary share to Shareholders. Such proposal is subject to the consideration and approval of Shareholders at the 2017 AGM.

FINANCIAL HIGHLIGHTS

A summary of the Group's results and assets and liabilities for the last five financial years is set out on page 10 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in Note 6 to the Financial Statements.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Details of the Company's principal subsidiaries, associates and joint venture at 31 December 2016 are set out in Notes 11, 12, 34 and 35 to the Financial Statements, respectively.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year together with the reasons for such movements are set out in Note 18 to the Financial Statements.

股份及儲備

有關本集團及本公司於本年度的股份及儲備變動詳情載列於綜合權益變動表以及財務報表附註18及19。於報告期間完結時，可供分派予股東的儲備為人民幣6,340,925,000元(二零一五年：人民幣5,262,640,000元)。本公司於本年度內並無發行任何股份。

購股權計劃

本公司並無施行任何購股權計劃。

僱員股份獎勵計劃

為向本集團管理層提供獎勵，若干股東(即 Plenty Gold Enterprises Limited、車馮升醫生及郭維城醫生)已於二零一零年十月二十五日(「採納日期」)採納一項獎勵計劃(「僱員股份獎勵計劃」)。Plenty Gold Enterprises Limited、車馮升醫生及郭維城醫生(作為信託的財產授予人(「財產授予人」))已為僱員股份獎勵計劃預留及撥出合共33,750,000股本公司股份(「Plenty Gold股份」)。於二零一三年一月二十五日，MSPEA Pharma Holdings B.V.向僱員股份獎勵計劃貢獻額外3,750,000股本公司股份(連同Plenty Gold股份，統稱「預留股份」)。受託人公司(於英屬處女群島成立的私人信託公司，由Plenty Gold Enterprises Limited全資擁有)已獲委任為受託人(「計劃受託人」)，根據僱員股份獎勵計劃持有預留股份，計劃受託人將於接獲薪酬委員會的指示後，向經甄選的本集團管理人員及僱員(不包括董事)(「承授人」)授出可按薪酬委員會將釐定的價格購入預留股份的權利(「獎勵」)。

SHARES AND RESERVES

Details of movements in the shares and reserves of the Group and the Company during the Year are set out in the Consolidated Statement of Changes in Equity and also in Notes 18 and 19 to the Financial Statements. As at the end of the reporting period, the reserves available for distribution to Shareholders amounted to RMB6,340,925,000 (2015: RMB5,262,640,000). The Company had not issued any shares during the Year.

SHARE OPTION SCHEME

The Company has not implemented any share option scheme.

EMPLOYEE SHARE AWARD SCHEME

An award scheme for the purpose of incentivising the management of the Group (the “Employee Share Award Scheme”) has been adopted by certain Shareholders (namely, Plenty Gold Enterprises Limited, Dr. Che Fengsheng and Dr. Guo Weicheng) on 25 October 2010 (the “Adoption Date”). Plenty Gold Enterprises Limited, Dr. Che Fengsheng and Dr. Guo Weicheng, as settlors (the “Settlors”) of a trust, has reserved and set aside a total of 33,750,000 shares of the Company (the “Plenty Gold Shares”) for the Employee Share Award Scheme. On 25 January 2013, MSPEA Pharma Holdings B.V. contributed an additional 3,750,000 shares of the Company (together with the Plenty Gold Shares, the “Reserve Shares”) to the Employee Share Award Scheme. Trustee Co (a private trust company established in the British Virgin Islands and wholly-owned by Plenty Gold Enterprises Limited) has been appointed as the trustee (the “Scheme Trustee”) to hold the Reserve Shares under the Employee Share Award Scheme, and the Scheme Trustee will, upon receiving instructions from the Remuneration Committee, award to selected management personnel and employees of the Group (excluding Directors) (a “Grantee”) the rights to acquire the Reserve Shares (“Awards”) at a price to be determined by the Remuneration Committee.

董事會報告

Report of Directors

僱員股份獎勵計劃涉及授出本公司現有股份，故不會根據此安排發行新股份。由於獎勵的承授人將為經甄選的本集團管理人員(不包括董事)且財產授予人為關連人士，故預留股份不會計入公眾持股量。所有相關獎勵計劃(包括此僱員股份獎勵計劃)合共將不會超過本公司已發行股本的30%。薪酬委員會應釐定將獲授獎勵的僱員，而獎勵可自採納日期起計三年期間內隨時授出。待達成行使獎勵的若干條款及條件(包括若干歸屬條件及表現目標(如有))後，承授人可於計劃受託人向該名僱員發出的要約函件所述行使獎勵的限期前，隨時行使其接納的任何部分獎勵。

於二零一三年九月二十七日，本集團234名僱員獲授獎勵，有權按每股3.19港元的行使價購買合共19,750,000股本公司股份。本集團6名僱員於二零一三年十月二十一日獲授獎勵，可按行使價每股0.70港元向受託人公司購買合共2,050,000股本公司股份。待達成若干歸屬條件及達到若干業績目標(如有)後，該獎勵可於授予獎勵之日起五年期間行使。

於二零一六年六月二十八日，本集團234名僱員(「選定參與者」)獲授新獎勵(「新獎勵」)，可藉此按行使價1.57港元購買合共31,448,172股每股面值0.01港元的本公司普通股，條件是選定參與者將交回現有獎勵。待達成若干歸屬條件及若干績效指標(如有)後，新獎勵可於授出日當日起計五年內行使。

截至二零一六年十二月三十一日，合共215名僱員已行使獎勵，涉及25,895,177股本公司股份。

優先購買權

本公司的章程細則或百慕達(即本公司註冊成立的司法權區)法律並無有關優先購買權的條文，規定本公司須向現有股東按比例發售新股份。

The Employee Share Award Scheme involves granting of the existing shares of the Company and no new shares will be issued by the Company pursuant to this arrangement. The Reserve Shares will not be counted towards the public float as Grantees of Awards will be selected management personnel of the Group (excluding Directors) and the Settlers are connected persons. All related award schemes (including this Employee Share Award Scheme) will not in aggregate exceed 30% of the issued share capital of the Company. The Remuneration Committee shall determine which employee will be granted the Awards, and Awards may be granted at any time during a period of three years commencing from the Adoption Date. Subject to satisfying certain terms and conditions for exercise of the Awards, including certain vesting conditions and performance targets (if any), a Grantee may exercise any portion of his or her Award accepted by him/her at any time before the deadline for exercising the Award as stated in the offer letter from the Scheme Trustee to such employee.

On 27 September 2013, 234 employees of the Group were granted Awards entitling them to acquire an aggregate of 19,750,000 shares of the Company from the Trustee Co at an exercise price of HKD3.19 per share. On 21 October 2013, 6 employees of the Group were granted Awards entitling them to acquire an aggregate of 2,050,000 shares of the Company from the Trustee Co at an exercise price of HKD0.70 per share. Subject to certain vesting conditions and the satisfaction of certain performance targets (if any), such Awards shall be exercisable over a period of five years commencing from the date on which the Awards were granted.

On 28 June 2016, 234 employees of the Group (the "Selected Participants") were granted new Awards ("New Awards") entitling them to acquire an aggregate of 31,448,172 ordinary shares of par value HKD0.01 each of the Company at an exercise price of HKD1.57 on the condition that the Selected Participants will surrender the existing Awards. Subject to certain vesting conditions and the satisfaction of certain performance targets (if any), the New Awards shall be exercisable over a period of five years commencing from the date on which the New Awards are granted.

As of 31 December 2016, a total of 215 employees have exercised their Awards involving 25,895,177 shares of the Company.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to its existing Shareholders.

買賣或贖回本公司上市股份

於本年度，本公司透過聯交所總代價約為1,422.1百萬港元(扣除各項開支前)購回777,498,000股股份。於本年報日期，有關股份已被註銷。有關購回的詳情如下：

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

During the Period, the Company repurchased 777,498,000 shares through the Stock Exchange at a total consideration, before expenses, of approximately HKD1,422.1 million. Such shares have been cancelled as at the date of this report. Details of repurchase are as follows:

年/月	Month/Year	已購回 普通股 Number of ordinary shares repurchased	最高港元 Highest price paid per share HKD	最低港元 Lowest price paid per share HKD	已付總代價	
					百萬港元 HKD Million	相當於 人民幣 百萬元 Equivalent to RMB Million
二零一六年六月	June 2016	58,633,000	1.66	1.59	96.5	81.8
二零一六年七月	July 2016	289,298,000	1.91	1.48	493.2	421.6
二零一六年十月	October 2016	155,240,000	1.92	1.68	285.8	245.8
二零一六年十一月	November 2016	179,586,000	2.06	1.86	346.8	302.7
二零一六年十二月	December 2016	94,741,000	2.18	2.04	199.8	177.5
總計	Total	777,498,000			1,422.1	1,229.4

董事會報告

Report of Directors

除上文所披露者之外，截至二零一六年十二月三十一日止年度，本公司或其任何附屬公司概無購買、出售或贖回本公司的任何上市證券。

主要客戶及供貨商

於二零一六年，本集團最大單一客戶及五個最大客戶所佔集團本年度的總銷售額比例為2.3%及9.7%。

於二零一六年，本集團最大單一供貨商及五個最大供貨商所佔集團本年度的總採購額比例分別為25.9%及76.6%。

各董事、主要行政人員、彼等之緊密聯繫人士或任何就董事所知擁有本公司已發行股本5%以上之股東，於本年度內概無於本集團五大客戶及供貨商中擁有任何實益權益。

關連交易

本集團截至二零一六年十二月三十一日止年度的關聯方交易詳情載於財務報表附註35。該等交易概無構成上市規則第十四A章項下的關連交易。

截至二零一六年十二月三十一日止年度，本集團並無進行任何其他須遵守上市規則項下有關申報及年度審核規定的關連交易或持續關連交易(定義見上市規則)。

全球發售所得款項用途

於二零一零年十月，本公司透過國際配售及公開發售以價格4.60港元配發1,437,500,000股普通股。除下文所披露者外，上述國際配售及公開發售所得款項淨額約6,365.7百萬港元(相當於約人民幣5,407.6百萬元)已根據本公司於二零一零年十月十五日的招股章程所披露用途動用。

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2016.

MAJOR CUSTOMERS AND SUPPLIERS

In 2016, the aggregate sales attributable to the Group's largest customer and five largest customers were 2.3% and 9.7% respectively of the Group's sales for the Year.

In 2016, the aggregate purchases attributable to the Group's largest supplier and five largest suppliers were 25.9% and 76.6% respectively of the Group's purchases for the Year.

Neither the Directors or chief executive or any of their close associates or any Shareholder (which, to the knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in any of the Group's five largest customers and suppliers during the Year.

CONNECTED TRANSACTIONS

Details of the related-party transactions of the Group during the year ended 31 December 2016 are set out in Note 35 to Financial Statements. None of these transactions constituted connected transactions under Chapter 14A of the Listing Rules.

During the year ended 31 December 2016, the Group has not conducted any other connected transaction or continuing connected transaction (as defined under the Listing Rules) which is subject to reporting and annual review requirements under the Listing Rules.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

In October 2010, the Company allotted 1,437,500,000 ordinary shares at a price of HKD4.60 through international placing and public offer. Save as disclosed below, the net proceeds raised from such international placing and public offer, being approximately HKD6,365.7 million (equivalent to approximately RMB5,407.6 million), are used in accordance with the purposes disclosed in the prospectus of the Company dated 15 October 2010.

董事會報告

Report of Directors

於二零一六年十二月三十一日，本公司全球發售所籌集約人民幣5,392.6百萬元按下列用途及概約金額動用：

- 約人民幣540.8百萬元用於我們的產品研發；
- 約人民幣525.7百萬元用於我們現有產品的開發；
- 約人民幣74.5百萬元用於收購產品；
- 約人民幣551.1百萬元用於為我們位於北京及廊坊的兩個新生產設施建設提供資金；
- 約人民幣300.3百萬元用於為我們位於吉林省及遼寧省的生產設施建設提供資金；
- 約人民幣3,351.8百萬元用於併購；及
- 約人民幣48.4百萬元用於加強銷售及分銷活動。

於二零一六年十二月三十一日，本公司國際配售及公開發售所籌集資金約人民幣15.0百萬元尚未動用，有關金額已存入本公司特別銀行戶口。

As at 31 December 2016, approximately RMB5,392.6 million raised from the global offering of the Company was used for the purposes and approximately in the amounts set out below:

- approximately RMB540.8 million was used for our product development and research;
- approximately RMB525.7 million was used for the development of our existing products;
- approximately RMB74.5 million was used for acquisition of products;
- approximately RMB551.1 million was used for funding the construction of our two new production facilities located in Beijing and Langfang;
- approximately RMB300.3 million was used for funding the construction of production facilities in Jilin Province and Liaoning Province;
- approximately RMB3,351.8 million was used for mergers and acquisitions; and
- approximately RMB48.4 million was used for enhancement of our sales and distribution efforts.

Approximately RMB15.0 million raised from the international placing and public offer of the Company remained unused as at 31 December 2016, which is deposited in the special bank account of the Company.

董事會報告

Report of Directors

董事

於截至二零一六年十二月三十一日止年度及直至本年報日期，本公司之董事（「董事」）如下：

執行董事

車馮升醫生（主席）
郭維城醫生（副主席兼行政總裁）
孟憲慧先生（副總經理）

非執行董事

張炯龍醫生
孫弘先生

獨立非執行董事

辛定華先生
曾華光先生
朱迅先生

董事及高級管理層的履歷載於本年報「董事及高級管理層履歷」一節。

車馮升醫生、郭維城醫生及張炯龍醫生須輪流退任，全部均符合資格並願意於二零一七年股東週年大會上膺選連任。

董事之服務合約

執行董事車馮升醫生、郭維城醫生及孟憲慧先生已各自於二零一六年十月二十七日與本公司續訂服務合約，由二零一六年十月二十八日起計為期三年，可於屆滿前由一方向另一方發出至少三個月書面通知予以終止。車醫生、郭醫生及孟先生各自將分別收取年薪人民幣7,000,000元、人民幣4,200,000元及人民幣2,800,000元（包括任何董事袍金）（年薪須由董事會及薪酬委員會每年檢討）及董事會及薪酬委員會計及相關執行董事的表現後可能酌情釐定的酌情花紅。

執行董事須就董事會批准釐定應向其支付的薪金、花紅及其他福利的任何決議案放棄投票，亦不會計入法定人數內。

DIRECTORS

The directors of the Company (the “Directors”) during the year ended 31 December 2016 and up to the date of this annual report were as follows:

Executive Directors

Dr. Che Fengsheng (Chairman)
Dr. Guo Weicheng (Deputy Chairman and CEO)
Mr. Meng Xianhui (Deputy General Manager)

Non-executive Directors

Dr. Zhang Jionglong
Mr. Homer Sun

Independent non-executive Directors

Mr. Patrick Sun
Mr. Tsang Wah Kwong
Mr. Zhu Xun

The biographical details of the Directors and senior management are set out under the Section “Biographical Details of Directors and Senior Management” of this annual report.

Dr. Che Fengsheng, Dr. Guo Weicheng and Dr. Zhang Jionglong shall retire by rotation and being eligible, have offered themselves for re-election, at the 2017 AGM.

DIRECTORS’ SERVICE CONTRACTS

Each of Dr. Che Fengsheng, Dr. Guo Weicheng and Mr. Meng Xianhui, being the executive Directors, renewed their service contracts with the Company on 27 October 2016 for a term of three years commencing from 28 October 2016, subject to termination before expiry by either party giving not less than three months’ notice in writing to the other. Each of Dr. Che, Dr. Guo and Mr. Meng will receive an annual salary (including any director’s fees) of RMB7,000,000, RMB4,200,000 and RMB2,800,000, respectively (such annual salary is subject to annual review by the Board and the Remuneration Committee) and a discretionary bonus as may be decided by the Board and the Remuneration Committee at their discretion, having regard to the performance of the relevant executive Director.

Such executive Director shall abstain from voting, and not be counted in the quorum, in respect of any resolution of the Board approving the determination of the salary, bonus and other benefits payable to him.

董事會報告

Report of Directors

非執行董事張炯龍醫生已於二零一六年十月二十七日與本公司續訂委任函，由二零一六年十月二十八日起計為期一年，而非執行董事孫弘先生已於二零一六年十月二十七日與本公司續訂委任函，自二零一六年八月十八日起任期一年。非執行董事將不會自本公司收取任何薪酬。

獨立非執行董事辛定華先生、曾華光先生及朱迅先生分別於二零一六年十月二十七日、二零一六年九月四日及二零一七年二月二十日與本公司續訂彼等的委任函，分別自二零一六年十月二十八日、二零一六年九月四日及二零一七年二月二十日起為期一年。辛定華先生、曾華光先生及朱迅先生的年度袍金分別為350,000港元、350,000港元及人民幣280,000元。

除本年報所披露者外，在二零一七年股東週年大會參加重選的董事與本公司並無訂立任何本公司不可於一年內終止而毋須作出賠償(法定賠償除外)之服務合約。

管理合約

本年度內，本公司並無就整體業務或任何重要業務之管理或行政工作簽訂或存有任何合約。

董事於競爭業務、交易、安排及合約中的權益

於本年度內，概無董事或彼等各自之聯繫人(定義見上市規則)被視為於與本集團業務競爭或極可能競爭(直接或間接)之業務中擁有權益。再者，在年終或本年度內任何時間，本公司並無訂立任何對本集團業務重大且董事於其中直接或間接擁有重大權益的交易、安排或合約。

重大合約

年內，本公司或其任何附屬公司概無與本公司或其任何附屬公司或本公司的控股股東或其任何附屬公司訂立重大合約。

Dr. Zhang Jionglong, being the non-executive Director, renewed his letter of appointment with the Company on 27 October 2016, for a term of one year commencing from 28 October 2016 and Mr. Homer Sun being the non-executive Director, renewed his letter of appointment with the Company on 27 October 2016 for a term of one year commencing from 18 August 2016. The non-executive Directors will not receive any remuneration from the Company.

Mr. Patrick Sun, Mr. Tsang Wah Kwong and Mr. Zhu Xun, being the independent non-executive Directors, renewed their respective letters of appointment with the Company on 27 October 2016, 4 September 2016 and 20 February 2017 respectively for a term of one year, commencing from 28 October 2016, 4 September 2016 and 20 February 2017 respectively. The annual fees for Mr. Patrick Sun, Mr. Tsang Wah Kwong and Mr. Zhu Xun are HKD350,000, HKD350,000 and RMB280,000 respectively.

Saved as disclosed in this annual report, none of the Directors standing for re-election at the 2017 AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than the statutory compensation.

MANAGEMENT CONTRACTS

No contracts concerning the management or administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

During the Year, no Directors or their respective associates (as defined in the Listing Rules) are considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group. Furthermore, no transactions, arrangements or contracts of significance in relation to the Group's business in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

SIGNIFICANT CONTRACTS

No contract of significance to which the Company, or any of its subsidiaries has been entered into between the Company, or any of its subsidiaries nor the Company's controlling shareholders or any of its subsidiaries during the Year.

董事會報告

Report of Directors

董事的彌償保證

根據本公司章程細則第164條，本公司每名董事或其他高級人員應有權就其任期內，或因執行其職務而可能遭致或發生與此相關之一切損失或責任從本公司資產中獲得賠償。本公司有為本集團董事及高級人員安排適當的董事及高級人員責任保險。

董事及主要行政人員於股份、相關股份及債券中之權益及淡倉

於二零一六年十二月三十一日，各董事及本公司主要行政人員於本公司或其任何相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份及債券中擁有本公司須記錄在根據證券及期貨條例第352條規定須存置之登記冊，及根據標準守則知會本公司及聯交所之權益及淡倉如下：

DIRECTORS' INDEMNITIES

Pursuant to Article 164 of the Company's bye-laws, every director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. In addition, the Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2016, the Directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

董事會報告

Report of Directors

(i) 董事於股份中的權益

(i) Directors' interests in Shares

董事姓名 Name of Director	權益性質／身份 Nature of Interest/Capacity	股份總數 Total Number of Shares	股權概約 百分比 Approximate percentage of Shareholding	
車馮升醫生 Dr. Che Fengsheng	受控法團權益(附註1)	5,910,158,863 (好倉) (附註4)	61.45% (好倉)	
	5,252,042,038 股(好倉)	11,039,825 (淡倉)	0.11% (淡倉)	
	Interest in a controlled corporation (Note 1)	5,910,158,863 (L) (Note 4)	61.45% (L)	
	5,252,042,038 Shares (L)	11,039,825 (S)	0.11% (S)	
	信託財產授予人(附註2)			
	14,139,825 股(好倉)			
	11,039,825 股(淡倉)			
	Settlor of a trust (Note 2)			
	14,139,825 Shares (L)			
	11,039,825 Shares (S)			
配偶權益				
800,000 股(好倉)				
Interest of spouse				
800,000 Shares (L)				
其他權益(附註3)				
925,757,000 股(好倉)				
Other interest (Note 3)				
925,757,000 Shares (L)				
郭維城醫生 Dr. Guo Weicheng	實益擁有人	5,910,158,863 (好倉) (附註6)	61.45% (好倉)	
	11,350,000 股(好倉)	5,910,158,863 (L) (Note 6)	61.45% (L)	
	Beneficial Owner			
	11,350,000 Shares (L)			
	信託財產授予人			
	318,386,000 股(好倉)			
	Settlor of a trust			
	318,386,000 Shares (L)			
	其他權益(附註5)			
	5,816,222,863 股(好倉)			
Other interest (Note 5)				
5,816,222,863 Shares (L)				

董事會報告

Report of Directors

董事姓名 Name of Director	權益性質／身份 Nature of Interest/Capacity	股份總數 Total Number of Shares	股權概約 百分比 Approximate percentage of Shareholding
孟憲慧先生 Mr. Meng Xianhui	受控法團權益(附註7)	5,910,158,863 (好倉)(附註9)	61.45% (好倉)
	113,180,000股(好倉)	5,910,158,863 (L)(Note 9)	61.45% (L)
	Interest in a controlled corporation (Note 7)		
	113,180,000 Shares (L)		
張炯龍醫生 Dr. Zhang Jionglong	其他權益(附註8)		
	5,910,158,863股(好倉)		
	Other interest (Note 8)		
	5,910,158,863 Shares (L)		
張炯龍醫生 Dr. Zhang Jionglong	受控法團權益(附註10)	5,910,158,863 (好倉)(附註12)	61.45% (好倉)
	198,940,000股(好倉)	5,910,158,863 (L)(Note 12)	61.45% (L)
	Interest in a controlled corporation (Note 10)		
	198,940,000 Shares (L)		
張炯龍醫生 Dr. Zhang Jionglong	配偶權益		
	1,321,000股(好倉)		
	Interest of spouse (L)		
	1,321,000 Shares (L)		
張炯龍醫生 Dr. Zhang Jionglong	其他權益(附註11)		
	5,908,337,863股(好倉)		
	Other interest (Note 11)		
	5,908,337,863 Shares (L)		

董事會報告

Report of Directors

附註：

- (1) 車馮升醫生為Plenty Gold Enterprises Limited(「Plenty Gold」)已發行股本約60%以及Network Victory Limited全部已發行股本的實益擁有人。因此，車馮升醫生被視為於Plenty Gold及Network Victory Limited分別持有的本公司4,754,594,038股及497,448,000股股份中擁有權益。
- (2) 由於車馮升醫生為信託(Sihuan Management (PTC) Limited(「受託人公司」)為其受託人)的財產授予人之一，故被視為於受託人公司持有的14,139,825股股份(好倉)中擁有權益及於11,039,825股股份中持有淡倉。
- (3) 根據證券及期貨條例第317及318條，車馮升醫生被視為分別由車馮升醫生、郭維城醫生、孟憲慧先生及張炯龍醫生擁有權益或被視為擁有權益的282,580,000股、329,736,000股、113,180,000股及200,261,000股股份中擁有權益。
- (4) 在5,910,158,863股股份的好倉中，車馮升醫生透過受控法團權益及其他權益的性質於282,580,000股股份的好倉中擁有或被視為擁有權益。
- (5) 根據證券及期貨條例第317及318條，郭維城醫生被視為分別由車馮升醫生、郭維城醫生、孟憲慧先生及張炯龍醫生擁有權益或被視為擁有權益的5,266,981,863股、235,800,000股、113,180,000股及200,261,000股股份中擁有權益。
- (6) 在5,910,158,863股股份的好倉中，郭維城醫生透過信託財產授予人及其他權益的性質於235,800,000股股份的好倉中擁有或被視為擁有權益。
- (7) 孟憲慧先生為Smart Top Overseas Limited全部已發行股本的實益擁有人，故被視為於Smart Top Overseas Limited持有的113,180,000股股份中擁有權益。
- (8) 根據證券及期貨條例第317及318條，孟憲慧先生被視為分別由車馮升醫生、郭維城醫生、孟憲慧先生及張炯龍醫生擁有權益或被視為擁有權益的5,266,981,863股、329,736,000股、113,180,000股及200,261,000股股份中擁有權益。

Notes:

- (1) Dr. Che Fengsheng is the beneficial owner of approximately 60% of the issued share capital of Plenty Gold Enterprises Limited ("Plenty Gold") as well as the entire issued share capital of Network Victory Limited. As such, Dr. Che Fengsheng is deemed to be interested in the 4,754,594,038 shares and 497,448,000 shares held by Plenty Gold and Network Victory Limited in the Company, respectively.
- (2) Since Dr. Che Fengsheng is one of the settlors of the trust for which Sihuan Management (PTC) Limited ("Trustee Co") is a trustee, Dr. Che Fengsheng is deemed to be interested in the long position in 14,139,825 shares and the short position in 11,039,825 shares held by Trustee Co.
- (3) Under sections 317 and 318 of the SFO, Dr. Che Fengsheng is deemed to be interested in the 282,580,000 shares, 329,736,000 shares, 113,180,000 shares and 200,261,000 shares which Dr. Che Fengsheng, Dr. Guo Weicheng, Mr. Meng Xianhui and Dr. Zhang Jionglong are interested in or are deemed to be interested in, respectively.
- (4) Among the long position in 5,910,158,863 shares, Dr. Che Fengsheng is interested in or deemed to be interested in the long position in 282,580,000 shares through both the nature of interest in a controlled corporation and other interest.
- (5) Under sections 317 and 318 of the SFO, Dr. Guo Weicheng is deemed to be interested in the 5,266,981,863 shares, 235,800,000 shares, 113,180,000 shares and 200,261,000 shares which Dr. Che Fengsheng, Dr. Guo Weicheng, Mr. Meng Xianhui and Dr. Zhang Jionglong are interested in or are deemed to be interested in, respectively.
- (6) Among the long position in 5,910,158,863 shares, Dr. Guo Weicheng is interested in or deemed to be interested in the long position in 235,800,000 shares through both the nature of settlor of a trust and other interest.
- (7) Mr. Meng Xianhui is the beneficial owner of the entire issued share capital of Smart Top Overseas Limited and is deemed to be interested in the 113,180,000 shares held by Smart Top Overseas Limited.
- (8) Under sections 317 and 318 of the SFO, Mr. Meng Xianhui is deemed to be interested in the 5,266,981,863 shares, 329,736,000 shares, 113,180,000 shares and 200,261,000 shares which Dr. Che Fengsheng, Dr. Guo Weicheng, Mr. Meng Xianhui and Dr. Zhang Jionglong are interested in or are deemed to be interested in, respectively.

董事會報告

Report of Directors

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| <p>(9) 在5,910,158,863股股份的好倉中，孟憲慧先生透過受控法團權益及其他權益的性質於113,180,000股股份的好倉中擁有或被視為擁有權益。</p> <p>(10) 張炯龍醫生為Keen Mate Limited全部已發行股本的實益擁有人，故被視為於Keen Mate Limited持有的198,940,000股股份中擁有權益。</p> <p>(11) 根據證券及期貨條例第317及318條，張炯龍醫生被視為於分別由車馮升醫生、郭維城醫生、孟憲慧先生及張炯龍醫生擁有權益或被視為擁有權益的5,266,981,863股、329,736,000股、113,180,000股及198,440,000股股份中擁有權益。</p> <p>(12) 在5,910,158,863股股份的好倉中，張炯龍醫生透過受控法團權益及其他權益的性質於198,440,000股股份的好倉中擁有或被視為擁有權益。</p> <p>(13) 字母「L」代表董事於該等股份的好倉，而字母「S」則代表董事於該等股份的淡倉。</p> | <p>(9) Among the long position in 5,910,158,863 shares, Mr. Meng Xianhui is interested in or deemed to be interested in the long position in 113,180,000 shares through both the nature of interest in a controlled corporation and other interest.</p> <p>(10) Dr. Zhang Jionglong is the beneficial owner of the entire issued share capital of Keen Mate Limited and is deemed to be interested in the 198,940,000 shares held by Keen Mate Limited.</p> <p>(11) Under sections 317 and 318 of the SFO, Dr. Zhang Jionglong is deemed to be interested in the 5,266,981,863 shares, 329,736,000 shares, 113,180,000 shares and 198,440,000 shares which Dr. Che Fengsheng, Dr. Guo Weicheng, Mr. Meng Xianhui and Dr. Zhang Jionglong are interested in or are deemed to be interested in, respectively.</p> <p>(12) Among the long position in 5,910,158,863 shares, Dr. Zhang Jionglong is interested in or deemed to be interested in the long position in 198,440,000 shares through both the nature of interest in a controlled corporation and other interest.</p> <p>(13) The Letter “L” denotes the Director’s long position in such shares and the letter “S” denotes the Director’s short position in such shares.</p> |
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(ii) 董事於相聯法團股份中的權益

相聯法團名稱	董事姓名	權益性質／身份	股份數目	股權概約百分比
Name of Associated Corporation	Name of Director	Nature of Interest/Capacity	Number of Shares	Approximate percentage of Shareholding
Plenty Gold	車馮升醫生 Dr. Che Fengsheng	實益權益 Beneficial interest	4,511,813	60.16%
Plenty Gold	郭維城醫生 Dr. Guo Weicheng	實益權益 Beneficial interest	1,989,915	26.53%
Plenty Gold	孟憲慧先生 Mr. Meng Xianhui	實益權益 Beneficial interest	595,110	7.93%
Plenty Gold	張炯龍醫生 Dr. Zhang Jionglong	實益權益 Beneficial interest	403,162	5.38%

(ii) Directors' interest in the shares of associated corporations

相聯法團名稱	董事姓名	權益性質／身份	股份數目	股權概約百分比
Name of Associated Corporation	Name of Director	Nature of Interest/Capacity	Number of Shares	Approximate percentage of Shareholding
Plenty Gold	車馮升醫生 Dr. Che Fengsheng	實益權益 Beneficial interest	4,511,813	60.16%
Plenty Gold	郭維城醫生 Dr. Guo Weicheng	實益權益 Beneficial interest	1,989,915	26.53%
Plenty Gold	孟憲慧先生 Mr. Meng Xianhui	實益權益 Beneficial interest	595,110	7.93%
Plenty Gold	張炯龍醫生 Dr. Zhang Jionglong	實益權益 Beneficial interest	403,162	5.38%

除上文所披露者外，各董事、主要行政人員或彼等之聯繫人概無於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份及債券中擁有根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所之權益或淡倉(包括根據證券及期貨條例之有關條文被視為或被當作擁有之權益或淡倉)，或須記錄在根據證券及期貨條例第352條須存置之登記冊之權益或淡倉，或根據標準守則須知會本公司及聯交所之權益或淡倉。

董事購買股份或債券之權利

本年度內本公司並無授予任何董事、主要行政人員或其配偶或未成年子女任何透過購買本公司股份或債券而獲取實益之權利；以上人士於本年度內亦無行使所述權利。本公司、其控股公司、或其任何附屬公司亦無參與任何安排，致令各董事於任何其他法人團體獲得此等權利。

捐款

截至二零一六年十二月三十一日止年度，本公司並沒有任何捐款。

股票掛鈎協議

除上文所披露僱員股份獎勵計劃外，本公司本年度內並無於訂立任何股票掛鈎協議。

獲准許的彌償條文

根據本公司細則，每位董事均可從本公司的資產及溢利獲得彌償，董事執行其各自的職責或假定職責時因所作出、發生的作為或不作為而招致或蒙受或可能招致或蒙受的所有訴訟、費用、收費、損失、損害及開支，可獲確保免就此受任何損害。惟本彌償保證不延伸至任何與董事欺詐或不忠誠有關的事宜。

本公司已安排合適的責任保險，以就董事因公司業務而產生的責任向彼等提供彌償。

Save as disclosed above, none of the Directors, chief executive and their associates had any interests or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she/it was deemed or taken to have under such provisions of the SFO) or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

During the Year, the Company did not grant any rights to any Directors, chief executive or their respective spouse or children under 18 to acquire beneficial interests by means of the acquisition of shares in, or debentures of, the Company, and none of the above persons have exercised the said rights during the Year. The Company, its holding company or any of its subsidiaries were not a party to any arrangements to enable the Directors to acquire such rights in any other body corporate.

DONATIONS

For the year ended 31 December 2016, the Company has not made any donations.

EQUITY-LINKED AGREEMENTS

Other than the Employee Share Award Scheme as disclosed above, the Company did not enter into any equity-linked agreement during the Year.

PERMITTED INDEMNITY PROVISION

Pursuant to Company's bye-laws, every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty. Provided that such indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to the Director.

The Company has arranged appropriate liability insurance to indemnify the Directors for their liabilities arising out of corporate activities.

董事會報告

Report of Directors

主要股東於股份、相關股份及債券中之權益及淡倉

於二零一六年十二月三十一日，本公司遵照證券及期貨條例第336條須存置之登記冊記錄，以下股東(不包括本公司之董事或主要行政人員)於本公司已發行股本、相關股份或債券中擁有5%或以上權益(包括淡倉)：

股東名稱 Name of Shareholder	權益性質／身份 Nature of Interest/ Capacity	股份總數 Total Number of Shares	股權概約 百分比 Approximate percentage of Shareholding
Plenty Gold (附註1)	實益擁有人	4,768,733,863 (好倉) (附註2)	49.58%
Plenty Gold (Note 1)	4,754,594,038 股 (好倉) Beneficial owner 4,754,594,038 Shares (L) 信託財產授予人 14,139,825 股 (好倉) 11,039,825 股 (淡倉) Settlor of a trust 14,139,825 Shares (L) 11,039,825 Shares (S)	4,768,733,863 (L) (Note 2)	
		11,039,825 (淡倉) (附註2) 11,039,825 (S) (Note 2)	0.11%

附註：

- (1) Plenty Gold 直接持有本公司 4,754,594,038 股股份。其亦為持有本公司 14,139,825 股股份(好倉)及 11,039,825 股股份(淡倉)權益的受託人公司的唯一股東。因此，Plenty Gold 被視為於受託人公司持有的 14,139,825 股股份(好倉)及 11,039,825 股股份(淡倉)中擁有權益。
- (2) 字母「L」代表股東於該等股份的好倉，而字母「S」則代表股東於該等股份的淡倉。

除上文所披露者外，於二零一六年十二月三十一日，本公司遵照證券及期貨條例第336條須存置之登記冊記錄，概無任何其他人士於本公司股份或相關股份中擁有根據證券及期貨條例第336條記錄之權益或淡倉。

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2016, the following Shareholders, other than the Directors or chief executive of the Company, which were recorded in the register required to be kept by the Company under Section 336 of the SFO, had interests of 5% or more (including short positions) in the issued share capital, underlying shares or debentures of the Company:

股東名稱 Name of Shareholder	權益性質／身份 Nature of Interest/ Capacity	股份總數 Total Number of Shares	股權概約 百分比 Approximate percentage of Shareholding
Plenty Gold (附註1)	實益擁有人	4,768,733,863 (好倉) (附註2)	49.58%
Plenty Gold (Note 1)	4,754,594,038 股 (好倉) Beneficial owner 4,754,594,038 Shares (L) 信託財產授予人 14,139,825 股 (好倉) 11,039,825 股 (淡倉) Settlor of a trust 14,139,825 Shares (L) 11,039,825 Shares (S)	4,768,733,863 (L) (Note 2)	
		11,039,825 (淡倉) (附註2) 11,039,825 (S) (Note 2)	0.11%

Notes:

- (1) Plenty Gold directly holds 4,754,594,038 shares in the Company. It is also the sole shareholder of Trustee Co which has interest in 14,139,825 (L) shares and short position in 11,039,825 (S) shares in the Company. Accordingly, Plenty Gold is deemed to be have interest in the 14,139,825 (L) shares and short position in the 11,039,825 (S) shares held by Trustee Co.
- (2) The letter "L" denotes the Shareholder's long position in such shares and the letter "S" denotes the Shareholder's short position in such shares.

Save as disclosed above, according to the records in the register required to be kept by the Company under section 336 of the SFO, no other parties had an interest or a short position in the shares or underlying shares of the Company recorded under section 336 of the SFO as at 31 December 2016

企業管治

本公司致力維持高水平之企業管治常規。有關本公司所採納之企業管治常規資料刊載於本年報第78至96頁之企業管治報告內。

公眾持股量

根據本公司可公開取得之資料及就董事所知，於本年報日期，本公司最少25%之已發行股本已按上市規則規定由公眾股東持有。

報告期結束後事項

報告期結束後事項詳情載列於財務報表附註37。

核數師

於二零一六年七月十五日，安永獲首次委任為本公司之新核數師填補因國富浩華辭任產生的出缺，而國富浩華於二零一六年一月十八日被任命為本公司之核數師，以填補羅兵咸永道會計師事務所辭任後所產生的空缺。安永將任期直至本公司應屆股東週年大會結束為止。

本公司截至二零一六年十二月三十一日止年度的綜合財務報表乃由安永審核，而截至二零一五年十二月三十一日止年度的綜合財務報表乃由國富浩華審核。

安永將退任，並合資格膺選連任。本公司將於應屆股東週年大會上提呈一項決議案續聘安永為本公司之核數師。

除上文所披露者之外，在過去三年本公司之核數師並無其變動。

承董事會命
董事會主席
車馮升

二零一七年三月二十八日

CORPORATE GOVERNANCE

The Company is dedicated to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 78 to 96 of this annual report.

PUBLIC FLOAT

Base on the information that is publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's issued share capital were held by members of the public as at the date of this annual report as required under the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

Details of events after the reporting period are set out in Note 37 to the Financial Statements.

AUDITOR

Ernst & Young was first appointed as new auditor of the Company on 15 July 2016 to fill the casual vacancy following the resignation of Crowe Horwath, while Crowe Horwath was appointed as auditor of the Company on 18 January 2016 to fill the casual vacancy following the resignation of Pricewaterhouse Coopers. Ernst & Young will hold office until the conclusion of the forthcoming annual general meeting of the Company.

The consolidated financial statements of the Company for the year ended 31 December 2016 were audited by Ernst & Young while the consolidated financial statements for the year ended 31 December 2015 were audited by Crowe Horwath.

Ernst & Young will retire and being eligible, offer themselves for re-election. A resolution for the reappointment of Ernst & Young as auditor of the Company will be proposed at the forthcoming annual general meeting.

Save as disclosed above, there has been no other change in the auditor of the Company in the preceding three years.

By Order of the Board
Che Fengsheng
Chairman of the Board

28 March 2017

獨立核數師報告

Independent Auditor's Report

致四環醫藥控股集團

有限公司股東

(於百慕達註冊成立的有限公司)

TO THE SHAREHOLDERS OF

SIHUAN PHARMACEUTICAL HOLDINGS GROUP LTD.

(Incorporated in Bermuda with limited liability)

保留意見

吾等已審計載於第122至242頁四環醫藥控股集團有限公司(「貴公司」)及其附屬公司(「貴集團」)的綜合財務報表，此綜合財務報表包括於二零一六年十二月三十一日的綜合財務狀況表，及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，以及綜合財務報表附註，包括主要會計政策概要。

吾等認為，除本報告保留意見基準一節所述事項的可能影響外，根據國際會計準則理事會(「國際會計準則理事會」)頒佈的國際財務報告準則(「國際財務報告準則」)，綜合財務報表真實公平反映 貴集團於二零一六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，且已根據香港公司條例的披露規定妥為編製。

保留意見基準

於二零一六年三月二十九日，前任核數師就 貴集團截至二零一五年十二月三十一日止年度的綜合財務報表發出一份報告，並就 貴集團截至二零一五年十二月三十一日止年度的財務表現及現金流量發表保留意見，原因是前任核數師無法取得足夠資料以確定 貴集團於二零一五年一月一日的資產淨值是否並無重大錯誤陳述。

QUALIFIED OPINION

We have audited the consolidated financial statements of Sihuan Pharmaceutical Holdings Group Ltd. (the “Company”) and its subsidiaries (the “Group”) set out on pages 122 to 242, which comprise the consolidated statement of financial position as at 31 December 2016, and 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

As at 29 March 2016, the predecessor auditor issued a report on the consolidated financial statements of the Group for the year ended 31 December 2015 and expressed a qualified opinion on the Group’s financial performance and cash flows for the year ended 31 December 2015, because the predecessor auditor was not able to obtain sufficient information to determine whether or not the Group’s net assets as at 1 January 2015 were free from material misstatement.

獨立核數師報告

Independent Auditor's Report

由於該等事宜對 貴集團財務表現及現金流量的本年度數字及同期數字的可比較性有潛在影響，故吾等亦修改就本年度綜合損益及其他全面收益表及綜合現金流量表發表的意見。

吾等已根據國際會計準則理事會頒佈的國際審計準則（「國際審計準則」）進行審計。吾等在該等準則下承擔的責任已在本報告核數師就審核綜合財務報表須承擔的責任一節作進一步闡述。根據香港會計師公會頒佈的《專業會計師道德守則》（「守則」），吾等獨立於 貴集團，並已根據守則履行其他道德責任。吾等相信，吾等所獲得的審計憑證能充分及適當地為吾等的保留意見提供基礎。

關鍵審核事項

根據吾等的專業判斷，關鍵審核事項為吾等審核於本期間的綜合財務報表中最重要的事項。吾等在審核整體綜合財務報表及就此達致意見時處理此等事項，而不會就此等事項單獨發表意見。就下文各事項而言，有關吾等審核時處理此等事項的描述僅適用於此等情況。

吾等已履行本報告核數師就審核綜合財務報表須承擔的責任一節所述的責任，包括與此等事項相關之責任。據此，吾等的審核範圍包括旨在回應吾等對綜合財務報表進行重大錯誤陳述風險評估的程序的表現。審核程序（包括為處理下列事項而進行的程序）的結果為吾等就隨附綜合財務報表發表審核意見提供了基礎。

Our opinion on the current year's consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows is also modified because of the possible effects of the matter on the comparability of the current year's figures and corresponding figures of the Group's financial performance and cash flows.

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the IASB. 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 qualified opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

獨立核數師報告

Independent Auditor's Report

關鍵審核事項

商譽減值

於二零一六年十二月三十一日，貴集團因收購附屬公司錄得大額商譽約人民幣22億元。商譽會分配至預期可從業務合併中獲益的各現金產生單位（「現金產生單位」）或現金產生單位組。根據國際財務報告準則，貴集團須最少每年對商譽進行減值測試。減值測試乃根據商譽所屬各現金產生單位的可收回金額進行。管理層按貼現現金流量法採納使用價值計算方法進行減值測試。由於減值測試程序較複雜且涉及重大判斷，故此事項對吾等的審核而言乃屬重要。

有關披露請參閱財務報表附註2、附註4及附註8。

我們的審核如何處理關鍵審核事項

吾等的審核程序包括（其中包括）吾等的估值專家參與協助吾等評估貴集團所用的假設及方法，尤其是貼現率及長期增長率。吾等特別注意透過將預測與各現金產生單位的過往表現及業務發展計劃對比就未來收入及經營業績所用的預測。吾等亦關注貴集團對商譽減值的披露是否充足。

Key audit matter

Impairment of goodwill

The Group had significant goodwill amounting to approximately RMB 2.2 billion as at 31 December 2016, arising from the acquisition of subsidiaries. Goodwill was allocated to each of the cash generating units (“CGUs”), or groups of CGUs, which was expected to benefit from the synergies of the combination. Under IFRSs, the Group is required to at least annually perform the impairment test for goodwill. The impairment test was based on the recoverable amounts of the respective CGUs to which the goodwill was allocated to. The management performed the impairment test using the value in use calculation based on discounted cash flow method. This matter was significant to our audit because the impairment test process was complex and involved significant judgements.

Please refer to Note 2, Note 4 and Note 8 to the financial statements for related disclosure.

How our audit addressed the key audit matter

Our audit procedures included, among others, involving our valuation specialists to assist us in evaluating the assumptions and methodologies used by the Group, in particular, discount rate and long term growth rate. We paid specific attention to the forecasts used with respect to future revenues and operating results by comparing the forecasts with the historical performance of the respective CGUs and the business development plan. We also focused on the adequacy of the Group's disclosures of goodwill impairment.

獨立核數師報告

Independent Auditor's Report

關鍵審核事項

無形資產減值

於二零一六年十二月三十一日，貴集團的遞延開發成本及進行中產品開發分別約為人民幣283百萬元及人民幣227百萬元。於截至二零一六年十二月三十一日止年度，貴集團向進行中產品開發作出減值撥備人民幣28百萬元。管理層基於就資本化開發成本之各醫藥專利或許可的估計未來現金流量及醫藥行業的預計產品生命週期作出減值評估。此事項涉及重大管理層判斷及估計，如收益增長、未來實際年期、利潤率及貼現率。該等假設變化可能導致減值結果出現變化。

有關披露請參閱財務報表附註2、附註4及附註9。

我們的審核如何處理關鍵審核事項

我們的審核程序包括(其中包括)涉及我們的估值專家協助我們評估貴集團所用的關鍵假設及方法，尤其是貼現率及未來實際年期。我們檢查的關鍵假設包括產品的預計市場份額、預期售價及就行業分析師評論將產生的相關成本、對若干治療領域的一致預測及可資比較公司的基準數據(倘可獲得)。我們亦通過比較實際結果與先前期間所作推測來考慮管理層預測的可靠性。我們評估是否已根據國際會計準則第36號資產減值作出適當減值披露。

Key audit matter

Impairment of intangible assets

As at 31 December 2016, the Group had deferred development costs and product development in progress amounting to approximately RMB 283 million and RMB 227 million, respectively. The Group made an impairment provision of RMB 28 million to product development in progress in the year ended 31 December 2016. The management made impairment assessment based on estimated future cash flows of each pharmaceutical patent or licence in capitalisation of development costs and projected product lifecycles experienced in the pharmaceutical industry. This matter involved significant management judgements and estimates, such as revenue growth, future beneficial life, profit margin and discount rate. Changes in these assumptions might lead to a change in the impairment results.

Please refer to Note 2, Note 4 and Note 9 to the financial statements for related disclosure.

How our audit addressed the key audit matter

Our audit procedures included, among others, involving our valuation specialists to assist us in evaluating the key assumptions and methodologies used by the Group, in particular, discount rate and future beneficial life. We checked the key assumptions including the product's projected market share, expected selling price and associated costs to be incurred against industrial analyst commentaries, consensus forecasts of certain therapeutic areas and benchmark data for comparable companies where available. We also considered the reliability of the management's forecast by comparison of the actual results and the projections made in prior periods. We evaluated whether appropriate disclosure of impairments were made in accordance with IAS 36 Impairment of Assets.

獨立核數師報告

Independent Auditor's Report

關鍵審核事項

資本化開發成本

於截至二零一六年十二月三十一日止年度，開發成本人民幣25百萬元資本化成無形資產以開發新醫藥產品。當附註2.12所述一切標準達成後，開發活動的開支予以資本化。在釐定是否貴集團符合資本化標準時，需要運用重大管理層估計及判斷。

有關披露請參閱財務報表附註2、附註4及附註9。

我們的審核如何處理關鍵審核事項

我們的審核程序包括(其中包括)評估貴集團所用資本化標準符合國際會計準則第38號的情況，並通過與行業慣例比較、獲得試驗資料及監管公告、獲得對集團內部管治及審批流程的了解以及審查內部商業及技術可行性報告，評價管理層對滿足標準的判斷。

我們亦已評估本集團對開發成本資本化的披露。

刊載於年報的其他資料

貴公司董事須對其他資料負責。其他資料包括刊載於年報的資料，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資料，我們亦不對其發表任何形式的鑒證結論。

就我們對綜合財務報表的審核而言，我們的責任是閱讀其他資料，在此過程中，考慮其他資料是否與綜合財務報表或我們在審核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，倘我們認為其他資料存在重大錯誤陳述，我們須報告該事實。在此方面我們沒有任何報告。

Key audit matter

Capitalisation of development costs

During the year ended 31 December 2016, development costs of RMB 25 million were capitalized into intangible assets for the development of new pharmaceutical products. The expenditure on development activities was capitalised when all the criteria mentioned in Note 2.12 were satisfied. Significant management estimation and judgment were required in determining whether the Group met the capitalisation criteria.

Please refer to Note 2, Note 4 and Note 9 to the financial statements for related disclosure.

How our audit addressed the key audit matter

Our audit procedures included, amongst others, assessing the compliance of capitalisation criteria used by the Group with IAS38, and evaluating the management judgment on the satisfaction of criteria through comparison to industry practice, obtaining trial readouts and regulatory announcements, obtaining an understanding of Group's internal governance and approval process and examining the internal commercial and technical feasibility reports.

We also assessed the adequacy of the Group's disclosures of development costs' capitalisation.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises 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 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 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.

獨立核數師報告

Independent Auditor's Report

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據國際會計準則理事會頒佈的國際財務報告準則及香港公司條例的披露規定編製真實且公允的綜合財務報表，並對其認為為使綜合財務報表的編製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。

在編製綜合財務報表時，貴公司董事須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，以及使用持續經營會計基礎，除非貴公司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。

審核委員會協助貴公司董事履行職責，監督貴集團的財務報告過程。

核數師就審核綜合財務報表須承擔的責任

我們的目標是就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。我們根據一九八一年百慕達公司法第90條僅對全體股東作出報告，本報告概不作其他用途。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，但不能保證按照國際審計準則進行的審核在某重大錯誤陳述存在時總能發現。錯誤陳述可能由欺詐或錯誤引起，而倘合理預期彼等單獨或總體可能影響使用者依賴該等綜合財務報表所作出的經濟決定，則有關錯誤陳述被視為重大。

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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. Our report is made solely to you, as a body in accordance with section 90 of the Bermuda Companies Act 1981, 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 ISAs 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.

獨立核數師報告

Independent Auditor's Report

作為我們根據國際審計準則進行審核的一部分，在審核過程中我們運用專業判斷及保持專業懷疑態度。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，設計及執行審核程序以應對該等風險，以及獲取充足及適當的審核憑證，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。
- 了解與審核相關的內部控制，以設計適當的審核程序，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。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審核憑證，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。倘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。我們的結論是基於截至核數師報告日期所取得的審核憑證。然而，未來事件或情況可能導致 貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構及內容(包括披露)，以及綜合財務報表是否公允呈列相關交易及事件。
- 就 貴集團內實體或業務活動的財務資料獲取充足、適當的審核憑證，以便對綜合財務報表發表意見。我們負責 貴集團審核的方向、監督和執行。我們為審核意見承擔全部責任。

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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.
- 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.

獨立核數師報告

Independent Auditor's Report

我們與審核委員會溝通了計劃的審核範圍、時間安排、重大審核發現等，包括我們在審核中識別出內部控制的任何重大缺陷。

我們亦向審核委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與彼等溝通可能合理地被認為會影響我們獨立性的所有關係及其他事項以及(倘適用)相關防範措施。

從與審核委員會溝通的事項中，我們確定哪些事項對本期綜合財務報表的審核最為重要，因而構成關鍵審核事項。我們在核數師報告中描述該等事項，除非法律或法規不允許公開披露有關事項，或在極端罕見的情況下，倘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，則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核項目合夥人是梁偉立。

安永會計師事務所
執業會計師

香港
二零一七年三月二十八日

We communicate with the Audit Committee 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.

We also provide the Audit Committee 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 the Audit Committee, 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 Leung Wai Lap, Philip.

Ernst & Young
Certified Public Accountants

Hong Kong
28 March 2017

綜合財務狀況表

Consolidated Statement of Financial Position

		於十二月三十一日	
		As at 31 December	
		二零一六年	二零一五年
		2016	2015
		人民幣千元	人民幣千元
		RMB'000	RMB'000
	附註 Notes		
非流動資產	NON-CURRENT ASSETS		
物業、廠房及設備	Property, plant and equipment	6 2,104,299	2,051,370
投資物業	Investment properties	7 29,103	30,881
商譽	Goodwill	8 2,247,728	2,247,728
無形資產	Intangible assets	9 578,998	569,337
土地使用權	Land use rights	10 647,769	596,407
使用權益法計算的投資	Investments accounted for using the equity method	12 1,292,851	1,189,118
遞延所得稅資產	Deferred income tax assets	22 35,883	18,146
其他非流動資產	Other non-current assets	14 56,000	171,075
非流動資產總值	Total non-current assets	6,992,631	6,874,062
流動資產	CURRENT ASSETS		
存貨	Inventories	15 200,680	233,028
貿易及其他應收賬款	Trade and other receivables	16 877,256	972,267
可供出售金融資產	Available-for-sale financial assets	13 1,709,964	1,959,280
現金及現金等價物	Cash and cash equivalents	17 2,407,073	2,282,370
流動資產總值	Total current assets	5,194,973	5,446,945
總資產	TOTAL ASSETS	12,187,604	12,321,007
權益	EQUITY		
本公司擁有人應佔權益	Equity attributable to owners of the Company		
股本	Share capital	18 79,443	85,610
庫存股	Treasury shares	18 (255)	—
股份溢價	Share premium	18 4,344,229	5,574,848
其他儲備	Other reserves	19 137,096	172,541
保留盈利	Retained earnings	19 6,340,925	5,262,640
非控股權益	Non-controlling interests	10,901,438	11,095,639
總權益	Total equity	10,971,093	11,191,732

綜合財務狀況表

Consolidated Statement of Financial Position

		於十二月三十一日	
		As at 31 December	
		二零一六年	二零一五年
		2016	2015
		人民幣千元	人民幣千元
		RMB'000	RMB'000
負債	Liabilities		
非流動負債	NON-CURRENT LIABILITIES		
遞延所得稅負債	Deferred income tax liabilities	22 74,094	125,876
借貸	Borrowings	23 —	8,280
其他非流動負債	Other non-current liabilities	20 103,924	61,220
非流動負債總額	Total non-current liabilities	178,018	195,376
流動負債	CURRENT LIABILITIES		
貿易及其他應付賬款	Trade and other payables	21 827,306	664,308
即期所得稅負債	Current income tax liabilities	158,800	217,696
借貸	Borrowings	23 8,280	—
其他流動負債	Other current liabilities	20 44,107	51,895
流動負債總額	Total current liabilities	1,038,493	933,899
總負債	TOTAL LIABILITIES	1,216,511	1,129,275
權益及負債總額	TOTAL EQUITY AND LIABILITIES	12,187,604	12,321,007

車馮升
董事

郭維城
董事

Che Fengsheng
Director

Guo Weicheng
Director

第130至242頁的附註為此等綜合財務報表的組成部分。

The notes on pages 130 to 242 are an integral part of these consolidated financial statements.

綜合損益及其他全面收益表

Consolidated Statement of Profit or Loss and Other Comprehensive Income

		附註 Notes	二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
收益	Revenue	24	3,185,699	3,167,211
銷售成本	Cost of sales	25	(996,753)	(939,157)
毛利	GROSS PROFIT		2,188,946	2,228,054
其他收入	Other income	24	166,434	136,258
其他收益—淨額	Other gains – net	24	486,289	540,685
終止確認聯營公司的收益	Gain on derecognition of associates	12	3,851	—
終止確認附屬公司的收益	Gain on derecognition of subsidiaries	34	871	619,464
分銷成本	Distribution costs	25	(145,765)	(155,112)
行政開支	Administrative expenses	25	(540,467)	(455,852)
其他開支	Other expenses	25	(29,003)	(104,499)
經營溢利	OPERATING PROFIT		2,131,156	2,808,998
財務開支	Finance expenses		(210)	(160)
分佔使用權益法計算的 投資溢利	Share of profits of investments accounted for using the equity method	12	21,624	32,908
除所得稅前溢利	PROFIT BEFORE INCOME TAX		2,152,570	2,841,746
所得稅開支	Income tax expense	28	(472,732)	(796,954)
年度溢利	PROFIT FOR THE YEAR		1,679,838	2,044,792
以下人士應佔溢利：	Attributable to:			
本公司擁有人	Owners of the Company		1,708,239	2,062,378
非控股權益	Non-controlling interests		(28,401)	(17,586)
			1,679,838	2,044,792

綜合損益及其他全面收益表

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	附註 Notes	二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
年度溢利		1,679,838	2,044,792
其他全面收入			
其他全面收入			
將其後期間重新分類至損益的 其他全面收入：			
可供出售投資：			
公平值變動		87,260	122,173
就計入綜合損益表的收益所作出 重新分類調整			
— 處置收益		(97,676)	(109,924)
年度其他全面收入／(虧損)， 扣除稅項	13	(10,416)	12,249
年度全面收入總額		1,669,422	2,057,041
以下人士應佔：			
本公司擁有人		1,697,823	2,074,627
非控股權益		(28,401)	(17,586)
年度全面收入總額		1,669,422	2,057,041
本公司普通權益持有人應佔每股盈利			
年度溢利的每股基本及攤薄盈利	29	16.85 分 16.85 cents	19.90 分 19.90 cents

第130至242頁的附註為此等綜合財務報表的組成部分。

The notes on pages 130 to 242 are an integral part of these consolidated financial statements.

綜合權益變動表

Consolidated Statement of Changes in Equity

		本公司擁有人應佔					非控股權益	
		Attributable to owners of the Company						
	附註	股本	股份溢價	其他儲備	保留盈利	總計	Non-controlling interests	總權益
	Notes	Share capital	Share premium	Other reserves	Retained earnings	Total	controlling interests	Total equity
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
於二零一五年一月一日	At 1 January 2015	85,610	5,574,848	151,897	3,479,322	9,291,677	114,336	9,406,013
年度溢利	Profit for the year	—	—	—	2,062,378	2,062,378	(17,586)	2,044,792
年度其他全面收入	Other comprehensive income for the year							
可供出售投資公平值變動，扣除稅項	Change in fair value of available-for-sale investments, net of tax	13	—	12,249	—	12,249	—	12,249
年度全面收入總額	Total comprehensive income for the year	—	—	12,249	2,062,378	2,074,627	(17,586)	2,057,041
僱員股份獎勵計劃：	Employees share award scheme:							
— 僱員服務價值	— value of employee service	27	—	13,321	—	13,321	—	13,321
二零一四年末期股息	Final 2014 dividends	30	—	—	(279,832)	(279,832)	—	(279,832)
轉撥至中國法定儲備金	Transfer to PRC statutory reserve fund	19	—	10,578	(10,578)	—	—	—
出售一家附屬公司	Disposal of a subsidiary	—	—	(11,350)	11,350	—	(72,326)	(72,326)
業務合併產生的非控股權益	Non-controlling interests arising from business combination	—	—	—	—	—	34,495	34,495
新設立附屬公司產生的非控股權益	Non-controlling interests arising from newly established subsidiary	—	—	—	—	—	36,527	36,527
收購一家附屬公司的額外權益	Acquisition of additional interest in a subsidiary	—	—	(4,154)	—	(4,154)	647	(3,507)
於二零一五年十二月三十一日	At 31 December 2015	85,610	5,574,848	172,541	5,262,640	11,095,639	96,093	11,191,732

綜合權益變動表

Consolidated Statement of Changes in Equity

		本公司擁有人應佔					非控股權益			
		Attributable to owners of the Company								
附註 Notes		股本	庫存股	股份溢價	其他儲備	保留盈利	總計	Non-	總權益	
		Share capital	Treasury Shares	Share premium	Other reserves	Retained earnings	Total	controlling interests	Total equity	
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
	於二零一六年一月一日	At 1 January 2016	85,610	—	5,574,848	172,541	5,262,640	11,095,639	96,093	11,191,732
	年度溢利	Profit for the year	—	—	—	1,708,239	1,708,239	(28,401)	1,679,838	
	年度其他全面收入	Other comprehensive income for the year								
	可供出售投資公平值變動，	Changes in fair value of available-for-sale								
	扣除稅項	investments, net of tax	13	—	—	(10,416)	—	(10,416)	—	(10,416)
	年度全面收入總額	Total comprehensive income for the year	—	—	—	(10,416)	1,708,239	1,697,823	(28,401)	1,669,422
	僱員股份獎勵計劃：	Employees share award scheme:								
	— 僱員服務價值	— value of employee service	27	—	—	(469)	—	(469)	—	(469)
	二零一五年末期股息	Final 2015 dividends	30	—	—	—	(463,750)	(463,750)	—	(463,750)
	二零一六年中期股息	Interim 2016 dividends	30	—	—	—	(143,309)	(143,309)	—	(143,309)
	購回股份	Repurchase of shares	18	—	(6,422)	(1,230,619)	—	(1,237,041)	—	(1,237,041)
	註銷庫存股	Cancellation of treasury shares	18	(6,167)	6,167	—	—	—	—	—
	轉撥至中國法定儲備金	Transfer to PRC statutory reserve fund	19	—	—	22,895	(22,895)	—	—	—
	一家附屬公司非控股股東注資	Capital injection from non-controlling shareholders of a subsidiary	33 (b)	—	—	(70)	—	(70)	7,240	7,170
	收購一家附屬公司的額外權益	Acquisition of additional interest in a subsidiary	33 (a)	—	—	(47,385)	—	(47,385)	(5,277)	(52,662)
	於二零一六年十二月三十一日	At 31 December 2016	79,443	(255)	4,344,229	137,096	6,340,925	10,901,438	69,655	10,971,093

第 130 至 242 頁的附註為此等綜合財務報表的組成部分。

The notes on pages 130 to 242 are an integral part of these consolidated financial statements

綜合現金流量表

Consolidated Statement of Cash Flows

		截至十二月三十一日止年度 Year ended 31 December	
		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
	附註 Notes		
經營活動現金流量	CASH FLOWS FROM OPERATING ACTIVITIES		
營運產生的現金	Cash generated from operations	31	2,613,776
已付所得稅	Income tax paid		(595,750)
經營活動現金流量淨額	Net cash flows from operating activities		2,018,026
			1,568,610
投資活動現金流量	CASH FLOWS FROM INVESTING ACTIVITIES		
對聯營公司出資	Capital contribution to associates	12	(108,000)
出售附屬公司的現金流入淨額	Net cash inflow from disposal of subsidiaries	34	20,624
出售聯營公司的現金流入淨額	Net cash inflow from disposal of associates	12	75,336
出售一家附屬公司支付的稅項	Tax paid on disposal of a subsidiary		—
收購附屬公司	Acquisition of subsidiaries		—
購買物業、廠房及設備的付款	Payment for purchase of property, plant and equipment		(241,116)
購買無形資產	Purchase of intangible assets		(38,334)
購買土地使用權	Purchase of land use rights		(85,143)
購買可供出售金融資產	Purchase of available-for-sale financial assets	13	(9,513,100)
出售可供出售金融資產所得款項	Proceeds from disposal of available-for-sale financial assets	13	9,752,000
出售物業、廠房及設備所得款項	Proceeds from disposal of property, plant and equipment	31	408
從合營公司收到的股息	Dividend received from a joint venture	12	40,000
已收利息	Interest received		97,676
投資活動產生/(所用)現金流量淨額	Net cash flows from/(used in) investing activities		351
			(386,492)

綜合現金流量表

Consolidated Statement of Cash Flows

		截至十二月三十一日止年度	
		Year ended 31 December	
		二零一六年	二零一五年
		2016	2015
		人民幣千元	人民幣千元
		RMB'000	RMB'000
融資活動現金流量	CASH FLOWS FROM FINANCING ACTIVITIES		
借貸所得款項	Proceeds from borrowings	—	4,780
購回及註銷股份	Repurchase and cancellation of shares	18	(1,237,041)
收購一家附屬公司的額外權益	Acquisition of additional interest in a subsidiary	33(a)	(52,662)
一家附屬公司非控股股東的出資	Capital contribution by non-controlling shareholders of a subsidiary	33(b)	3,298
已付股息	Dividends paid	30	(607,059)
已付利息	Interest paid		(210)
融資活動所用現金流量淨額	Net cash flows used in financing activities		(1,893,674)
現金及現金等價物增加淨額	NET INCREASE IN CASH AND CASH EQUIVALENTS		124,703
年初現金及現金等價物	Cash and cash equivalents at beginning of year		2,282,370
年末現金及現金等價物	CASH AND CASH EQUIVALENTS AT END OF YEAR	17	2,407,073
			2,282,370

第130至242頁的附註為此等綜合財務報表的組成部分。

The notes on pages 130 to 242 are an integral part of these consolidated financial statement

財務報表附註

Notes to the Financial Statements

截至二零一六年十二月三十一日止年度

For the year ended 31 December 2016

1. 公司及集團資料

四環醫藥控股集團有限公司(「本公司」)根據百慕達公司法於百慕達註冊成立為獲豁免公司。

本公司為投資控股公司。本公司及其附屬公司(統稱「本集團」)的主要業務為於中華人民共和國(「中國」)研究及發展(「研發」)、製造及銷售醫藥產品。

本公司的最終控股公司為Plenty Gold Enterprises Limited(「Plenty Gold」)，該公司根據英屬處女群島法律於二零零四年三月十日註冊成立為有限公司。

本公司註冊辦事處地址為Clarendon House, 2 Church Street, P.O. Box HM 1022, Hamilton HM DX, Bermuda。本集團主要營業地點為中國北京市朝陽區八里莊西里住邦2000二號樓21樓(郵編：100025)。

本公司於二零一零年十月二十八日的第一上市地為香港聯合交易所有限公司(「聯交所」)。

1. CORPORATE AND GROUP INFORMATION

Sihuan Pharmaceutical Holdings Group Ltd. (the “Company”) is incorporated in Bermuda under the Bermuda Companies Act as an exempted company.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (together, the “Group”) are research and development (“R&D”), and manufacture and sale of pharmaceutical products in the People’s Republic of China (the “PRC”).

The ultimate holding company of the Company is Plenty Gold Enterprises Limited (“Plenty Gold”), a limited liability company incorporated under the laws of the British Virgin Islands on 10 March 2004.

The address of the Company’s registered office is Clarendon House, 2 Church Street, P.O. Box HM 1022, Hamilton HM DX, Bermuda. The address of the principal place of business of the Group is 21/F, Building 2, Zhubang 2000, West Balizhuang, Chaoyang District, Beijing 100025, the PRC.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 28 October 2010.

財務報表附註

Notes to the Financial Statements

截至二零一六年十二月三十一日止年度

For the year ended 31 December 2016

2. 主要會計政策概要

編製綜合財務報表採用的主要會計政策載於下文。除另有說明外，該等政策在呈報的所有年度內貫徹應用。

2.1 編製基準

該等綜合財務報表已根據國際財務報告準則(「國際財務報告準則」)編製，包括國際會計準則理事會(「國際會計準則理事會」)頒佈的所有國際財務報告準則、國際會計準則(「國際會計準則」)及詮釋。該等財務報表亦符合香港公司條例的披露規定及聯交所證券上市規則的適用披露條文。

該等綜合財務報表已按歷史成本慣例編製，並經重估按公平值計值的可供出售金融資產所修改。

編製符合國際財務報告準則的財務報表須使用若干關鍵會計估計，亦須管理層在運用本集團會計政策的過程中行使判斷。

該等財務資料以人民幣(「人民幣」)呈列，除另有指示外，所有價值均約整至最接近千位數。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which include all IFRSs, International Accounting Standards (“IASs”) and interpretations, promulgated by the International Accounting Standards Board (the “IASB”). These financial statements also complied with the disclosure requirements of the Hong Kong Companies Ordinance, and applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

They have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, which are carried at fair value.

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

These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

財務報表附註

Notes to the Financial Statements

截至二零一六年十二月三十一日止年度

For the year ended 31 December 2016

2. 主要會計政策概要 (續)

2.2 會計政策變動及披露事項

本集團已於本年度財務報表首次採納以下新訂及經修訂國際財務報告準則：

國際財務報告準則第10號、國際財務報告準則第12號及國際會計準則第28號的修訂	投資實體： 採納綜合例外
國際財務報告準則第11號的修訂	收購於合營業務權益的會計
國際財務報告準則第14號	規管遞延賬目
國際會計準則第1號的修訂	披露計劃
國際會計準則第16號及國際會計準則第38號的修訂	釐清折舊及攤銷的可接受方法
國際會計準則第16號及國際會計準則第41號的修訂	農業：生產性植物
國際會計準則第27號的修訂	獨立財務報表的權益法
二零一二年至二零一四年週期的年度改進	對多項國際財務報告準則的修訂

採納上述新訂及經修訂國際財務報告準則對該等財務報表並無重大財務影響。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies and disclosures

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to IFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
IFRS 14	<i>Regulatory Deferral Accounts</i>
Amendments to IAS 1	<i>Disclosure Initiative</i>
Amendments to IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to IAS 16 and IAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to IAS 27	<i>Equity Method in Separate Financial Statements</i>
Annual Improvements 2012-2014 Cycle	<i>Amendments to a number of IFRSs</i>

The adoption of the new and revised IFRSs has had no significant financial effect on these financial statements.

財務報表附註

Notes to the Financial Statements

截至二零一六年十二月三十一日止年度
For the year ended 31 December 2016

2. 主要會計政策概要(續)

2.3 已頒佈但尚未生效的國際財務報告準則

本集團並無於該等財務報表採納以下已頒佈但尚未生效的新訂及經修訂國際財務報告準則。

國際財務報告準則第2號的修訂	股份付款交易的分類及計量 ²
國際財務報告準則第4號的修訂	在國際財務報告準則第4號保險合約下應用國際財務報告準則第9號金融工具 ²
國際財務報告準則第9號	金融工具 ²
國際財務報告準則第10號及國際財務報告準則第28號的修訂	投資者與其聯營公司或合營企業之間的銷售或注資 ⁴
國際財務報告準則第15號	客戶合約收益 ²
國際財務報告準則第15號的修訂	釐清客戶合約收益 ²
國際財務報告準則第16號	租賃 ³
國際財務報告準則第7號的修訂	披露計劃 ¹
國際財務報告準則第12號的修訂	就未變現虧損確認遞延稅項資產 ¹
國際會計準則第40號的修訂	轉讓投資物業 ²

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Issued but not yet effective IFRSs

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions ²
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts ²
IFRS 9	Financial Instruments ²
Amendments to IFRS 10 And IFRS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
IFRS 15	Revenue from Contracts with Customers ²
Amendments to IFRS 15	Clarifications to Revenue from Contracts with Customers ²
IFRS 16	Leases ³
Amendments to IFRS 7	Disclosure Initiative ¹
Amendments to IFRS 12	Recognition of Deferred Tax Assets for Unrealised Losses ¹
Amendments to IAS 40	Transfers of Investment Property ²

財務報表附註

Notes to the Financial Statements

截至二零一六年十二月三十一日止年度

For the year ended 31 December 2016

2. 主要會計政策概要 (續)

2.3 已頒佈但尚未生效的國際財務報告準則 (續)

國際財務報告
詮釋委員會
詮釋第22號

外幣交易及墊付代價²

二零一四年至
二零一六年
週期的年度
改進中包含
的國際財務
報告準則
第12號的修訂

披露於其他實體的
權益¹

二零一四年至
二零一六年
週期的年度
改進中包含
的國際財務
報告準則第1號
的修訂

首次採納國際財務
報告準則²

二零一四年至
二零一六年
週期的年度
改進中包含的
國際會計準則
第28號的修訂

聯營公司及合營企業
投資²

- 1 於二零一七年一月一日或以後開始年度期間生效
- 2 於二零一八年一月一日或以後開始年度期間生效
- 3 於二零一九年一月一日或以後開始年度期間生效
- 4 並未釐定強制性生效日期，但可供採納

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Issued but not yet effective IFRSs (Continued)

IFRIC 22 *Foreign Currency Transactions and Advance Consideration²*

Amendments to IFRS 12 *Disclosure of Interests in Other Entities¹*
Included in Annual Improvements 2014-2016 Cycle

Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards²*
Included in Annual Improvements 2014-2016 Cycle

Amendments to IAS 28 *Investments in Associates and Joint Ventures²*
Included in Annual Improvements 2014-2016 Cycle

- 1 Effective for annual periods beginning on or after 1 January 2017
- 2 Effective for annual periods beginning on or after 1 January 2018
- 3 Effective for annual periods beginning on or after 1 January 2019
- 4 No mandatory effective date yet determined but available for adoption

財務報表附註

Notes to the Financial Statements

截至二零一六年十二月三十一日止年度

For the year ended 31 December 2016

2. 主要會計政策概要(續)

2.3 已頒佈但尚未生效的國際財務報告準則(續)

預期將適用於本集團的該等國際財務報告準則的進一步資料如下：

國際會計準則理事會於二零一六年六月頒佈的國際財務報告準則第2號的修訂闡述三大範疇：歸屬條件對計量以現金結算以股份為基礎付款交易的影響；為僱員履行以股份為基礎付款的稅務責任而預扣若干金額的以股份為基礎付款交易(附有淨額結算特質)的分類；以及對以股份為基礎付款交易的條款及條件作出令其分類由現金結算變為權益結算的修訂時的會計處理方法。該等修訂明確說明計量以權益結算以股份為基礎付款時歸屬條件的入賬方法亦適用於以現金結算以股份為基礎付款。該等修訂引入一個例外情況，在符合若干條件時，為僱員履行以股份為基礎付款的稅務責任而預扣若干金額的以股份為基礎付款交易(附有淨額結算特質)，將整項分類為以股本結算以股份為基礎付款交易。此外，該等修訂明確說明，倘以現金結算以股份為基礎付款交易的條款及條件有所修訂，令其成為以權益結算以股份為基礎付款交易，該交易自修訂日期起作為以權益結算的交易入賬。本集團預期自二零一八年一月一日起採納該等修訂，目前正評估採納國際財務報告準則第2號的影響。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Issued but not yet effective IFRSs (Continued)

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

The IASB issued amendments to IFRS 2 in June 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet the employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The Group expects to adopt the amendments from 1 January 2018 and is currently assessing the impact of IFRS 2 upon adoption.

財務報表附註

Notes to the Financial Statements

截至二零一六年十二月三十一日止年度

For the year ended 31 December 2016

2. 主要會計政策概要(續)

2.3 已頒佈但尚未生效的國際財務報告準則(續)

二零一四年七月，國際會計準則理事會頒佈國際財務報告準則第9號的最終版本，將所有期間的財務工具項目合併，取代國際會計準則第39號及國際財務報告準則第9號先前所有版本。該準則引進分類及計量、減值及對沖會計的新規定。本集團預期自二零一八年一月一日起採納國際財務報告準則第9號。本集團現正評估採納有關準則的影響。

國際財務報告準則第10號及國際會計準則第28號(修訂本)針對國際財務報告準則第10號及國際會計準則第28號之間有關投資者與其聯營或合營企業之間的資產出售或注資兩者規定的不一致性。該等修訂規定，當投資者與其聯營或合營企業之間的資產出售或注資構成一項業務時，須確認全數收益或虧損。當交易涉及不構成一項業務的資產時，由該交易產生的收益或虧損於該投資者的損益內確認，惟僅以不相關投資者於該聯營或合營企業的權益為限。該等修訂採用未來適用法。於二零一五年十二月，國際會計準則理事會已剔除國際財務報告準則第10號及國際會計準則第28號修訂本的以往強制生效日期，而新的強制生效日期將於對聯營公司及合營企業的會計處理完成更廣泛的檢討後釐定。然而，該等修訂可於現時應用。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Issued but not yet effective IFRSs (Continued)

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt IFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard upon adoption.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for application now.

財務報表附註

Notes to the Financial Statements

截至二零一六年十二月三十一日止年度
For the year ended 31 December 2016

2. 主要會計政策概要(續)

2.3 已頒佈但尚未生效的國際財務報告準則(續)

國際財務報告準則第15號建立一個新的五步模式，將應用於自客戶合約產生的收入。根據國際財務報告準則第15號，收入按能反映實體預期就交換向客戶轉讓貨物或服務而有權獲得的代價金額確認。國際財務報告準則第15號的原則為計量及確認收入提供更加結構化的方法。該準則亦引入廣泛的定性及定量披露規定，包括分拆收入總額，關於履行責任、不同期間之間合約資產及負債賬目結餘的變動以及主要判斷及估計的資料。該準則將取締目前國際財務報告準則項下所有確認收入的要求。於二零一六年四月，國際會計準則理事會頒佈國際財務報告準則第15號修訂本，以處理有關識別履約義務、主體代理應用指引及知識產權牌照以及過渡的實施問題。該等修訂亦旨在幫助確保於應用國際財務報告準則第15號時更一致的應用及降低成本及應用複雜性。

本集團預期於二零一八年一月一日採納國際財務報告準則第15號，目前正評估採納國際財務報告準則第15號的影響。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Issued but not yet effective IFRSs (Continued)

IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirement, under IFRSs. In April 2016, the IASB issued amendments to IFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt IFRS 15 and decrease the cost and complexity of applying the standard.

The Group expects to adopt IFRS 15 on 1 January 2018 and is currently assessing the impact of IFRS 15 upon adoption.

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2. 主要會計政策概要(續)

2.3 已頒佈但尚未生效的國際財務報告準則(續)

國際財務報告準則第16號取代國際會計準則第17號「租賃」，國際財務報告詮釋委員會第4號「釐定安排是否包括租賃」、常設詮釋委員會第15號「經營租賃－優惠」及常設詮釋委員會第27號「評估牽涉租賃的法律形式的交易的內容」。該準則載列確認、計量、呈列及披露租賃的原則，並要求承租人就大多數租賃確認資產及負債。準則包括兩項對承租人的確認豁免－低價值資產租賃及短期租賃。於租賃起始日，承租人將確認負債以支付租賃費用及表示其有權在租賃期內使用相關租賃資產的資產。除非有使用權資產符合國際會計準則第40號內投資物業的定義，有使用權資產其後按成本減累計折舊及任何減值虧損計量。租賃負債其後會就反映租賃負債利息而增加及因租賃付款而減少。承租人將須分別確認租賃負債的利息開支及有使用權資產的折舊開支。承租人將亦須於若干事件發生時重新計量租賃負債，例如由於租賃期變更或用於釐定該等付款的一項指數或比率變更而引致未來租賃付款變更。承租人一般將重新計量租賃負債的數額確認為有使用權資產的調整。國際財務報告準則第16號大致沿用國際會計準則第17號內出租人的會計處理方式。出租人將繼續使用與國際會計準則第17號相同的分類原則對所有租賃進行分類，並將之分為經營租賃及融資租賃。本集團預期於二零一九年一月一日採納國際財務報告準則第16號，目前正評估採納國際財務報告準則第16號的影響。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Issued but not yet effective IFRSs (Continued)

IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. The Group expects to adopt IFRS 16 on 1 January 2019 and is currently assessing the impact of IFRS 16 upon adoption.

財務報表附註

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2. 主要會計政策概要(續)

2.3 已頒佈但尚未生效的國際財務報告準則(續)

國際會計準則第7號(修訂本)規定實體須作出披露，讓財務報表使用者可評估融資活動所產生負債的變動，包括因現金流量及非現金變動而產生的變動。該等修訂會導致於財務報表作出額外披露。本集團預期於二零一七年一月一日起採納該等修訂。

雖然國際會計準則第12號(修訂本)可更廣泛應用於其他情況，但其頒佈目的為說明與以公允價值計量的債務工具相關的未變現虧損確認遞延稅項資產。該等修訂明確說明實體於評估是否有應課稅利潤可用作抵扣可扣減暫時差異時，需要考慮稅務法例是否對於可扣減暫時差異轉回時可用作抵扣的應課稅利潤的來源有所限制。此外，該等修訂就實體應如何釐定未來應課稅利潤提供指引，並解釋應課稅利潤可包括收回超過賬面值的部分資產的情況。本集團預期自二零一七年一月一日起採納該等修訂。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Issued but not yet effective IFRSs (Continued)

Amendments to IAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosure to be provided in the financial statements. The Group expects to adopt the amendments from 1 January 2017.

Amendments to IAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situations. The amendments clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The Group expects to adopt the amendments from 1 January 2017.

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Notes to the Financial Statements

截至二零一六年十二月三十一日止年度

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2. 主要會計政策概要(續)

2.4 附屬公司

2.4.1 合併

附屬公司乃本集團對其有控制權的實體(包括結構性實體)。當本集團具有承擔或享有參與有關實體所得之可變回報的風險或權利，並能透過其對該實體的權力影響該等回報時，本集團即對該實體有控制權。附屬公司在控制權轉移至本集團之日合併入賬。附屬公司在控制權終止之日起終止合併入賬。

(a) 業務合併

本集團應用購買法入賬業務合併。就收購附屬公司而轉讓的代價為本集團轉讓資產、欠付被收購方前擁有人之負債及發股權的公平值。所轉讓的代價包括或然代價安排產生的任何資產或負債的公平值。在業務合併中所收購可識別的資產以及所承擔的負債及或然負債，初步以其於收購日期的公平值計量。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Subsidiaries

2.4.1 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.

(a) Business combinations

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.

財務報表附註

Notes to the Financial Statements

截至二零一六年十二月三十一日止年度
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2. 主要會計政策概要(續)

2.4 附屬公司(續)

2.4.1 合併(續)

(a) 業務合併(續)

本集團以逐項收購為基礎確認於被收購方的任何非控股權益。屬現時擁有之權益且於清盤時讓持有人有權按比例分佔實體淨資產之被收購方的非控股權益，可按公平值或現時擁有之權益應佔被收購方可識別資產淨值的已確認金額比例計量。非控股權益的所有其他分部按收購日期公平值計量，除非國際財務報告準則另規定計量基準。

購買相關成本於產生時支銷。

倘業務合併分階段進行，則收購方先前持有的被收購方股權於收購日期的賬面值乃重新計量為收購日期的公平值；該重新計量產生的任何收益或虧損於損益確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Subsidiaries (Continued)

2.4.1 Consolidation (Continued)

(a) Business combinations (Continued)

The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRSs.

Acquisition-related costs are expensed as incurred.

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.

財務報表附註

Notes to the Financial Statements

截至二零一六年十二月三十一日止年度

For the year ended 31 December 2016

2. 主要會計政策概要(續)

2.4 附屬公司(續)

2.4.1 合併(續)

(a) 業務合併(續)

本集團轉讓的任何或然代價於收購日期按公平值確認。視為資產或負債之或然代價公平值之日後變動根據國際會計準則第39號於損益確認或確認為其他全面收入變動。分類為權益之或然代價不會重新計量，且日後結算於權益入賬。

所轉讓代價、於被收購方的任何非控股權益金額及任何先前於被收購方的股權於收購日期的公平值超逾所收購可識別淨資產公平值的差額，乃入賬列作商譽。倘所轉讓代價、已確認非控股權益及先前持有的權益計量的總額低於所收購附屬公司淨資產的公平值(在議價收購的情況下)，則該差額會直接於損益確認。

集團內公司間交易、結餘及集團公司之間交易的未變現收益均予以抵銷。未變現虧損亦予以抵銷。附屬公司所報金額已於必要時作出調整，以與本集團的會計政策一致。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Subsidiaries (Continued)

2.4.1 Consolidation (Continued)

(a) Business combinations (Continued)

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 IAS 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.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

財務報表附註

Notes to the Financial Statements

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2. 主要會計政策概要(續)

2.4 附屬公司(續)

2.4.1 合併(續)

(b) 不改變控制權之附屬公司所有權權益變更

不會導致喪失控制權之與非控股權益交易入賬為權益交易(即與附屬公司擁有人(以擁有人身分)進行的交易。所支付的任何代價公平值與相關應佔所收購附屬公司淨資產賬面值的差額於權益列賬。向非控股權益出售所得的損益亦於權益列賬。

(c) 出售附屬公司

倘本集團喪失控制權，於實體的任何保留權益按喪失控制權之日之公平值重新計量，而賬面值變更於損益確認。公平值為初始賬面值，以便日後入賬為聯營公司、合營企業或金融資產之保留權益。此外，有關該實體先前於其他全面收入確認的任何金額按猶如本集團直接出售有關資產或負債而入賬，即先前於其他全面收入確認之金額重新分類至損益。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Subsidiaries (Continued)

2.4.1 Consolidation (Continued)

(b) *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 subsidiaries in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) *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.

財務報表附註

Notes to the Financial Statements

截至二零一六年十二月三十一日止年度

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2. 主要會計政策概要(續)

2.4 附屬公司(續)

2.4.2 獨立財務報表

於附屬公司的投資按成本減減值入賬。成本包括直接應佔投資成本。附屬公司業績由本公司基於已收及應收股息入賬。

倘宣派股息期間股息超過附屬公司損益及其他全面收入總額，或被投資方淨資產(包括商譽)之獨立財務報表之投資賬面值超過綜合財務報表之賬面值，則須於自於附屬公司的投資收取股息時對有關投資進行減值測試。

2.5 投資至聯營公司及合營企業

聯營公司是集團擁有一般不少於20%股份投票權的長期權益，並可對其發揮重大影響力的實體。重大影響是參與被投資者的財務及經營決策的權力，但不控制或共同控制該等政策。

合營企業指一種合營安排，對安排擁有共同控制權的訂約方據此對合營企業之資產淨值擁有權利。共同控制指按照合約協定對一項安排所共有之控制，共同控制僅在有關活動要求享有控制權之訂約方作出一致同意的決定時存在。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Subsidiaries (Continued)

2.4.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total profit or loss and other 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.

2.5 Investments in associates and a joint venture

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

財務報表附註

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2. 主要會計政策概要(續)

2.5 投資至聯營公司及合營企業(續)

按權益會計法，本集團於聯營公司及合營企業的投資，以本集團應佔淨資產減任何減值虧損，於綜合財務狀況表列賬。任何可能存在的相異會計政策已作出相應調整使之貫徹一致。本集團應佔聯營公司及合營企業收購後業績及其他全面收益分別計入綜合損益及綜合其他全面收益表。此外，倘直接於聯營公司或合營企業的權益確認有關變動，則本集團會於綜合權益變動表確認其應佔任何變動(如適用)。本集團與其聯營公司或合營企業間交易的未變現收益及虧損將以本集團於聯營公司或合營企業的投資為限對銷，惟倘未變現虧損為所轉讓資產減值的憑證。收購聯營公司或合營企業的商譽列為本集團於聯營公司或合營企業的投資的一部分。

倘於聯營公司之投資成為於合營企業之投資(反之亦然)，保留權益不會予以重新計量。相對地，投資繼續按權益法入賬。在所有其他情況下，本集團對聯營公司不再有重大影響或對合營企業不再有共同控制時，按公平值計量及確認任何保留投資。本集團於失去重大影響或共同控制時聯營公司或合營企業的賬面值與保留投資的公平值及出售所得款項之間的任何差額於損益內確認。

當於聯營公司及合營企業的投資被分類為持作出售，其根據國際財務報告準則第5號持作出售的非流動資產及已終止經營業務列賬。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Investments in associates and a joint venture (Continued)

The Group's investments in associates and a joint venture are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and a joint venture is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or a joint venture are eliminated to the extent of the Group's investments in the associates or a joint venture, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or a joint venture is included as part of the Group's investments in associates or a joint venture.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

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2. 主要會計政策概要(續)

2.6 於合營業務的權益

合營業務為對安排擁有共同控制權的各方作出的合營安排，彼等於安排相關的資產擁有權利，並須承擔責任。

本集團就其於合營業務的權益確認：

- 其資產，包括其於共同持有的任何資產的份額；
- 其負債，包括其於共同產生的任何負債的份額；
- 其來自出售合營業務的產出中所佔份額的收益；
- 其於出售合營業務的產出所得收益的份額；及
- 其開支，包括其於共同產生的任何開支的份額。

有關本集團於合營業務權益的資產、負債、收益及開支均根據國際財務報告準則適用於特定資產、負債、收益及開支入賬。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Interests in a joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation are accounted for in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

財務報表附註

Notes to the Financial Statements

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For the year ended 31 December 2016

2. 主要會計政策概要(續)

2.7 分部報告

經營分部按照與向主要經營決策者提供的內部報告貫徹一致的方式報告。主要經營決策者負責分配資源及評估經營分部的表現，已被認定為作出戰略決策的本公司董事會執行董事。

2.8 外幣換算

(a) 功能及呈列貨幣

本集團各實體的財務報表所包括項目乃以該實體營運所在主要經濟環境的貨幣(「功能貨幣」)計算。綜合財務報表乃以本公司的功能貨幣及本集團的呈列貨幣人民幣呈列。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 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 of the board of the Company that makes strategic decisions.

2.8 Foreign currency translation

(a) 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 consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

財務報表附註

Notes to the Financial Statements

截至二零一六年十二月三十一日止年度

For the year ended 31 December 2016

2. 主要會計政策概要(續)

2.8 外幣換算(續)

(b) 交易及結餘

外幣交易乃按交易日或重新計量項目的估值日期的適用匯率換算為功能貨幣。該等交易結算以及以外幣計值的貨幣資產及負債按年末匯率換算產生的匯兌損益，於綜合損益及其他全面收益表確認，惟於權益內遞延作為合資格現金流量對沖及合資格投資淨額對沖則除外。

有關借貸以及現金及現金等價物的匯兌損益乃於綜合損益及其他全面收益表的「其他收益／其他開支」中呈列。所有其他匯兌損益乃於損益及其他全面收益表的「其他收益－淨額」中呈列。

以外幣計值分類為可供出售之債務證券之公平值變動分析為證券攤銷成本變動及證券賬面值之其他變動產生之換算差額。有關攤銷成本變動之換算差額於損益確認，而賬面值之其他變動於其他全面收入確認。

非貨幣金融資產及負債(如按公平值計入損益之權益)之換算差額於損益確認為公平值損益。非貨幣金融資產(如分類為可供出售權益)之換算差額計入其他全面收入。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Foreign currency translation (Continued)

(b) 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 and other comprehensive income, 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 and other comprehensive income within other gain/other expenses. All other foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income within 'other gains - net'.

Changes in the fair value of debt 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 other comprehensive income.

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

財務報表附註

Notes to the Financial Statements

截至二零一六年十二月三十一日止年度

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2. 主要會計政策概要(續)

2.8 外幣換算(續)

(c) 集團公司

所有功能貨幣與呈列貨幣不同之集團實體(均無惡性通脹經濟之貨幣)之業績及財務狀況換算為以下呈列貨幣：

- (i) 各資產負債表所呈列資產及負債按結算日之收市價換算；
- (ii) 各損益及其他全面收益表之收入及開支按平均匯率換算，除非有關平均並非交易日期一般比率之累計影響之合理近似值，而在此情況下，收入及開支按交易日期之比率換算；
- (iii) 得出的所有貨幣換算差額於其他全面收入確認。

收購境外實體產生之商譽及公平值調整視為境外實體之資產及負債，按收市價換算，所產生的貨幣換算差額於其他全面收入確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Foreign currency translation (Continued)

(c) 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:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each statement of profit or loss and other comprehensive income 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 rate on the dates of the transactions);
- (iii) all resulting currency translation 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 other comprehensive income.

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For the year ended 31 December 2016

2. 主要會計政策概要(續)

2.9 物業、廠房及設備

物業、廠房及設備主要包括工廠及辦公室。物業、廠房及設備乃按歷史成本減累計折舊及任何減值虧損列賬。歷史成本包括購買價及將資產促成其擬作用途工作狀態及地點的任何應佔直接成本。

其後成本僅於有關該項目的未來經濟利益很可能流入本集團，而該項目的成本能可靠計量時，方計入資產賬面值或確認為一項獨立資產(倘適用)。被取替部分的賬面值已終止確認。所有其他維修及保養在產生的期間內於損益支銷。

物業、廠房及設備折舊乃採用直線法按以下估計可使用年期將其成本分配至其剩餘價值計算：

	殘值率	估計可使用年期
樓宇	5%	10至35年
生產及電子設備	5%	3至10年
辦公室設備	5%	3至10年
汽車	5%	4至10年

在建工程指建造中的物業及廠房，並按成本扣除減值虧損後的金額列賬。成本包括建造成本及其他直接成本。在建工程並不計提折舊，直至有關工程完成及可供使用為止。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Property, plant and equipment

Property, plant and equipment comprise mainly factories and offices. Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's 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 profit or loss during the period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

	Residual rate	Estimated useful lives
Buildings	5%	10 – 35 years
Production and electronic equipment	5%	3 – 10 years
Office equipment	5%	3 – 10 years
Motor vehicles	5%	4 – 10 years

Construction in progress represents properties and plant under construction and is stated at cost less any impairment losses. This includes cost of construction and other direct costs. Construction in progress is not depreciated until the relevant assets are completed and ready for use.

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2. 主要會計政策概要(續)

2.9 物業、廠房及設備(續)

資產的剩餘價值及可使用年期於各報告期末進行檢討，並在適當時作出調整。

倘資產的賬面值高於其估計可收回金額，其賬面值即時撇減至可收回金額(附註2.14)。

出售損益透過比較所得款項與賬面值釐定，並於損益及其他全面收益表內的「其他收益－淨額」確認。

2.10 投資物業

投資物業(包括辦公樓宇)乃持作長期租金收入或資本增值或兩者均是，且並非本集團所佔用的物業。

投資物業按過往成本減折舊及減值虧損入賬。折舊乃按直線法於物業的估計可使用年期內將其成本分配至其剩餘價值計算。於各報告期末檢討及適當調整投資物業之剩餘價值及可使用年期。修訂之影響於變動時計入損益及其他全面收益表。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Property, plant and equipment (Continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 (Note 2.14).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains – net' in the statement of profit or loss and other comprehensive income.

2.10 Investment properties

Investment properties, comprising office buildings, are held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group.

Investment properties are stated at historical cost less depreciation and impairment losses. Depreciation is calculated using a straight-line method to allocate their cost to their residual values over the estimated useful lives of the properties. The residual values and useful lives of investment properties are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are included in the statement of profit or loss and other comprehensive income when the changes arise.

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Notes to the Financial Statements

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2. 主要會計政策概要(續)

2.11 商譽

商譽初步按成本計量，即轉讓代價、確認為非控股權益的金額及本集團先前持有的被收購方股權的公平值之和超出所收購可識別資產淨值及所承擔負債的部分。倘該代價及其他項目之和低於所收購淨資產的公平值，有關差額在重估後於損益確認為廉價收購收益。

初步確認後，商譽按成本減任何累計減值虧損計量。如有任何事件或情況變動表明賬面值可能減值，則會每年或更頻繁地對商譽進行減值測試。本集團每年於十二月三十一日進行商譽減值測試。就減值測試而言，於業務合併時收購的商譽自收購日起分配至預期將從合併協同效應受益的本集團各現金產生單位（「現金產生單位」）或現金產生單位組別，而不論本集團的其他資產或負債是否已被分配至該等單位或單位組別。

減值通過評估商譽所屬的現金產生單位（現金產生單位組別）的可收回金額而釐定。倘現金產生單位（現金產生單位組別）的可收回金額低於賬面值，則確認減值虧損。就商譽所確認的減值虧損不會於其後期間撥回。

倘商譽被分配至某現金產生單位（或現金產生單位組別），而該單位內的部分業務被出售，與被出售業務有關的商譽將於釐定出售該業務的收益或虧損時計入該業務賬面值。在此等情況下被出售的商譽按被出售業務的相對價值及保留的現金產生單位部分計量。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (the "CGU"s), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the CGU (group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (group of CGUs) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the CGU retained.

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2. 主要會計政策概要(續)

2.12 無形資產

(a) 研究及開發

- (i) 為獲取新科技或技術知識及認識而進行研究活動的開支會於產生期間內確認為開支。倘產品或工序在技術及商業上為可行，而本集團擁有充足資源並有意完成有關開發且本集團擁有足夠能力使用或出售資產，而該資產將取得未來經濟利益，及倘成本能可靠計量，則開發活動(與設計及測試新產品或改良產品有關)的開支將於「進行中產品開發」分類項下撥充資本。於某一產品開始投入商業生產後，開發活動的開支會轉入「遞延開發成本」，並按直線法於其預期可獲利期間攤銷。研究及開發成本包括研究及開發活動直接產生的費用或可按合理基準分配至該等活動的成本。
- (ii) 本集團所獲遞延開發成本乃按成本減累計攤銷及任何減值虧損於綜合財務狀況表內列賬。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Intangible assets

(a) Research and development

- (i) Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised as an expense in the period in which it is incurred. Expenditure on development activities (relating to the design and testing of new or improved products) is capitalised under the category of “product development in progress” if the product or process is technically and commercially feasible, the Group has sufficient resources and the intention to complete the development, the Group has sufficient ability to use or sell the asset, the asset will generate future economic benefit, and the cost can be reliably measured. Upon the commencement of the commercial production of a product, the expenditure on development activities is transferred to “deferred development costs” and amortised on a straight-line basis over the period of its expected benefit. Research and development costs comprise costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities.
- (ii) Deferred development costs that are acquired by the Group are stated in the consolidated statement of financial position at cost less accumulated amortisation and any impairment losses.

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2. 主要會計政策概要(續)

2.12 無形資產(續)

(a) 研究及開發(續)

(iii) 收購或完成開發活動後產生的其後開支乃於產生時確認為支出，除非此項開支可能將致使資產產生超出其原先評估表現水平的未來經濟利益，且此項開支能可靠地計算及計入資產，則作別論。倘符合該等條件，其後開支會計入無形資產的成本。

(iv) 遞延開發成本乃按5至15年的估計可使用年期以直線法於損益內支銷。

(b) 商標

分開收購的商標按歷史成本列賬。於業務合併收購的商標於收購日期按公平值確認。商標具有有限可使用年期，按成本減累計攤銷及任何減值虧損入賬。攤銷乃按直線法於5至10年的估計可使用年期内分攤商標成本計算。

(c) 電腦系統

所收購電腦軟件許可證基於收購及使用特定軟件產生的成本撥充資本。有關成本於3至5年的估計可使用年期内攤銷。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Intangible assets (Continued)

(a) Research and development (Continued)

(iii) Subsequent expenditure on development activities after its acquisition or its completion is recognised as an expense when it is incurred unless it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. If these conditions are met, the subsequent expenditure is added to the cost of the intangible asset.

(iv) Amortisation of deferred development costs is charged to the profit or loss on a straight-line basis over the estimated useful lives of 5 to 15 years.

(b) Trademarks

Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks have a finite useful life and are carried at cost less accumulated amortisation and any impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of 5 to 10 years.

(c) Computer systems

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 5 years.

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2. 主要會計政策概要(續)

2.12 無形資產(續)

(d) 客戶關係

客戶關係具有有限使用年期，乃按成本減累計攤銷及任何減值虧損列賬。攤銷採用直線法於5年預計年內計算。

無形資產的攤銷期間及攤銷方法至少於各報告期末作出檢討。任何修訂的影響乃於產生變動時於損益確認。

2.13 土地使用權

土地使用權指為獲得長期使用土地的權利而預先支付的款項，按成本列賬，並按直線法按餘下租期於損益內支銷(扣除任何減值虧損)。

2.14 非金融資產(商譽除外)減值

可使用年期不限定的無形資產或尚未可供使用的無形資產無需攤銷，而倘事件或情況有變顯示賬面可能減值，則須每年或更頻密就減值進行測試。須予折舊及攤銷的資產會於發生事項或情況出現變化而顯示賬面值未必能夠收回時，評估有否減值。減值虧損按資產的賬面值超出其可收回金額的差額確認。可收回金額以資產的公平值扣除銷售成本與使用價值兩者之間較高者為準。於評估減值時，資產按可分開識別現金流量(現金產生單位)的最低層次組合。已減值的非金融資產(商譽除外)在各報告日期均就減值是否可以撥回進行檢討。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Intangible assets (Continued)

(d) Customer relationships

The customer relationships have a finite useful life and are carried at cost less accumulated amortisation and any impairment losses. Amortisation is calculated using the straight-line method over the expected life of 5 years.

The amortisation period and amortisation method of intangible assets are reviewed at least at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

2.13 Land use rights

Land use rights are up-front payments to acquire long-term interests in the usage of land. It is stated at cost and charged to profit or loss over the remaining period of the lease on a straight-line basis, net of any impairment losses.

2.14 Impairment of non-financial assets other than goodwill

Intangible assets that have an indefinite useful life or intangible assets not ready for use are not subject to amortisation and are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Assets that are subject to depreciation and 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 purposes 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.

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2. 主要會計政策概要(續)

2.15 金融資產

2.15.1 分類

本集團將其金融資產分為以下類別：按公平值計入損益、貸款及應收賬款及可供出售金融資產。有關分類乃按購入金融資產時的目的而歸類。管理層於初步確認時釐定金融資產的類別。

(a) 按公平值計入損益之金融資產

按公平值計入損益之金融資產為持作買賣金融資產。倘金融資產主要就短期銷售而收購，則分類至該類別。衍生工具亦分類為持作買賣，除非指定做對沖工具。倘預期於12個月內結算，則該類資產分類為流動資產，否則分類為非流動資產。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Financial assets

2.15.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

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2. 主要會計政策概要(續)

2.15 金融資產(續)

2.15.1 分類(續)

(b) 貸款及應收賬款

貸款及應收賬款指有固定或可釐定付款金額及並無在活躍市場報價的非衍生金融資產。該等項目均列入流動資產，惟到期日由報告期末起計超逾12個月者除外。有關項目會分類為非流動資產。本集團的貸款及應收賬款包括綜合財務狀況表內的「貿易及其他應收賬款」及「現金及現金等價物」(附註2.18及2.19)。

(c) 可供出售金融資產

可供出售金融資產為並非指定為此類別或分類為任何其他類別之非衍生工具。該等資產計入非流動資產，除非投資到期或管理層擬於報告期末起計12個月內出售有關資產。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Financial assets (Continued)

2.15.1 Classification (Continued)

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the consolidated statement of financial position (Notes 2.18 and 2.19).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

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2. 主要會計政策概要(續)

2.15 金融資產(續)

2.15.2 確認及計量

一般金融資產買賣於交易日期(本集團承諾購買或銷售資產之日期)確認。投資初步按公平值加並非按公平值計入損益列賬之所有金融資產之交易成本確認。按公平值計入損益之金融資產初步按公平值確認，交易成本於綜合損益及其他全面收益表支銷。當自投資收取現金流量的權利已經到期或轉讓，而本集團已將擁有權的絕大部分風險及回報轉讓時，則終止確認金融資產。可供出售金融資產其後按公平值列賬。貸款及應收賬款其後使用實際利息法按攤銷成本列賬。

倘分類為可供出售證券已售出或減值，則於權益確認之累計公平值調整於綜合損益及其他全面收益表列賬為「可供出售金融資產價值變動」。

可供出售證券之利息按實際利息法於綜合損益及其他全面收益表確認為其他收入。可供出售股本工具之股息於本集團有權收取有關付款時於綜合綜合損益及其他全面收益表確認為其他收入。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Financial assets (Continued)

2.15.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade date. The date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of profit or loss and other comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated statement of profit or loss and other comprehensive income as 'change in value of available-for-sale financial assets'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated statement of profit or loss and other comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognised in the consolidated statement of profit or loss and other comprehensive income as part of other income when the Group's right to receive payments is established.

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2. 主要會計政策概要(續)

2.16 金融資產減值

(a) 按攤銷成本列賬之資產

本集團於各報告期末評估是否存在客觀證據證明某項金融資產或某一組金融資產出現減值情況。僅在有客觀證據證明於資產初步確認後發生一宗或多宗事件導致減值出現的情況下(「虧損事件」)，且該宗或該等虧損事件會對該項金融資產或該組金融資產能夠可靠估計的未來現金流量構成影響時，則有關金融資產才算出現減值及產生減值虧損。

減值證據可包括債務人或一組債務人出現重大財政困難，拖欠償還債務或逾期交付利息或本金，債務人可能破產或進行其他財務重組，及有明確的資料顯示估計未來現金流量出現重大跌幅(如拖欠或拖欠相關經濟狀況改變)。

對於貸款及應收賬款，虧損的金額乃以資產賬面值與按金融資產的原實際利率貼現估計未來現金流量(不包括尚未產生的日後信貸虧損)所得的現值兩者間的差額計量。資產的賬面值減少，而虧損的金額則於綜合損益及其他全面收益表確認。倘貸款或投資按浮動利率計息，則計量任何減值虧損的貼現率為根據合約釐定的即期實際利率。在實際應用中，本集團可按某工具可觀察得到的市場價格為公平值的基礎計量減值。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss and other comprehensive income. If a loan or investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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2. 主要會計政策概要(續)

2.16 金融資產減值(續)

(a) 按攤銷成本列賬之資產(續)

倘在後續期間，減值虧損的金額減少，而有關減少可客觀聯繫至於減值獲確認後發生的事件(如債務人的信貸評級有所改善)，則先前確認的減值虧損撥回在綜合損益及其他全面收益表確認。

(b) 分類為可供出售資產

本集團於各報告期末評估有否客觀證據顯示一項金融資產或一組金融資產已減值。

就債務證券而言，倘存在任何該等證據，則累計虧損(計量為收購成本與當前公平值減有關金融資產先前於損益確認之任何減值虧損之差額)自權益移除，並於損益確認。倘於後續期間，分類為可供出售債務工具之公平值增加，且有關增加可客觀聯繫至減值虧損於損益確認後發生的事件，則減值虧損透過損益撥回。

就股本投資而言，投資之公平值大幅或長期下跌至低於其成本亦為資產減值之證據。倘存在任何該等證據，則累計虧損(計量為收購成本與當前公平值減有關金融資產先前於損益確認之任何減值虧損之差額)自權益移除，並於損益確認。股本投資減值虧損不得透過損益撥回。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Impairment of financial assets (Continued)

(a) Assets carried at amortised cost (Continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss and other comprehensive income.

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exist the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is an evidence that the assets is impaired. If any such evidence exists the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss. Impairment losses on equity investments are not reversed through the profit or loss.

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2. 主要會計政策概要(續)

2.17 存貨

存貨按成本值及可變現淨值兩者中的較低者入賬。成本按加權平均法釐定。製成品及在製品成本包括研發成本、原材料、直接人工費用、其他直接成本及相關的間接生產費用(按正常運營能力計)。其不包括借貸成本。可變現淨值為日常業務過程中的估計售價減適用可變銷售開支。

2.18 貿易及其他應收賬款

貿易應收賬款為在日常業務過程中就商品銷售而應收客戶的賬款。倘預期將於一年或以內(或仍在正常經營週期中,則可延長)收回貿易及其他應收賬款,則該等賬款將會分類為流動資產;否則,該等賬款呈列為非流動資產。

貿易及其他應收賬款初步以公平值確認,其後利用實際利息法按攤銷成本扣除減值撥備計量。

2.19 現金及現金等價物

於綜合現金流量表中,現金及現金等價物包括手頭現金、銀行通知存款、原到期日為三個月或以內的其他短期高流動性投資及銀行透支。於綜合及實體資產負債表中,銀行透支在流動負債的借款中列示。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises research and development costs, 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.

2.18 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. 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.

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.

2.19 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, 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 borrowings in current liabilities.

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2. 主要會計政策概要(續)

2.20 股本

普通股分類列為權益。與發行新股或獎勵直接有關的增量成本，列入權益作為所得款項(扣除稅項)扣減。

2.21 貿易應付賬款

貿易應付賬款為在日常業務過程中向供應商購買商品或服務而付款的義務。如應付賬款的支付日期在一年或以內(如仍在正常經營週期中，則可延長)，則該等賬款將會分類為流動負債；否則，該等賬款呈列為非流動負債。

貿易應付賬款初步以公平值確認，其後利用實際利息法按攤銷成本計量。

2.22 借貸及借貸成本

借貸初步按公平值(扣除所產生交易成本)確認，其後按攤銷成本列賬，所得款項(扣除交易成本)與贖回價值之間的任何差額於借貸期按實際利息法在綜合損益及其他全面收益表損益確認。

借貸分類為流動負債，除非本集團可於報告期末後至少12個月無條件延遲結算有關負債。

借貸成本於其產生期間於損益確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or awards are shown in equity as a deduction, net of tax, from the proceeds.

2.21 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable 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.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.22 Borrowings and borrowing costs

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.

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.

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

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2. 主要會計政策概要(續)

2.23 即期及遞延所得稅

年度稅項開支包括即期及遞延稅項。稅項於綜合損益及其他全面收益表確認，惟與在其他全面收入或直接於權益確認的項目有關者除外。在此情況下，稅項亦分別於其他全面收入或直接於權益確認。

(a) 即期所得稅

即期所得稅開支按本公司的附屬公司及聯營公司經營及產生應課稅收入所在國家於結算日已頒佈或實質頒佈的稅法計算。管理層就適用稅務規例有待詮釋的情況定期評估報稅表的狀況，並在適用情況下根據預期須向稅務機關支付的稅款作出撥備。

(b) 遞延所得稅

內部基準差異

遞延所得稅採用負債法就資產及負債的稅基與其在綜合財務報表的賬面值產生的暫時差額確認。然而，倘遞延所得稅來自交易(不包括業務合併)資產或負債的初步確認，而在交易發生時不影響會計損益或應課稅損益，則不予入賬。遞延所得稅採用在結算日前已頒佈或實質頒佈，並在有關的遞延所得稅資產變現或遞延所得稅負債結算時預期將會適用的稅率(及法例)而釐定。

遞延所得稅資產乃僅就有可能將未來應課稅溢利與可用的暫時差異抵銷而確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Current and deferred income tax

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

(a) Current income tax

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's subsidiaries and associate operate and generate taxable income. 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.

(b) Deferred income tax

Inside basis differences

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, 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 and loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively 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.

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.

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2. 主要會計政策概要 (續)

2.23 即期及遞延所得稅 (續)

(b) 遞延所得稅 (續)

外部基準差異

遞延所得稅就於附屬公司及聯營公司的投資所產生的暫時差額作出撥備，惟就遞延所得稅負債而言，倘若本集團可以控制暫時差額的撥回時間，而暫時差額在可預見將來不大可能撥回者，則除外。一般而言，本集團無法控制給予聯營公司的暫時差額撥回。僅於可預見未來有協議賦予本集團能力控制撥回暫時差額時，則不會確認與聯營公司之未分配溢利產生之應課稅暫時差額有關之遞稅項負債。

因投資附屬公司及聯營公司而產生的可扣減暫時差額確認為遞延所得稅資產，惟倘暫時差額在將來可撥回，且有充足應課稅溢利抵銷可動用暫時差額則除外。

(c) 抵銷

倘有合法執行權利以即期稅項資產抵銷即期稅項負債，以及當遞延所得稅資產和負債涉及由同一稅務機關就相同應課稅實體或有意以淨額基準結算結餘的不同應課稅實體徵收所得稅，則遞延所得稅資產與負債互相抵銷。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and an associate, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associate. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and an associate only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

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 same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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2. 主要會計政策概要(續)

2.24 僱員福利

(a) 退休金責任

本集團已根據有關規定參與由當地社會保險局管理的退休保險及醫療保險計劃。本集團每月須就上述保險計劃按僱員每月工資向當地社會保險局作出供款。除上述界定供款外，本集團並無其他責任。本集團於該計劃項下的供款於綜合損益及其他全面收益表支銷。

(b) 離職福利

離職福利於僱員在正常退休日前被本集團終止聘用或僱員接受自願離職以換取這些福利時支付。本集團按以下日期(以較早者為準)確認離職福利：(a) 於本集團不能取消提供該等福利時；及(b) 實體確認任何屬國際會計準則第37號範疇內及涉及終止服務權益付款之有關重組成本當日。在提出要約以鼓勵自願離職的情況下，離職福利乃根據預期接受要約的僱員人數計量。在報告期末後超過十二個月到期支付的福利應貼現為現值。

(c) 分享溢利及花紅計劃

本集團根據一項公式就花紅及溢利分享確認負債及開支，該公式考慮了於作出若干調整後的公司股東應佔溢利。本集團就合約責任或倘若因過往慣例曾產生推定責任而確認撥備。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Employee benefits

(a) Pension obligations

The Group participates in the retirement insurance and medical insurance scheme organised by the local social security bureau pursuant to the relevant provisions. The Group is required to make monthly contribution in respect of the above insurance scheme to the local social security bureau based on the monthly salaries of its employees. The Group has no further liabilities other than the above defined contribution. The Group's contributions under the scheme are charged to the consolidated statement of profit or loss and other comprehensive income.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(c) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

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2. 主要會計政策概要(續)

2.24 僱員福利(續)

(d) 僱員假期

僱員於成為僱員時即享有年假。已就僱員截至結算日提供的服務作出年假估計負債撥備。

僱員的病假及產假僅於僱員開始休假時確認。

2.25 以股份為基礎的付款

(a) 以股權結算的股份支付交易

本集團實行若干以股權結算以股份為基礎的補償計劃，根據計劃，作為本集團權益工具(獎勵)的代價，實體收取僱員服務。透過授出獎勵而交換所得的僱員服務的公平值確認為支銷。將予支銷的總金額乃參考所授獎勵的公平值而釐定：

- 包括任何市場表現狀況(如實體的股價)；
- 不包括任何服務及非市場表現歸屬條件(如盈利能力、銷售增長目標及於特定期間留任實體僱員)的影響；及
- 包括任何非歸屬條件(如要求僱員儲蓄或於特定期間持有股份)的影響。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Employee benefits (Continued)

(d) Employee leaves entitlements

Employee entitlements to annual leave are recognised 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 the balance sheet date.

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

2.25 Share-based payments

(a) Equity-settled share based payment transaction

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (awards) of the Group. The fair value of the employee services received in exchange for the grant of the awards is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the awards granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

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2. 主要會計政策概要(續)

2.25 以股份為基礎的付款(續)

(a) 以股權結算的股份支付交易(續)

於各報告期末，本集團會根據非市場表現及服務條件對預期將予歸屬的獎勵數目估計進行修訂。本集團會於綜合損益及其他全面收益表確認修訂原來估計(如有)的影響，並相應調整權益。

此外，於若干情況下，僱員可於授予日期之前提供服務，因此，本集團會就確認服務開始期間與授予日期之間的支銷而估計授予日期的公平值。

(b) 集團實體間的股份支付交易

本公司向本集團附屬公司僱員授予來自股本工具的獎勵被視為出資。僱員所提供服務公平值經參考授予日期公平值後計量，於歸屬期確認為對附屬公司的投資增幅，並相應於母公司賬目中入賬至權益。

2.26 撥備

當本集團因過往事件須承擔現有法律責任，而解除責任將很可能須消耗資源，且有關金額已作出可靠估計時，會確認法律索償撥備。但不會就日後經營虧損確認任何撥備。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Share-based payments (Continued)

(a) Equity-settled share based payment transaction (Continued)

At the end of each reporting period, the Group revises its estimates of the number of awards that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of profit or loss and other comprehensive income, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

(b) share-based payment transaction among group entities

The grant by the Company of awards over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

2.26 Provisions

Provisions for legal claims are recognised when: the group has a present legal obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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2. 主要會計政策概要 (續)

2.27 政府補助

於合理確定會收到政府補助且本集團滿足所有附屬條件時，政府補助以其公平值確認。

與成本相關的政府補助予以遞延，並於與其擬定補償的成本配對補助的所需期間內於綜合損益及其他全面收益表確認。

與物業、廠房及設備有關的政府補助在非流動負債中計作遞延政府補助，並於相關資產的預計年內按直線法貸記至收益表。

2.28 收益確認

收益按已收或應收代價的公平值計量，指供應貨品的應收賬款，扣除折扣、退貨及增值稅後列值。當收益的數額能夠可靠計量、未來經濟利益很有可能流入有關集團實體，而本集團每項活動均符合下文所述具體條件時，本集團會確認收益。本集團會根據其退貨往績並考慮客戶類別、交易種類及每項安排的特點作出估計。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Government grants

Grants from the 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 all attached conditions.

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

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

2.28 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. 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 group entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration of the type of customer, the type of transaction and the specifics of each arrangement.

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2. 主要會計政策概要(續)

2.28 收益確認(續)

(a) 貨品銷售

本集團於批發市場製造及銷售一系列藥品。當集團實體交付產品予批發商，而批發商對出售產品的渠道及價格有充分酌情權，且並無不能償付的責任可影響批發商接納該等產品時，貨品銷售會予以確認。在產品運至特定地點、陳舊過時及虧損風險已轉移予批發商、批發商已按銷售合約規定接納產品、接納規定已失效、或本集團有客觀證據顯示接納的所有標準均已達致時，方會確認交付。

(b) 銷售分銷權

銷售分銷權於分銷權年期內按直線法在綜合損益及其他全面收益表確認。

(c) 提供服務

醫院服務收入在服務提供後確認。

(d) 租金收入

投資物業之租金收入按直線基準於租期在綜合損益及其他全面收益表確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.28 Revenue recognition (Continued)

(a) Sales of goods

The Group manufactures and sells a range of pharmaceutical products in the wholesale market. Sales of goods are recognised when a group entity has delivered products to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have been shipped to the specified locations, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Sales of distribution rights

Sales of distribution rights are recognised in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the term of the distribution rights.

(c) Rendering of services

Hospital service income is recognised when the service is rendered.

(d) Rental income

Rental income from investment property is recognised in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease.

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2. 主要會計政策概要 (續)

2.29 利息收入

利息收入採用實際利率法確認入賬。倘貸款及應收賬款出現減值，本集團會將賬面值減至其可收回金額，即按有關工具的原實際利率貼現的估計未來現金流量，並持續解除貼現作為利息收入入賬。減值貸款及應收賬款的利息收入乃採用原實際利率確認。

2.30 經營租賃

凡擁有權的絕大部分風險及回報由出租人保留的租賃均分類為經營租賃。根據經營租賃作出的付款(扣除出租人給予的任何優惠)在租期內以直線法自損益及其他全面收益表支銷。

2.31 股息分派

向本公司股東分派的股息在股息獲本公司股東或董事(視情況而定)批准期間於本集團及本公司財務報表內確認為負債。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.29 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

2.30 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

2.31 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors where appropriate.

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3. 財務風險管理

3.1 財務風險因素

本集團的業務活動承受多種財務風險：市場風險(包括貨幣風險、價格風險、現金流量利率風險及公平值利率風險)、信貸風險及流動性風險。本集團整體風險管理政策專注於金融市場的不可預測性，並尋求盡量減低對本集團財務表現的潛在不利影響。

(a) 市場風險

(i) 外匯風險

本公司及其附屬公司的功能貨幣為人民幣。本集團的所有收入均源自於中國的業務。本集團的金融工具主要以人民幣計值。人民幣轉換為外幣受中國政府頒佈的外匯管制規則及法規監管。本集團以外幣計值的主要資產及負債為以美元(「美元」)及港元(「港元」)計值的若干現金及現金等價物(附註17)、其他應收賬款(附註16)及其他應付賬款(附註21)。本公司董事會執行董事認為，本集團並無面臨重大外幣風險。

本集團現時並無外幣對沖政策。

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The functional currency of the Company and its subsidiaries is RMB. All of the revenues of the Group are derived from operations in the PRC. The financial instruments of the Group are mainly denominated in RMB. The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The main foreign currency denominated assets and liabilities of the Group were certain cash and cash equivalents (Note 17), other receivables (Note 16) and other payables (Note 21) which were denominated in United States Dollars ("USD") and Hong Kong Dollars ("HKD"). In the opinion of the executive directors of the board of the Company, the Group does not have significant exposure to foreign exchange risk.

The Group currently does not have a foreign currency hedge policy.

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截至二零一六年十二月三十一日止年度

For the year ended 31 December 2016

3. 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(i) 外匯風險(續)

於二零一六年十二月三十一日，倘若人民幣兌美元貶值／升值3%(二零一五年：3%)，而所有其他因素維持不變，則截至二零一六年十二月三十一日止年度的除稅後溢利將增加／減少約人民幣38,213,000元(二零一五年：人民幣7,917,000元)，主要由於換算以美元為單位的現金及現金等價物、其他應收賬款及其他應付賬款的匯兌收益／虧損所致。

於二零一六年十二月三十一日，倘若人民幣兌港元貶值／升值3%(二零一五年：3%)，而所有其他因素維持不變，則截至二零一六年十二月三十一日止年度的除稅後溢利將增加／減少約人民幣31,324,000元(二零一五年：人民幣8,833,000元)，主要由於換算以港元為單位的現金及現金等價物及其他應付賬款的匯兌收益／虧損所致。

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

As at 31 December 2016, if RMB had weakened/strengthened by 3% (2015: 3%) against USD with all other variables held constant, post-tax profit for the year ended 31 December 2016 would have been approximately RMB 38,213,000 (2015: RMB 7,917,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of USD-denominated cash and cash equivalents, other receivables and other payables.

As at 31 December 2016, if RMB had weakened/strengthened by 3% (2015: 3%) against HKD with all other variables held constant, post-tax profit for the year ended 31 December 2016 would have been approximately RMB 31,324,000 (2015: RMB 8,833,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of HKD-denominated cash and cash equivalents and other payables.

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3. 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(ii) 價格風險

本集團並無面臨任何重大股本市場風險，亦無面臨任何商品價格風險。

(iii) 現金流量及公平值利率風險

本集團的計息資產主要包括可供出售金融資產以及現金及現金等價物，有關詳情已於附註13及17內披露。

本集團的借款並無利率風險，已於附註23內披露。於二零一六年十二月三十一日，借款的利率固定。

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Price risk

The Group is not exposed to any significant equity market risk, nor exposed to any commodity price risk.

(iii) Cash flow and fair value interest rate risk

The interest-bearing assets of the Group mainly include the available-for sale financial assets and cash and cash equivalents, details of which have been disclosed in Note 13 and 17.

There is no interest rate risk arises from borrowings of the Group, which have been disclosed in Note 23. The interest rate of the borrowings is fixed as at 31 December 2016.

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3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(b) 信貸風險

信貸風險乃由現金及現金等價物、貿易應收賬款、可供出售金融資產以及其他應收賬款所產生。

所有現金等價物及銀行存款均存放於若干中國聲譽卓越的金融機構及中國大陸境外的優質國際金融機構。所有該等不可撤銷的銀行票據歸類為應收票據(附註16)，由中國具有高信用評級的銀行發行。該等金融機構近期並無有關現金等價物及銀行存款的拖欠記錄。

就貿易應收賬款而言，本集團並無重大的信貸風險集中情況，並訂有政策確保在與客戶訂立相關銷售訂單協議時已收取若干現金墊款。就授出信貸期的貿易應收賬款而言，本集團通過考慮交易對手方的財務狀況、信貸歷史及其他因素評估其信貸質素。本集團亦進行若干監控程序以確保採取適當跟進行動收回逾期債務。本集團定期進行賬齡分析，評估信貸風險及根據歷史數據及現金收回歷史估計面臨類似信貸風險的貿易應收賬款組別的可收回性。

可供出售金融資產為若干中國聲譽卓越銀行機構發行的銀行金融產品。該等機構近期並無拖欠紀錄，故本公司董事會執行董事認為與該投資相關的信貸風險甚低。

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk arises from cash and cash equivalents, trade receivables, available-for-sale financial assets and other receivables.

All the cash equivalents and bank deposits are placed in certain PRC reputable financial institutions and high-quality international financial institutions outside the Mainland China. All those irrevocable bank bills, classified as notes receivables (Note 16) are issued by the banks in the PRC with high credit rating. There was no recent history of default of cash equivalents and bank deposits in relation to these financial institutions.

In relation to trade receivables, the Group has no significant concentrations of credit risk and has policies in place to ensure that certain cash advance has been received upon the agreement of the related sales orders with customers. For those with credit period granted, the credit quality of the counterparties is assessed by taking into account their financial position, credit history and other factors. It also undertakes certain monitoring procedures to ensure that proper follow-up action is taken to recover overdue debts. The Group regularly performs ageing analysis, assesses credit risks and estimates the recoverability of groups of trade receivables bearing similar credit risk based on historical data and cash collection history.

Available-for-sale financial assets are the bank financial products issued by certain PRC reputable banking institutions. There was no recent history of default and the executive directors of the board of the Company are of the opinion that the credit risk related to the investments is low.

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For the year ended 31 December 2016

3. 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信貸風險(續)

就其他應收賬款而言，債務人的信貸質素乃透過考慮其財務狀況、與本集團的關係、信貸歷史及其他因素而作出評估。管理層亦定期檢討該等其他應收賬款的可收回性，並跟進有關糾紛或逾期款項(如有)。本公司董事會執行董事認為，對手方拖欠款項的可能性甚微。

並無其他金融資產面臨重大信貸風險。

(c) 流動性風險

審慎的流動資金管理指維持足夠現金。本集團維持足夠的現金結餘，以為其日常的資金需求提供靈活性。

於二零一六年十二月三十一日，本集團擁有流動資產淨額人民幣4,156,480,000元，包括現金及現金等價物人民幣2,407,073,000元。本公司董事會執行董事認為，本集團維持充裕的流動資金儲備。

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

In relation to other receivables, the credit quality of the debtors is assessed by taking into account their financial position, relationship with the Group, credit history and other factors. Management will also regularly review the recoverability of these other receivables and follow up the disputes or amounts overdue, if any. The executive directors of the board of the Company are of the opinion that the default by counterparties is low.

No other financial assets bear a significant exposure to credit risk.

(c) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash. The Group maintains sufficient cash balances to provide flexibility in meeting its day to day funding requirements.

The Group had net current assets of RMB 4,156,480,000 which included cash and cash equivalents of RMB 2,407,073,000 as at 31 December 2016. The executive directors of the board of the Company are of the opinion that the Group maintains an adequate liquidity reserve.

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截至二零一六年十二月三十一日止年度

For the year ended 31 December 2016

3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(c) 流動性風險 (續)

本集團於報告期末根據已訂約未貼現款項計算之金融負債到期情況如下：

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

		少於一年 Less than 1 year 人民幣千元 RMB'000	一至兩年 Between 1 and 2 years 人民幣千元 RMB'000	合計 Total 人民幣千元 RMB'000
於二零一六年 十二月三十一日	At 31 December 2016			
貿易及其他應付賬款	Trade and other payables	533,675	—	533,675
借貸	Borrowings	8,733	—	8,733
於二零一五年 十二月三十一日	At 31 December 2015			
貿易及其他應付賬款	Trade and other payables	456,060	—	456,060
借貸	Borrowings	357	8,518	8,875

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截至二零一六年十二月三十一日止年度

For the year ended 31 December 2016

3. 財務風險管理(續)

3.2 資本管理

本集團管理資本的主要目標為保障本集團的持續營運能力，以及維持穩健的資金比率，以支持其業務及將股東價值最大化。

本集團管理其資本架構，並應經濟狀況之變化對其作出調整。為維持或調整資本架構，本集團可能調整向股東派付之股息款項、向股東退回資本或發行新股。本集團毋須遵守任何外部施加的資本規定。截至二零一六年十二月三十一日及二零一五年十二月三十一日止年度，概無對管理資本之目標、政策或程序作出任何變更。

本集團於二零一六年及二零一五年十二月三十一日擁有充足的現金及現金等價物。本公司董事會執行董事認為本集團並無重大資本風險。

3. FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2016 and 31 December 2015.

The Group has sufficient cash and cash equivalents as at 31 December 2016 and 2015. The executive directors of the board of the Company are of the opinion that the Group does not have significant capital risk.

		於十二月三十一日 as at 31 December	
		二零一六年 2016	二零一五年 2015
		人民幣千元 RMB'000	人民幣千元 RMB'000
現金及現金等價物(附註17)	Cash and cash equivalents (Note 17)	2,407,073	2,282,370
減：借貸(附註23)	Less: Borrowings (Note 23)	(8,280)	(8,280)
		2,398,793	2,274,090

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截至二零一六年十二月三十一日止年度

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3. 財務風險管理 (續)

3.3 公平值估計

下表按計量公平值之估值技術所用參數之層級，分析本集團於二零一六年十二月三十一日按公平值列賬之金融工具。有關參數乃按下文所述而分類歸入公平值層級內之三個層級：

- 相同資產或負債於活躍市場之未經調整報價 (第一級)。
- 資產或負債之可直接 (即價格) 或間接 (即按價格計算者) 觀察參數 (不包括第一級所述報價) (第二級)。
- 資產或負債之並非基於可觀察市場數據 (即不可觀察參數) 之參數 (第三級)。

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation

The table below analyses the group's financial instruments carried at fair value as at 31 December 2016 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

		第二級 Level 2	
		二零一六年 2016	二零一五年 2015
		人民幣千元 RMB'000	人民幣千元 RMB'000
可供出售金融資產 (附註 13)	Available-for-sale financial assets (Note 13)	1,709,964	1,959,280

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For the year ended 31 December 2016

3. 財務風險管理(續)

3.3 公平值估計(續)

並非於活躍市場買賣的金融工具的公平值採用估值技術釐定。有關估值技術可盡量利用可獲得的可觀察市場數據，並盡量降低倚賴實體具體估計。倘工具之公平值所須所有重大參數可觀察，則有關工具計入第二級。

倘存在一個或多個重大參數並非依賴可觀察市場數據，則有關工具計入第三級。

評估金融工具之具體估值技術包括：

- 相同工具所報市價或交易商報價。
- 利率掉期之公平值基於可觀察收益曲線計算為估計未來現金流量之現值。
- 遠期外匯合約之公平值於結算日按遠期匯率釐定，所得價值貼現至現值。
- 其他技術(如貼現現金流量分析)乃用於釐定餘下金融工具之公平值。

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available 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.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

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3. 財務風險管理 (續)

3.4 抵銷金融資產及金融負債 金融資產

以下金融資產受抵銷所規限：

3. FINANCIAL RISK MANAGEMENT (Continued)

3.4 Offsetting financial assets and financial liabilities

Financial assets

The following financial assets are subject to offsetting:

		於綜合財務 狀況表抵銷的 已確認金融 負債總額 Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position 人民幣千元 RMB'000	於綜合財務 狀況表呈列的 金融 資產淨值 Net amounts of financial assets presented in the consolidated statement of financial position 人民幣千元 RMB'000
於二零一六年十二月三十一日	As at 31 December 2016		
應收聯營公司款項	Amount due from an associate	—	—
於二零一五年十二月三十一日	As at 31 December 2015		
應收聯營公司款項	Amount due from an associate	65,904	(39,951)
			25,953

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For the year ended 31 December 2016

3. 財務風險管理(續)

3.4 抵銷金融資產及金融負債 (續)

金融負債

以下金融負債受抵銷所規限：

3. FINANCIAL RISK MANAGEMENT (Continued)

3.4 Offsetting financial assets and financial liabilities (Continued)

Financial liabilities

The following financial liabilities are subject to offsetting:

		於綜合財務 狀況表抵銷的 已確認金融 資產總值 Gross amounts of recognised financial assets set off in the consolidated statement of financial position 人民幣千元 RMB'000	於綜合財務 狀況表呈列的 金融 負債淨額 Net amounts of financial liabilities presented in the consolidated statement of financial position 人民幣千元 RMB'000
於二零一六年十二月三十一日	As at 31 December 2016		
應付一間聯營公司款項	Amount due to an associate	—	—
於二零一五年十二月三十一日	As at 31 December 2015		
應付一間聯營公司款項	Amount due to an associate	39,951	(39,951)

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For the year ended 31 December 2016

4. 重要會計估計及判斷

本集團不斷評估估計、假設及判斷，並會考慮過往經驗以及其他因素，包括對在有關情況下視為對未來事件的合理預期。

本集團對未來作出估計及假設。所得的會計估計如其定義，很少與相關實際結果相同。很大機會導致下個財政年度的資產及負債的賬面值作出重大調整的估計及假設討論如下。

(a) 遞延開發成本減值

本集團管理層就資本化開發成本釐定每種醫藥專利或許可的估計未來現金流量。該估計乃基於醫藥業的預計產品生命週期作出。

其可能因針對行業週期出現的醫藥創新及競爭對手的行動而發生重大變動。於未來現金流量低於預期及少於相關開發成本金額時，管理層會就資本化開發成本確認減值虧損。

倘估計未來現金流量較於二零一六年及二零一五年十二月三十一日的管理層估計低10%，則本集團並無就開發成本確認的減值虧損(二零一五年：無)。

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates, assumptions and judgements are continually 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 deferred development costs

The Group's management determines the estimated future cash flows of each pharmaceutical patent or licence in capitalisation of development costs. These estimates are based on projected product lifecycles experienced in the pharmaceutical industry.

It could change significantly as a result of medicine innovations and competitor actions in response to industry cycles. Management will recognise impairment loss on the capitalised development costs when future cash flows are less than expectation and fall below the amount of related development costs.

If the estimated future cash flows had been 10% lower than management's estimates as at 31 December 2016 and 2015, the Group would have recognised no impairment loss on the development costs (2015:nil).

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4. 重要會計估計及判斷(續)

(b) 商譽減值

商譽每年及當有跡象顯示商譽可能出現減值時根據附註 2.11 所述的會計政策進行減值測試。現金產生單位的可收回金額已根據使用價值計算方法釐定。

於二零一六年十二月三十一日，商譽的賬面值為人民幣 2,247,728,000 元(二零一五年：人民幣 2,247,728,000 元)。用於計算可收回金額的估計詳情於附註 8 披露。

倘估計未來現金流量較於二零一六年及二零一五年十二月三十一日的管理層估計低 10%，則本集團將會確認商譽的減值虧損人民幣 2,491,000 元(二零一五年：無)。

倘貼現率較於二零一六年及二零一五年十二月三十一日的管理層估計高 2% (如為 17% 而非 15%)，則本集團將會確認商譽的減值虧損人民幣 32,252,000 元(二零一五年：無)。

(c) 物業、廠房及設備的可使用年期及剩餘價值

物業、廠房及設備的可使用年期及剩餘價值由管理層參考既定行業慣例、有關資產耐用性的技術評估、本集團過往發生的維修及保養開支的幅度及走勢進行估計。該估計可能會由於技術發展及競爭對手因嚴峻的行業週期採取行動而發生重大變動。倘可使用年期及剩餘價值較之前的估計為短，則管理層會增加折舊費用，或將技術過時或已報廢的非策略資產撇銷或撇減。

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Goodwill impairment

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired in accordance with the accounting policy stated in Note 2.11. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations.

The carrying amounts of goodwill as at 31 December 2016 were RMB 2,247,728,000 (2015: RMB 2,247,728,000). Details of the estimates used to calculate the recoverable amounts are disclosed in Note 8.

If the estimated future cash flows had been 10% lower than management's estimates as at 31 December 2016 and 2015, the Group would have recognised an impairment loss against the goodwill of RMB2,491,000 (2015: nil).

If the discount rate had been 2% higher than managements estimates (for example, 17% instead of 15%) as at 31 December 2016 and 2015, the Group would have recognised an impairment loss against the goodwill of RMB32,252,000 (2015: nil).

(c) Useful lives and residual values of property, plant and equipment

The estimate of useful lives and residual values of property, plant and equipment was made by the management with reference to the established industry practices, technical assessments made on the durability of the assets, as well as the historical magnitude and trend of repair and maintenance expenses incurred by the Group. It could change significantly as a result of technical innovations and competitor actions in responses to severe industry cycles. Management will increase the depreciation charge where useful lives and residual values are less than those previously estimated or it will write off or write down technically obsolete or non-strategic assets that have been abandoned.

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4. 重要會計估計及判斷(續)

(d) 所得稅及遞延稅項

釐定所得稅及遞延稅項撥備時須作出重大判斷。在一般業務過程中，許多交易及計算的最終釐定結果並不確定。

有關若干可扣減暫時性差額及稅項虧損的遞延稅項資產，會於管理層認為將來可能有應課稅溢利以抵銷可扣減暫時性差額或可使用稅務虧損時予以確認。其實際應用結果可能不同。有關遞延稅項的詳情於附註22披露。

(e) 開發成本資本化

開發成本乃根據財務報表附註2.12的研發成本會計政策進行資本化。釐定將予資本化的金額需要管理層就預計資產於未來產生的現金、將予採用的貼現率及預計得益期間作出假設。於二零一六年十二月三十一日，已資本化開發成本賬面值的最佳估計約為人民幣227,137,000元(二零一五年：約人民幣229,222,000元)。更多詳情請參閱附註9。

5. 分部資料

主要經營決策者已被認定為本公司董事會執行董事。本公司董事會執行董事審閱本集團的內部報告，以評估績效及分配資源。管理層基於該等報告釐定經營分部。

本公司董事會執行董事從產品角度考慮業務。本集團僅經營一項業務分部，即在中國研發、製造及銷售藥品。截至二零一六年十二月三十一日止年度，所有銷售來自分銷商及本集團概無分銷商所帶來的收益佔本集團收益10%或以上(二零一五年：無)。

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(d) Income taxes and deferred taxation

Significant judgement is required in determining the provision for income tax and deferred taxation. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business.

Deferred tax assets relating to certain deductible temporary differences and tax losses are recognised when management considers it is probable that future taxable profit will be available against which the deductible temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different. Details of the deferred taxation are disclosed in Note 22.

(e) Capitalization of development costs

Development costs are capitalised in accordance with the accounting policy for research and development costs in note 2.12 to the financial statements. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. At 31 December, 2016, the best estimate of the carrying amount of capitalised development costs was approximately RMB227,137,000 (2015: approximately RMB229,222,000). More details are given in note 9.

5. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors of the board of the Company. The executive directors of the board of the Company reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The executive directors of the board of the Company consider the business from product perspective. The Group is engaged in only one business segment, being the research and development, manufacturing and sale of pharmaceutical products in the PRC. During the year ended 31 December 2016, all sales are from distributors and none of the distributors of the Group contributed to 10% or more of the Group's revenue (2015: None).

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6. 物業、房產及設備

6. PROPERTY, PLANT AND EQUIPMENT

		樓宇 Buildings	生產及 電子設備 Production and electronic equipment	辦公設備 Office equipment	汽車 Motor vehicles	在建工程 Construction in progress	總計 Total
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
二零一六年十二月三十一日	31 December 2016						
於二零一五年十二月三十一日 及二零一六年一月一日	At 31 December 2015 and at 1 January 2016						
成本	Cost	1,440,910	565,633	34,583	35,821	368,861	2,445,808
累計折舊	Accumulated depreciation	(192,773)	(167,524)	(16,719)	(17,422)	—	(394,438)
賬面淨值	Net carrying amount	1,248,137	398,109	17,864	18,399	368,861	2,051,370
於二零一六年一月一日， 扣除累計折舊	At 1 January 2016, net of accumulated depreciation	1,248,137	398,109	17,864	18,399	368,861	2,051,370
添置	Additions	23,674	29,625	2,587	836	160,902	217,624
轉撥自在建工程	Transfer from construction in progress	119,236	—	—	—	(119,236)	—
出售(附註31)	Disposals (Note 31)	—	(57)	(1)	(38)	—	(96)
出售附屬公司	Disposal of subsidiaries	(1,150)	(12)	(23)	—	(238)	(1,423)
折舊開支(附註25)	Depreciation charge (Note25)	(86,443)	(65,868)	(7,700)	(3,165)	—	(163,176)
於二零一六年十二月三十一日， 扣除累計折舊	At 31 December 2016, net of accumulated depreciation	1,303,454	361,797	12,727	16,032	410,289	2,104,299
於二零一六年十二月三十一日	At 31 December 2016						
成本	Cost	1,578,202	595,130	37,106	36,067	410,289	2,656,794
累計折舊	Accumulated depreciation	(274,748)	(233,333)	(24,379)	(20,035)	—	(552,495)
賬面淨值	Net carrying amount	1,303,454	361,797	12,727	16,032	410,289	2,104,299
於二零一五年十二月三十一日	31 December 2015						
於二零一四年十二月三十一日 及二零一五年一月一日	At 31 December 2014 and at 1 January 2015						
成本	Cost	1,238,826	489,983	27,596	35,038	200,307	1,991,750
累計折舊	Accumulated depreciation	(149,409)	(110,510)	(13,180)	(14,523)	—	(287,622)
賬面淨值	Net carrying amount	1,089,417	379,473	14,416	20,515	200,307	1,704,128
於二零一五年一月一日， 扣除累計折舊	At 1 January 2015, net of accumulated depreciation	1,089,417	379,473	14,416	20,515	200,307	1,704,128
收購附屬公司	Acquisition of subsidiary	90,096	30,800	1,093	—	—	121,989
添置	Additions	51,864	23,403	3,839	1,374	293,438	373,918
轉撥自在建工程	Transfer from construction in progress	98,313	23,463	3,108	—	(124,884)	—
作為向聯營公司出資的轉讓	Transfer as capital contribution to associates	(11,481)	—	—	—	—	(11,481)
出售	Disposals	—	(81)	(104)	(30)	—	(215)
折舊開支(附註25)	Depreciation charge (Note 25)	(70,072)	(58,949)	(4,488)	(3,460)	—	(136,969)
於二零一五年十二月三十一日， 扣除累計折舊	At 31 December 2015, net of accumulated depreciation	1,248,137	398,109	17,864	18,399	368,861	2,051,370

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6. 物業、廠房及設備(續)

本集團的折舊開支包括在綜合損益及其他全面收益表下列損益類別內：

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expense of the Group was included in the following categories in the consolidated statement of profit or loss and other comprehensive income:

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
銷售成本	Cost of sales	83,306	71,164
分銷成本	Distribution costs	103	3,519
行政開支	Administrative expenses	79,767	62,286
		163,176	136,969

於二零一六年十二月三十一日的在建工程主要包括正在中國施工的新的製藥廠。

於二零一六年十二月三十一日，本集團尚未取得賬面值合共約人民幣639,911,000元(二零一五年：人民幣645,552,000元)的若干樓宇的所有權證(「房屋所有權證」)。本公司董事認為，本集團申請及取得有關房屋所有權證並無法律限制，且不會對本集團的業務經營產生任何重大不利影響。

Construction work in progress as at 31 December 2016 mainly comprises new pharmaceutical manufacturing plants being constructed in the PRC.

As at 31 December 2016, the ownership certificates of certain buildings (“Building Ownership Certificates”) of the Group with an aggregate carrying value of approximately RMB 639,911,000 (2015: RMB 645,552,000) had not been obtained by the Group. The directors of the Company consider that there is no legal restriction for the Group to apply for and obtain the Building Ownership Certificates and it should not lead to any significant adverse impact on the operations of the Group.

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7. 投資物業

7. INVESTMENT PROPERTIES

		二零一六年 2016 人民幣千元 RMB'000 樓宇 Buildings	二零一五年 2015 人民幣千元 RMB'000 樓宇 Buildings
按成本列賬	At Cost		
於一月一日的賬面值	Carrying amount at 1 January	30,881	32,659
折舊(附註25)	Depreciation (Note 25)	(1,778)	(1,778)
於十二月三十一日的賬面值	Carrying amount at 31 December	29,103	30,881
於十二月三十一日	At 31 December		
成本	Cost	43,320	43,320
累計折舊	Accumulated depreciation	(14,217)	(12,439)
於十二月三十一日的賬面值	Carrying amount at 31 December	29,103	30,881

本集團根據經營租賃為賺取租金收入持有的物業權益按成本模式計量，並入賬為投資物業。投資物業位於中國。

The Group's property interest held under operating lease for the purpose of earning rentals is measured using the cost model and accounted for as an investment property. The investment property is located in the PRC.

於損益確認的投資物業金額

Amounts recognised in profit and loss for investment properties

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
租金收入(附註24)	Rental income (Note 24)	3,785	1,489
折舊(附註25)	Depreciation (Note 25)	(1,778)	(1,778)
		2,007	(289)

本集團於二零一六年十二月三十一日之投資物業約人民幣90,700,000元(二零一五年：人民幣69,833,000元)之公平值乃由本公司董事經參考同類物業之估計市價釐定，並列入公平值架構第二層。

The fair value of the Group's investment properties of approximately RMB 90,700,000 as at 31 December 2016 (2015: RMB 69,833,000) has been determined by the directors of the Company with reference to the estimated market value of similar properties, and has been classified into level 2 fair value hierarchy.

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8. 商譽

8. GOODWILL

		商譽 Goodwill 人民幣千元 RMB'000
於二零一五年一月一日：	At 1 January 2015:	
成本	Cost	2,263,996
累計減值	Accumulated Impairment	(37,060)
賬面淨值	Net carrying amount	2,226,936
於二零一五年一月一日的成本，扣除累計減值	Cost at 1 January 2015, net of accumulated impairment	2,226,936
收購一家附屬公司	Acquisition of a subsidiary	20,792
於二零一五年十二月三十一日	At 31 December 2015	2,247,728
於二零一五年十二月三十一日：	At 31 December 2015:	
成本	Cost	2,284,788
累計減值	Accumulated Impairment	(37,060)
賬面淨值	Net carrying amount	2,247,728
於二零一六年一月一日 及二零一六年十二月三十一日：	At 1 January 2016 and 31 December 2016:	
成本	Cost	2,284,788
累計減值	Accumulated Impairment	(37,060)
賬面淨值	Net carrying amount	2,247,728

商譽減值測試

通過業務合併收購的商譽會就減值測試分配至所收購附屬公司現金產生單位。現金產生單位的可收回款額按使用價值計算法釐定，該計算法乃基於管理層所批准涵蓋五年期的財政預算案採用現金流量預測計算。五年期以後的現金流量則採用下述估計增長率進行推斷。增長率並無超出現金產生單位營運所屬醫藥業務的長期平均增長率。

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the acquired subsidiaries, which are CGUs, for impairment testing. The recoverable amount of the CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by the management. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the pharmaceutical business in which the CGU operates.

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8. 商譽(續)

分配至各現金產生單位的商譽賬面值如下：

8. GOODWILL (Continued)

The carrying amounts of goodwill allocated to each of the CGUs are as follows:

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
吉林四環製藥有限公司(「吉林四環」)	Jilin Sihuan Pharmaceutical Co., Ltd. ("Jilin Sihuan")	2,126,800	2,126,800
長春翔通藥業有限公司(「長春翔通」)	Changchun Xiangtong Pharmaceutical Co., Ltd. ("Changchun Xiangtong")	57,136	57,136
本溪恆康製藥有限公司(「本溪恆康」)	Benxi Hengkang Pharmaceutical Co., Ltd. ("Benxi Hengkang")	30,870	30,870
北京博仁醫院(「北京博仁」)	Beijing Boren Hospital ("Beijing Boren")	20,792	20,792
深圳四環醫藥有限公司(「深圳四環」)	Shenzhen Sihuan Pharmaceutical Co., Ltd. ("Shenzhen Sihuan")	11,836	11,836
北京四環製藥有限公司(「北京四環」)	Beijing Sihuan Pharmaceutical Co., Ltd. ("Beijing Sihuan")	294	294
		2,247,728	2,247,728

計算於二零一六年十二月三十一日及二零一五年十二月三十一日現金產生單位的使用價值時已採用假設。下文描述管理層在進行商譽減值測試時對其現金流量預測採用之各項主要假設：

Assumptions were used in the value in use calculation of the CGUs for 31 December 2016 and 31 December 2015. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

毛利率：管理層基於過往表現及對市場發展的預期釐定預算毛利率。

Gross margins: Management determined budgeted gross profit margins based on past performance and their expectations of market development.

增長率：所採用的平均增長率與行業報告所載預測一致。

Growth rate: The average growth rates used are consistent with the forecasts included in industry reports.

貼現率：所採用的貼現率為稅前，並反映相關單位的特定風險。

Discount rate: The discount rates used are before tax and reflect specific risks relating to the relevant units.

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8. 商譽 (續)

就擁有龐大商譽金額之各個現金產生單位而言，於二零一六年及二零一五年進行使用價值計算法所採用之長期增長率及貼現率如下：

		北京四環 Beijing Sihuan	深圳四環 Shenzhen Sihuan	吉林四環 Jilin Sihuan	長春翔通 Changchun Xiangtong	本溪恆康 Benxi Hengkang	北京博仁 Beijing Boren
於二零一六年十二月三十一日	As at 31 December 2016						
毛利率	Gross profit margin	59%	17%	87%	12%	85%	69%
長期增長率	Growth rate	3%	3%	3%	3%	3%	3%
貼現率	Discount rate	17%	19%	17%	18%	18%	17%
於二零一五年十二月三十一日	As at 31 December 2015						
毛利率	Gross profit margin	39%	17%	93%	36%	83%	58%
長期增長率	Growth rate	3%	3%	3%	1%	1%	1%
貼現率	Discount rate	17%	19%	16%	14%	19%	15%

在決定估計折現率時，本集團參考了若干同行業上市公司的關鍵參數，考慮到本集團的經營性質，其他採用的折現率處於合理範圍內。

8. GOODWILL (Continued)

For each of the CGUs with significant amount of goodwill, long-term growth rate and discount rate used in the value-in-use calculations in 2016 and 2015 are as follows:

		北京四環 Beijing Sihuan	深圳四環 Shenzhen Sihuan	吉林四環 Jilin Sihuan	長春翔通 Changchun Xiangtong	本溪恆康 Benxi Hengkang	北京博仁 Beijing Boren
於二零一六年十二月三十一日	As at 31 December 2016						
毛利率	Gross profit margin	59%	17%	87%	12%	85%	69%
長期增長率	Growth rate	3%	3%	3%	3%	3%	3%
貼現率	Discount rate	17%	19%	17%	18%	18%	17%
於二零一五年十二月三十一日	As at 31 December 2015						
毛利率	Gross profit margin	39%	17%	93%	36%	83%	58%
長期增長率	Growth rate	3%	3%	3%	1%	1%	1%
貼現率	Discount rate	17%	19%	16%	14%	19%	15%

When determining the estimated discount rate, the Group used the key parameters by reference to the certain listed companies of the same industry. Given the nature of the Group's business, the discount rate adopted falls within the reasonable range.

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9. 無形資產

9. INTANGIBLE ASSETS

		遞延 開發成本 客戶關係 Customer relationship 人民幣千元 RMB'000	進行中 產品開發 Product development in progress 人民幣千元 RMB'000	商標及軟件 Trademark and software 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000	
於二零一五年一月一日：	At 1 January 2015:					
成本	Cost	433,932	432,616	247,960	22,783	1,137,291
累計攤銷	Accumulated amortisation	(239,451)	(206,266)	—	(13,099)	(458,816)
減值	Impairment	—	(1,063)	(88,637)	—	(89,700)
賬面淨值	Net carrying amount	194,481	225,287	159,323	9,684	588,775
於二零一五年一月一日的成本， 扣除累計攤銷和減值	Cost at 1 January 2015, net of accumulated amortisation and impairment	194,481	225,287	159,323	9,684	588,775
添置	Additions	—	7,000	77,351	682	85,033
收購一家附屬公司	Acquisition of a subsidiary	—	12,206	—	—	12,206
攤銷開支(附註25)	Amortisation charge (Note 25)	(77,293)	(28,800)	—	(3,132)	(109,225)
減值(附註25)	Impairment (Note 25)	—	—	(7,452)	—	(7,452)
於二零一五年十二月三十一日 的賬面淨值	Net carrying amount at 31 December 2015	117,188	215,693	229,222	7,234	569,337
於二零一五年十二月三十一日：	At 31 December 2015:					
成本	Cost	433,932	451,822	325,311	23,465	1,234,530
累計攤銷	Accumulated amortisation	(316,744)	(235,066)	—	(16,231)	(568,041)
減值	Impairment	—	(1,063)	(96,089)	—	(97,152)
賬面淨值	Net carrying amount	117,188	215,693	229,222	7,234	569,337
於二零一六年一月一日的 成本，扣除累計攤銷和減值	Cost at 1 January 2016, net of accumulated amortisation and impairment	117,188	215,693	229,222	7,234	569,337
添置	Additions	—	99,867	25,456	24,667	149,990
攤銷開支(附註25)	Amortisation charge (Note 25)	(77,293)	(30,865)	—	(3,661)	(111,819)
減值(附註25)	Impairment (Note 25)	—	(969)	(27,541)	—	(28,510)
於二零一六年十二月三十一日 的賬面淨值	Net carrying amount at 31 December 2016	39,895	283,726	227,137	28,240	578,998
於二零一六年十二月三十一日：	At 31 December 2016:					
成本	Cost	433,932	551,689	350,767	48,132	1,384,520
累計攤銷	Accumulated amortisation	(394,037)	(265,931)	—	(19,892)	(679,860)
減值	Impairment	—	(2,032)	(123,630)	—	(125,662)
賬面淨值	Net carrying amount	39,895	283,726	227,137	28,240	578,998

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9. 無形資產 (續)

本集團的攤銷開支包括在下列損益類別內：

9. INTANGIBLE ASSETS (Continued)

Amortisation charge of the Group was included in the following categories in the profit or loss:

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
銷售成本	Cost of sales	93,274	106,730
行政開支	Administrative expenses	18,545	2,495
		111,819	109,225

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10. 土地使用權

10. LAND USE RIGHTS

		土地使用權 Land use rights 人民幣千元 RMB'000
於二零一五年一月一日：	At 1 January 2015:	
成本	Cost	389,419
累計攤銷	Accumulated amortisation	(27,055)
賬面淨值	Net carrying amount	362,364
於二零一五年一月一日的成本，扣除累計攤銷	Cost at 1 January 2015, net of accumulated amortisation	362,364
添置	Additions	252,274
出售	Disposal	(3,565)
攤銷開支(附註25)	Amortisation charge (Note 25)	(14,666)
於二零一五年十二月三十一日的賬面淨值	Net carrying amount at 31 December 2015	596,407
於二零一五年十二月三十一日：	At 31 December 2015:	
成本	Cost	637,354
累計攤銷	Accumulated amortisation	(40,947)
賬面淨值	Net carrying amount	596,407
於二零一六年一月一日的成本，扣除累計攤銷	Cost at 1 January 2016, net of accumulated amortisation	596,407
添置	Additions	85,143
出售一家附屬公司(附註31)	Disposals of a subsidiary (Note 31)	(19,537)
攤銷開支(附註25)	Amortisation charge (Note 25)	(14,244)
於二零一六年十二月三十一日的賬面淨值	Net carrying amount at 31 December 2016	647,769
於二零一六年十二月三十一日：	At 31 December 2016:	
成本	Cost	702,390
累計攤銷	Accumulated amortisation	(54,621)
賬面淨值	Net Carrying amount	647,769

土地使用權指中國境內餘下租期介乎12至50年(二零一五年：13至50年)的土地使用權。

於二零一五年十二月三十一日，賬面淨值約人民幣400,660,000元(二零一五年：人民幣419,426,000元)的土地使用權並無獲得房產證。本公司董事會認為，本集團合法、有效地佔有或使用該等土地。

The land use rights represent land use rights in the PRC with the remaining period ranged from 12 to 50 years (2015: 13 to 50 years).

As at 31 December 2016, land use rights with a net book value of approximately RMB 400,660,000 (2015: RMB 419,426,000) had not obtained property title certificates. The directors of the board of the Company are of the opinion that the Group is lawfully and validly entitled to occupy or use these land.

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11. 於附屬公司的投資

本公司於二零一六年十二月三十一日的主要附屬公司詳情載列如下，全部均為有限責任公司。

11. INVESTMENTS IN SUBSIDIARIES

The following is a list of subsidiaries at 31 December 2016, all of which are limited liability companies.

公司名稱 Name	主要活動及營業地點 Principal activities and place of operation	註冊成立地點 Place of incorporation	註冊資本 Registered capital	本集團所持 權益比例(%) Proportion of interest held by the Group (%)
直接持有 Directly held				
權忠國際(香港)有限公司(「權忠」) Sun Moral International (HK) Ltd. ("Sun Moral")	於香港投資控股 Investment holding in Hong Kong	香港 Hong Kong	10,000 港元 HK\$ 10,000	100
間接持有 Indirectly held				
海南四環醫藥有限公司(「海南四環」) Hainan Sihuan Pharmaceutical Co., Ltd. ("Hainan Sihuan")	於中國營銷醫藥產品 Marketing of pharmaceutical products in PRC	中國 PRC	人民幣 200,000,000 元 RMB 200,000,000	100
北京四環製藥有限公司 Beijing Sihuan	於中國製造醫藥產品 Manufacture of pharmaceutical products in PRC	中國 PRC	人民幣 50,000,000 元 RMB 50,000,000	100
海南四環醫藥信息有限公司(「海南四環信息」) Hainan Sihuan Pharmaceutical Information Co., Ltd. ("Hainan Sihuan Information")	於中國提供信息支持服務 Provision of information support services in PRC	中國 PRC	人民幣 1,000,000 元 RMB 1,000,000	100
海南四環心腦血管藥物研究院有限公司 (「海南四環心腦血管藥物研究院」) Hainan Sihuan Cardiocerebral Vascular Drugs Research Institute Co., Ltd. ("Hainan Sihuan CVD Research")	於中國提供研發服務 Provision of research and development services in PRC	中國 PRC	人民幣 6,000,000 元 RMB 6,000,000	100
深圳四環醫藥有限公司 Shenzhen Sihuan	於中國營銷醫藥產品 Marketing of pharmaceutical products in PRC	中國 PRC	人民幣 50,000,000 元 RMB 50,000,000	100
山東軒竹醫藥科技有限公司(「山東軒竹」) Xuanzhu Pharma Co., Ltd. ("KBP BioSciences")	於中國研發醫藥產品 Research and development of pharmaceutical products in PRC	中國 PRC	人民幣 50,000,000 元 RMB 50,000,000	100
廊坊高博京邦製藥有限公司(「廊坊高博京邦」) Langfang Gaobo Jingband Pharmaceutical Co., Ltd. ("Langfang Gaobo Jingband")	於中國製造醫藥物料 Manufacture of pharmaceutical materials in PRC	中國 PRC	人民幣 30,000,000 元 RMB 30,000,000	100
北京澳合藥物研究院有限公司(「北京澳合藥物研究」) Beijing Ao He Research Institute Co., Ltd. ("Beijing Ao He Research")	於中國提供研發服務 Provision of research and development services in PRC	中國 PRC	人民幣 3,600,000 元 RMB 3,600,000	100
北京高端偉業醫藥科技有限公司(「高端偉業」) Beijing Gao Duan Wei Ye Pharmaceutical Technical Co., Ltd. ("Gao Duan Wei Ye")	於中國與其他研究公司合作 Cooperation with other research companies in PRC	中國 PRC	人民幣 5,000,000 元 RMB 5,000,000	60
多菲控股有限公司(「多菲」) Dupromise Holdings Limited ("Dupromise")	於中國投資控股 Investment holding in PRC	英屬處女群島 BVI	1 美元 USD 1	100

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11. 於附屬公司的投資 (續)

11. INVESTMENTS IN SUBSIDIARIES (Continued)

公司名稱 Name	主要活動及營業地點 Principal activities and place of operation	註冊成立地點 Place of incorporation	註冊資本 Registered capital	本集團所持 權益比例(%) Proportion of interest held by the Group (%)
間接持有 Indirectly held				
吉林四環製藥有限公司 Jilin Sihuan	於中國製造醫藥產品 Manufacture of pharmaceutical products in PRC	中國 PRC	人民幣100,000,000元 RMB 100,000,000	100
長春翔通藥業有限公司 Changchun Xiangtong	於中國製造醫藥產品 Manufacture of pharmaceutical products in PRC	中國 PRC	人民幣16,880,000元 RMB 16,880,000	80
通化濟達醫藥有限公司(「通化濟達」) Tonghua Jida Pharmaceutical Co., Ltd. ("Tonghua Jida")	於中國營銷醫藥產品 Marketing of pharmaceutical products in PRC	中國 PRC	人民幣12,000,000元 RMB 12,000,000	100
西馬巴斯特投資有限公司(「西馬巴斯特」) Smart Baskets Investment Limited ("Smart Baskets")	於中國投資控股 Investment holding in PRC	英屬處女群島 BVI	1美元 USD 1	100
海南李茲曼製藥有限公司(「海南李茲曼」) Hainan Litzman Pharmaceutical Co., Ltd. ("Hainan Litzman")	於中國進行製造醫藥產品的項目籌備 Project preparation for the manufacture of pharmaceutical products in PRC	中國 PRC	人民幣19,500,000元 RMB 19,500,000	100
本溪恒康製藥有限公司 Benxi Hengkang	於中國製造醫藥產品 Manufacture of pharmaceutical products in PRC	中國 PRC	人民幣21,500,000元 RMB 21,500,000	100
吉林四環來福卡電子醫療科技有限公司(「吉林四環來福卡」) Jilin Sihuan Laifuka Electronic Medical Technology Co., Ltd. ("Jilin Sihuan Laifuka")	於中國出售醫藥用品 Sale of medical supplies in PRC	中國 PRC	人民幣3,000,000元 RMB 3,000,000	100
北京四環來福卡電子醫療器械有限公司(「北京四環來福卡」) Beijing Sihuan Laifuka Electronic Medical Equipment Co., Ltd. ("Beijing Sihuan Laifuka")	於中國出售醫療器械 Sale of medical appliance in PRC	中國 PRC	人民幣100,000,000元 RMB 100,000,000	92.8284
醫路康健康管理(北京)有限公司 e-HMO (Beijing) Co., Ltd.	在中國推廣技術 Promotion of technology in PRC	中國 PRC	人民幣60,000,000元 RMB 60,000,000	51
北京四環高博藥物研究院有限公司(「北京高博研究所」) Beijing Sihuan Gaobo Institute Of Drug Research Co., Ltd. ("Beijing Gaobo Institute")	於中國提供研發服務 Provision of research and development services in PRC	中國 PRC	人民幣500,000元 RMB 500,000	100
吉林四環澳康藥業有限公司(「吉林四環澳康」) Jilin Sihuan Aokang Pharmaceutical Co., Ltd. ("Jilin Sihuan Aokang")	於中國建立醫療項目 Construction of medical project in PRC	中國 PRC	人民幣50,000,000元 RMB 50,000,000	100
吉林四環科技有限公司(「吉林四環科技」) Jilin Sihuan Technology Co., Ltd. ("Jilin Sihuan Technology")	於中國推廣技術 Promotion of technology in PRC	中國 PRC	人民幣10,300,000元 RMB 10,300,000	51
吉林四環海斯凱爾科技有限公司(「吉林海斯凱爾」) Jilin Sihuan Haisikaier Technology Co., Ltd. ("Jilin Haisikaier")	於中國推廣技術 Promotion of technology in PRC	中國 PRC	人民幣18,870,000元 RMB 18,870,000	53
吉林振澳製藥有限公司(「振澳製藥」) Jilin Zhen'ao Pharmaceutical Co., Ltd. ("Zhen'ao Pharm")	於中國推廣技術 Promotion of technology in PRC	中國 PRC	人民幣58,500,000元 RMB 58,500,000	100

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11. 於附屬公司的投資 (續)

11. INVESTMENTS IN SUBSIDIARIES (Continued)

公司名稱 Name	主要活動及營業地點 Principal activities and place of operation	註冊成立地點 Place of incorporation	註冊資本 Registered capital	本集團所持 權益比例 (%) Proportion of interest held by the Group (%)
間接持有 Indirectly held				
北京軒宜瑞通醫藥科技有限公司(「北京軒宜瑞通」) Beijing Xuanyruitong Pharma Co., Ltd. (“Beijing Xuanyruitong”)	於中國推廣技術及提供諮詢服務 Promotion of technology and consulting services in PRC	中國 PRC	人民幣 50,000,000 元 RMB 50,000,000	100
吉林津升製藥有限公司(「吉林津升」) Jilin Jinsheng Pharmaceutical Co., Ltd. (“Jilin Jinsheng”)	於中國製造醫藥產品 Manufacture of pharmaceutical products in PRC	中國 PRC	人民幣 20,000,000 元 RMB 20,000,000	100
吉林順達醫藥有限公司(「吉林順達」) Jilin Shunda Pharmaceutical Co., Ltd. (“Jilin Shunda”)	於中國營銷醫藥產品 Marketing of pharmaceutical products in PRC	中國 PRC	人民幣 1,000,000 元 RMB 1,000,000	100
北京博奧泰藥業科技有限公司 Beijing Boatai PharmaSciences Co., Ltd.	於中國推廣技術及提供諮詢服務 Promotion of technology and consulting services in PRC	中國 PRC	人民幣 4,500,000 元 RMB 4,500,000	70
北京博仁醫院 Beijing Boren Hospital	一般醫院服務 General hospital service	中國 PRC	人民幣 128,350,000 元 RMB 128,350,000	95
CS PharmaSciences, Inc CS PharmaSciences, Inc	於美國投資控股 Investment holding in US	美國 US	人民幣 7,099,580 元 RMB 7,099,580	70
隆裕弘達投資管理有限公司 Longyu Hongda Investment Management Co., Ltd.	於中國投資控股 Investment holding in PRC	中國 PRC	人民幣 100,000,000 元 RMB 100,000,000	100
西藏康馨藥業有限公司 Xizang Kangxin Pharmaceutical Co., Ltd.	於中國營銷醫藥產品 Marketing of pharmaceutical products in PRC	中國 PRC	人民幣 50,000,000 元 RMB 50,000,000	100
吉林匯康製藥有限公司 Jilin Huikang Pharmaceutical Co., Ltd.	於中國製造醫藥產品 Manufacture of pharmaceutical products in PRC	中國 PRC	人民幣 30,000,000 元 RMB 30,000,000	100
吉林升通化工有限公司 Jilin Shengtong Chemical Co., Ltd.	於中國製造醫藥產品 Manufacture of pharmaceutical products in PRC	中國 PRC	人民幣 100,000,000 元 RMB 100,000,000	100
通化中檢分析測試服務有限公司 Tonghua Zhongjian Analysis Testing Service Co., Ltd.	於中國提供研發服務 Provision of research and development services in PRC	中國 PRC	人民幣 50,000,000 元 RMB 50,000,000	100
吉林軒創醫藥科技有限公司 Jilin Xuchuan PharmaSciences Co., Ltd.	於中國提供研發服務 Provision of research and development services in PRC	中國 PRC	人民幣 2,700,000 元 RMB 2,700,000	100
吉林沃軒醫藥科技有限公司 Jilin Woxuan PharmaSciences Co., Ltd.	於中國提供研發服務 Provision of research and development services in PRC	中國 PRC	人民幣 5,700,000 元 RMB 5,700,000	100

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11. 於附屬公司的投資 (續)

11. INVESTMENTS IN SUBSIDIARIES (Continued)

公司名稱 Name	主要活動及營業地點 Principal activities and place of operation	註冊成立地點 Place of incorporation	註冊資本 Registered capital	本集團所持 權益比例 (%) Proportion of interest held by the Group (%)
間接持有 Indirectly held				
吉林巨澳醫藥科技有限公司 Jilin Juao PharmaSciences Co., Ltd.	於中國提供研發服務 Provision of research and development services in PRC	中國 PRC	人民幣 1,800,000 元 RMB 1,800,000	100
吉林麥孚營養科技有限公司 Jilin Nutrition Technology Co., Ltd.	於中國提供研發服務 Provision of research and development services in PRC	中國 PRC	人民幣 60,000,000 元 RMB 60,000,000	100
濟林(北京)醫藥科技有限公司 Jilin (Beijing) Medical Technology Co., Ltd.	於中國提供研發服務 Provision of research and development services in PRC	中國 PRC	人民幣 30,000,000 元 RMB 30,000,000	100

於二零一六年十二月三十一日的總非控股權益為於非全資附屬公司的權益人民幣 69,655,000 元(二零一五年：人民幣 96,093,000 元)，就個別而言並不重大。

於二零一六年十二月三十一日，現金及短期存款人民幣 86,335,000 元(二零一五年：人民幣 1,011,227,000 元)乃於中國大陸的附屬公司持有，並須受當地外匯管制規例的規限。該等地方外匯管制規例訂明對中國大陸輸出資金(並非透過正常股息)的限制。

The total non-controlling interest at 31 December 2016 amounted to RMB 69,655,000 (2015: RMB 96,093,000) in non-wholly owned subsidiaries, which are individually not material.

At 31 December 2016, cash and short-term deposits of RMB 86,335,000 (2015: RMB 1,011,227,000) were held in subsidiaries in Mainland China and were subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from Mainland China, other than through normal dividends.

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12. 採用權益法入賬的投資

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
應佔資產淨值	Share of net assets	844,380	740,647
收購時的商譽	Goodwill on acquisition	448,471	448,471
		1,292,851	1,189,118

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
於一月一日的年初結餘	Opening balance at 1 January	1,189,118	358,491
增加聯營公司(i)	Addition of associates (i)	128,030	—
向一間現有聯營公司出資(iv)	Capital contributions to an existing associate (iv)	65,564	122,719
取消確認聯營公司(ii)	Derecognition of associates (ii)	(71,485)	—
取消確認一家合營公司	Derecognition of a joint venture	—	675,000
應佔聯營公司和合營公司 稅後溢利(附註31)	Share of post-tax profit of associates and a joint venture (Note 31)	21,624	32,908
吉林四長製藥有限公司的股息(iii)	Dividend from Jilin Sichang Pharmaceutical Co., Ltd. (iii)	(40,000)	—
於十二月三十一日的年末結餘	Closing balance at 31 December	1,292,851	1,189,118

(i) 二零一六年六月，本集團認購杭州君安有道網絡有限公司33.00%股權，並為其設立注資人民幣3,000,000元。

二零一六年四月，本集團認購西安騰雲信息科技有限公司49.00%股權，並為其設立注資人民幣60,030,000元，其中人民幣60,000,000元以現金支付，剩餘人民幣30,000元以本集團100%持有的附屬公司北京雲義網絡科技有限公司的股權進行支付。

二零一六年六月，本集團以人民幣20,000,000元向閩小君收購江蘇安泰生物技術有限公司(「江蘇安泰」)的股權。

(i) In June 2016, the Group subscribed 33.00% equity interest in Hangzhou Jun'an Youdao Network Co., Ltd. and made a capital injection of RMB 3,000,000 for its establishment.

In April 2016, the Group subscribed 49.00% equity interest in Xi'an Tengyun Network Technology Co., Ltd. and made a capital injection of RMB 60,030,000 for its establishment, among which RMB 60,000,000 was paid by cash and the remaining RMB 30,000 was paid by the Group's 100% equity interest in its subsidiary, Beijing Yunxi Network Technology Co., Ltd.

In June 2016, the Group acquired equity interest in Jiangsu Antai Bio-Technology Co., Ltd. ("Jiangsu Antai") from Yan Xiaojun at a consideration of RMB 20,000,000.

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12. 採用權益法入賬的投資(續)

- (ii) 本集團於二零一四年九月及二零一六年一月分別與其他投資者投資成立北京怡唐生物科技有限公司(「北京怡唐生物科技」)及北京怡唐投資管理有限公司(「北京怡唐投資」)，並分別認購北京怡唐生物科技之24.94%權益及北京怡唐投資之49.00%權益。根據投資協議，本集團應撤回其在北京怡唐生物科技的投資，並向北京怡唐投資進行資本分配，而後者應完成法律商業修改註冊。由於北京怡唐投資無法完成註冊和未能履行協議，本集團撤回其資本並收到北京怡唐投資的賠償。有關對該項交易損益及現金流量淨額的影響分析如下：

		北京怡唐 生物科技 Beijing Eazy-Tek Bio 人民幣千元 RMB'000	北京 怡唐投資 Beijing Eazy-Tek Investment 人民幣千元 RMB'000
於二零一六年一月一日的 年初投資餘額	Opening balance of investment at 1 January, 2016	26,875	—
現金出資	Capital contribution by cash	—	45,000
應佔北京怡唐生物科技虧損	Share of loss of Eazy Tek Bio	(390)	—
出售後於聯營公司投資的賬面值	Carrying amount of investments in associates upon disposed	26,485	45,000
撤回資本投資、賠償 及現金投資	Withdrawal of capital investment, compensation and investments by cash	27,412	47,924
終止確認聯營公司收益	Gain on derecognition of associates	927	2,924

- (iii) 二零一六年六月，本集團向合營公司吉林四長製藥有限公司收取人民幣40,000,000元的股息。

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

- (ii) The Group invested in and established Beijing Eazy-Tek Bio-Technology Co., Ltd. ("Beijing Eazy-Tek Bio") and Beijing Eazy-Tek Investment Co., Ltd. ("Beijing Eazy-Tek Investment") with other investors in September 2014 and January 2016 respectively and subscribed 24.94% interests in Beijing Eazy-Tek Bio and 49.00% interest in Beijing Eazy-Tek Investment. According to the investment agreement, the Group should withdraw its investments in Beijing Eazy-Tek Bio and make a capital distribution to Beijing Eazy-Tek Investment, while the latter should complete the legal commercial modification registration. As Beijing Eazy-Tek Investment was unable to complete the registration and failed to fulfill the agreement, the Group withdrew its capital and received a compensation from Beijing Eazy-Tek Investment. An analysis of the influence on profit or loss and cash flow of the deal was as follows:

- (iii) In June 2016, the Group received dividend from a joint venture Jilin Sichang Pharmaceutical Co., Ltd., in the amount of RMB 40,000,000.

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12. 採用權益法入賬的投資(續)

- (iv) 於二零一六年四月，本集團確認了其對現有的聯營公司仁方醫療控股有限公司(「仁方醫療」)的增資。資本金已於二零一五年年末以現金方式支付給仁方醫療，工商變更手續於二零一六年完成。

以下載列本集團於二零一六年十二月三十一日的一家聯營公司及一家合營企業，而董事認為其對本集團而言乃屬重大。下列聯營公司及合營企業的股本僅包括由本集團間接持有的普通股。

實體名稱 Name of entity	註冊成立及 營業地點 Place of incorporation and operation	佔擁有權 權益比例 Proportion of ownership interest	主要業務 Principal activities
聯營公司 Associate			
仁方醫療控股有限公司 Renfang Medical Holdings Ltd.	英屬處女群島 BVI	38.14%	提供一般醫療服務及醫院管理服務 Provision of general hospital services and hospital management services
合營企業 Joint venture			
吉林四長製藥有限公司(「吉林四長」) Jilin Sichang Pharmaceuticals Co., Ltd. (“Jilin Sichang”)	中國 PRC	50.00%	於中國製造及銷售醫藥產品 Manufacture and sale of pharmaceutical products in PRC

除上海立迪生物技術有限公司(「上海立迪」，一家在中國全國中小企業股份轉讓系統上市的公司)外，該等聯營公司及合營企業為私人公司且其股份並無市場報價。並無有關本集團於聯營公司權益及合營公司的或然負債。

下文載列聯營公司及合營企業的財務資料概要。

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

- (iv) In April 2016, the Group recognized an additional investment in an existing associate, Renfang Medical Holdings Ltd. (“Renfang Medical”). The capital had been injected to Renfang Medical by cash at the year end of 2015 and the legal and substance modification procedures was completed in 2016.

Set out below are one associate and one joint venture of the Group as at 31 December 2016, which, in the opinion of the directors, are material to the Group. The associate and joint venture as listed below have share capital consisting solely of ordinary shares, which are held indirectly by the Group.

Name of entity	Place of incorporation and operation	Proportion of ownership interest	Principal activities
Associate			
Renfang Medical Holdings Ltd.	BVI	38.14%	Provision of general hospital services and hospital management services
Joint venture			
Jilin Sichang Pharmaceuticals Co., Ltd. (“Jilin Sichang”)	PRC	50.00%	Manufacture and sale of pharmaceutical products in PRC

Except for Shanghai Lide Biotech Co., Ltd. (“Shanghai Lide”), a public company in the National Equities Exchange and Quotations in the PRC, the associates and the joint venture are private companies and there are no quoted market price available for these shares. There are no contingent liabilities relating to the Group’s interests in the associates and the joint venture.

Set out below are the summarised financial information for the associates and the joint venture.

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For the year ended 31 December 2016

12. 採用權益法入賬的投資 (續)

財務狀況表概要

		仁方醫療		吉林四長		其他聯營公司	
		Renfang Medical		Jilin Sichang		Other Associates	
		二零一六年	二零一五年	二零一六年	二零一五年	二零一六年	二零一五年
		2016	2015	2016	2015	2016	2015
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
流動	Current						
資產	Assets	471,395	474,425	384,581	209,967	172,197	173,969
負債	Liabilities	(151,224)	(433,684)	(292,451)	(166,724)	(292,714)	(53,355)
總流動資產淨值	Total net current assets	320,171	40,741	92,130	43,243	(120,517)	120,614
非流動	Non-current						
資產	Assets	710,890	826,949	683,422	783,500	1,061,765	579,537
負債	Liabilities	(24,485)	(50,587)	(232,000)	(281,431)	(125,499)	(7,851)
總非流動資產淨值	Total net non-current assets	686,405	776,362	451,422	502,069	936,266	571,686
資產淨值	Net assets	1,006,576	817,103	543,552	545,312	815,749	692,300

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Summarised statements of financial position

財務報表附註

Notes to the Financial Statements

截至二零一六年十二月三十一日止年度

For the year ended 31 December 2016

12. 採用權益法入賬的投資 (續)

損益表概要

		二零一六年 2016	二零一五年 2015
		人民幣千元 RMB'000	人民幣千元 RMB'000
收益	Revenue	529,380	498,179
除所得稅前溢利/(虧損)	Profit/(Loss) before income tax	17,573	(4,699)
所得稅開支	Income tax expense	—	—
年度溢利/(虧損)	Profit/(Loss) for the year	17,573	(4,699)
全面收入/(虧損)總額	Total comprehensive income/(loss)	17,573	(4,699)

以上資料反映聯營公司及合營公司財務報表所呈列的就本集團與聯營公司及合營公司會計政策差異而調整的金額。

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Summarised statements of profit or loss

		仁方醫療 Renfang Medical		吉林四長 Jilin Sichang		其他聯營公司 Other Associates	
		二零一六年 2016	二零一五年 2015	二零一六年 2016	二零一五年 2015	二零一六年 2016	二零一五年 2015
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
收益	Revenue	529,380	498,179	302,266	216,112	31,046	9,966
除所得稅前溢利/(虧損)	Profit/(Loss) before income tax	17,573	(4,699)	108,467	128,324	(97,524)	(30,716)
所得稅開支	Income tax expense	—	—	(30,227)	(41,094)	—	(1)
年度溢利/(虧損)	Profit/(Loss) for the year	17,573	(4,699)	78,240	87,230	(97,524)	(30,717)
全面收入/(虧損)總額	Total comprehensive income/(loss)	17,573	(4,699)	78,240	87,230	(97,524)	(30,717)

The information above reflects the amounts presented in the financial statements of the associates and the joint venture adjusted for differences in accounting policies among the Group, the associates and the joint venture.

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Notes to the Financial Statements

截至二零一六年十二月三十一日止年度

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12. 採用權益法入賬的投資 (續)

財務資料概要對賬

所呈列財務資料概要與於聯營公司及合營公司權益賬面值的對賬

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates and joint venture

		仁方醫療		吉林四長		其他聯營公司	
		Renfang Medical		Jilin Sichang		Other Associates	
		二零一六年	二零一五年	二零一六年	二零一五年	二零一六年	二零一五年
		2016	2015	2016	2015	2016	2015
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
於一月一日的年初資產淨值	Opening net assets 1 January	817,103	782,001	545,312	—	692,300	303,812
股東注資	Capital injection by shareholders	171,900	39,801	—	—	290,683	419,205
增加聯營公司	Addition of associates	—	—	—	—	40,914	—
於終止確認吉林四長為一家 附屬公司時的可識別淨資產	Identifiable net assets of Jilin Sichang upon derecognition as a subsidiary	—	—	—	458,082	—	—
年內溢利/(虧損)	Profit/(Loss) for the year	17,573	(4,699)	78,240	87,230	(97,524)	(30,717)
股息	Dividends	—	—	(80,000)	—	—	—
終止確認聯營公司	Derecognition of associates	—	—	—	—	(110,624)	—
年末資產淨值	Closing net assets	1,006,576	817,103	543,552	545,312	815,749	692,300
於聯營公司及 一家合營公司的權益	Interest in associates and a joint venture	383,908	311,643	271,776	272,656	188,696	156,348
商譽	Goodwill	—	—	445,959	445,959	2,512	2,512
賬面值	Carrying value	383,908	311,643	717,735	718,615	191,208	158,860

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Notes to the Financial Statements

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13. 可供出售金融資產

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
於一月一日	At 1 January	1,959,280	1,617,631
添置	Additions	9,513,100	16,268,986
出售	Disposals	(9,752,000)	(15,939,586)
可供出售金融資產公平值 變動淨收益	Change in fair value of available-for-sale financial assets	(10,416)	12,249
於十二月三十一日	At 31 December	1,709,964	1,959,280

可供出售金融資產包括以下：

Available-for-sale financial assets include the following:

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
短期投資	Short-term investments	1,709,964	1,959,280

該款項指若干中國聲譽卓著銀行機構發行的銀行金融產品，其屬六個月內屆滿、未能確定回報率及部分保本的短期投資。該等投資均以人民幣計值。

The amount represents short-term investments are the bank financial products issued by certain PRC reputable banking institutions with maturity within 6 months, non-determinable return rate and part of principle guaranteed. These investments are all denominated in RMB.

該等投資之公平值乃基於平均估計回報率3.9% (二零一五年：4%) 計算。

The fair value of these investments are based on an average estimated return rate of 3.9% (2015:4%).

於報告日期的最大信貸風險為該等資產之賬面值。

The maximum exposure to credit risk at the reporting date is the carrying values of these investments.

既無逾期亦無減值的可供出售金融資產的信貸質素可參考銀行機構內部信貸評級作出評估。該等金融資產既無逾期亦無減值。

The credit quality of available-for-sale financial assets that are neither past due nor impaired can be assessed by reference to the banking institutions internal credit ratings. None of these financial assets is either past due or impaired.

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14. 其他非流動資產

14. OTHER NON-CURRENT ASSETS

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
購買無形資產的預付款項	Prepayments for purchase of intangible assets	56,000	171,075
		56,000	171,075

該金額指購買無形資產的預付款項。

The amount represented prepayments for purchase of intangible assets.

15. 存貨

15. INVENTORIES

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
原材料	Raw materials	71,739	42,748
在製品	Work in progress	48,386	29,582
製成品	Finished goods	80,555	160,698
		200,680	233,028

存貨成本確認為開支而計入「銷售成本」的金額為人民幣638,747,000元(二零一五年：人民幣598,383,000元)。

The cost of inventories recognised as expense and included in “cost of sales” amounted to RMB 638,747,000 (2015: RMB 598,383,000).

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16. 貿易及其他應收賬款

16. TRADE AND OTHER RECEIVABLES

			二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
	附註 Notes			
貿易應收賬款－第三方	Trade receivables – third parties	i	97,455	99,512
應收票據	Notes receivables	ii	493,731	426,254
預付增值稅	Prepaid value added tax		—	45,782
預付供應商款項	Prepayments to suppliers		172,404	112,513
預付所得稅	Prepaid income tax		—	5,397
應收聯營公司款項	Amount due from an associate	iii/35	13,500	25,953
應收一間合營企業款項	Amount due from a joint venture	iii/35	74,519	71,167
應收其他關聯方款項	Amount due from other related parties	35	9,673	148
其他應收賬款	Other receivables		15,974	185,541
			877,256	972,267

- (i) 未逾期亦並無減值的貿易及其他應收賬款經參考對手方有關拖欠情況、聲譽、流動資金及其他財務資料的歷史資料進行評估。

本集團授予客戶的信用期介乎一個月至一年。賬齡少於一年的貿易應收賬款不會被視為出現減值。本集團致力嚴格控制未收回應收賬款。鑒於上文所述及本集團的貿易應收賬款涉及大量各類客戶，並無重大信用風險集中。本集團並無就貿易應收賬款結餘持有任何抵押品或其他信用增級。貿易應收賬款為免息。

- (i) Trade and other receivables that were neither past due nor impaired were assessed by referring to historical information about default rates, reputation, liquidity and other financial information of the counterparties.

The Group's credit terms granted to customers range from one month to one year. Trade receivables that are aged less than one year are not considered impaired. The Group seeks to maintain strict control over its outstanding receivables. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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16. 貿易及其他應收賬款 (續)

- (i) 於報告期末，貿易應收賬款按發票日期作出的賬齡分析如下（經扣除撥備）：

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
3個月以內	Within 3 months	93,942	69,007
3至6個月	3 to 6 months	3,211	116
6個月至1年	6 months to 1 year	3	6,745
1年以上	More than 1 year	299	23,644
		97,455	99,512

於二零一六年十二月三十一日，貿易應收賬款人民幣3,513,000元（二零一五年：人民幣30,505,000元）已逾期但未減值。該等款項與多名獨立批發商有關，而彼等並無重大財政困難，且基於過往經驗，該等逾期款項可收回。

該等已逾期但未減值貿易應收賬款的賬齡分析如下：

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
三至六個月	3 to 6 months	3,211	116
六個月至一年	6 months to 1 year	3	6,745
超過一年	More than 1 year	299	23,644
		3,513	30,505

於二零一六年及二零一五年十二月三十一日，無貿易應收賬款已減值，並無作出撥備。貿易應收賬款均按時償付。

16. TRADE AND OTHER RECEIVABLES (Continued)

- (i) An aging analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
3 months within	Within 3 months	93,942	69,007
3 to 6 months	3 to 6 months	3,211	116
6 months to 1 year	6 months to 1 year	3	6,745
More than 1 year	More than 1 year	299	23,644
		97,455	99,512

As at 31 December 2016, trade receivables of RMB 3,513,000 (2015: RMB 30,505,000) were past due but not impaired. These relate to a number of independent wholesalers experiencing no significant financial difficulty and based on past experience, the overdue amount can be recovered.

The ageing analysis of these trade receivables, which were past due but not impaired, is as follows:

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
3 to 6 months	3 to 6 months	3,211	116
6 months to 1 year	6 months to 1 year	3	6,745
More than 1 year	More than 1 year	299	23,644
		3,513	30,505

As at 31 December 2016 and 2015, no trade receivables were impaired and no allowance was made. The trade receivables were fully performing.

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16. 貿易及其他應收賬款(續)

- (ii) 應收票據指由中國信用評級較高的銀行開出的不可撤銷銀行票據。
- (iii) 應收聯營公司北京銳業製藥有限公司及合營企業吉林四長製藥有限公司的款項乃計息、無抵押，且須按要求償還及按時償付。

於報告日期的最大信貸風險為上述各類別應收款項的眼面總值。本集團並無持有任何抵押品作為擔保。

17. 現金及現金等價物

現金及銀行結餘	Cash and bank balances
定期存款	Time deposits
現金及現金等價物	Cash and cash equivalents

銀行現金按以每日銀行存款利率計算的浮息賺取利息。視乎本集團即時現金需求而定，短期定期存款就介乎一天至一個月的不同期間作出，並按相關短期定期存款利率賺取利息。

本集團於各報告日期的現金及現金等價物以下列貨幣計值：

人民幣	RMB
美元	USD
新加坡元	SGD
港元	HKD

16. TRADE AND OTHER RECEIVABLES (Continued)

- (ii) The notes receivable represent the irrevocable bank bills issued by the banks in the PRC with high credit rating.
- (iii) The amount due from an associate, Beijing Ruiye Drugs Manufacture Co., Ltd., and the amount due from a joint venture, Jilin Sichang Pharmaceutical Co., Ltd., was interest-bearing, unsecured, repayable on demand and fully performing.

The maximum exposure to credit risk at the reporting date is the total carrying value of every class of receivables mentioned above. The Group does not hold any collateral as security.

17. CASH AND CASH EQUIVALENTS

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
現金及銀行結餘	Cash and bank balances	439,008	1,012,105
定期存款	Time deposits	1,968,065	1,270,265
現金及現金等價物	Cash and cash equivalents	2,407,073	2,282,370

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

The Group's cash and cash equivalents at each reporting date are denominated in the following currencies:

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
人民幣	RMB	88,675	1,662,405
美元	USD	1,273,760	311,452
新加坡元	SGD	491	468
港元	HKD	1,044,147	308,045
		2,407,073	2,282,370

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18. 股本及股份溢價

18. SHARE CAPITAL AND SHARE PREMIUM

		已發行及 繳足普通股		股本	庫存股份	股份溢價	總計
		普通股 數量	數量				
		Number of authorised ordinary shares 千股 Share '000	Number of issued and fully paid ordinary shares 千股 Share '000	Share capital 人民幣千元 RMB'000	Treasury Shares 人民幣千元 RMB'000	Share premium 人民幣千元 RMB'000	Total 人民幣千元 RMB'000
於二零一五年一月一日 及二零一五年十二月三十一日 (每股面值0.01港元)	As at 1 January 2015 and 31 December 2015 (HK\$0.01 per share)	100,000,000	10,364,182	85,610	—	5,574,848	5,660,458
於二零一六年一月一日 (每股0.01港元)	As at 1 January 2016 (HK\$0.01 per share)	100,000,000	10,364,182	85,610	—	5,574,848	5,660,458
二零一六年一月一日至 二零一六年十二月三十一日 的變動：	Movement from 1 January 2016 to 31 December 2016:						
購回及註銷股份	Repurchase and cancellation of shares	—	(777,498)	(6,167)	(255)	(1,230,619)	(1,237,041)
於二零一六年十二月三十一日 (每股0.01港元)	As at 31 December 2016 (HK\$0.01 per share)	100,000,000	9,586,684	79,443	(255)	4,344,229	4,423,417

本公司以總代價人民幣1,237,041,000元於香港聯交所購買其777,498,000股股份，代價乃根據香港公司條例第257條以股份溢價悉數支付。於二零一六年十二月三十一日，30,863,000股已購股份並無註銷。

The Company purchased 777,498,000 of its shares on the Hong Kong Stock Exchange at a total consideration of RMB 1,237,041,000, which was paid wholly out of share premium in accordance with section 257 of the Hong Kong Companies Ordinance. As at 31 December 2016, there were 30,863,000 purchased shares not cancelled.

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19. 其他儲備及保留盈利

19. OTHER RESERVES AND RETAINED EARNINGS

		中國法定 儲備金 PRC statutory reserve fund 人民幣千元 RMB'000	可供出售 金融資產 Available- for-sale financial assets 人民幣千元 RMB'000	資本儲備 Capital reserve 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000	保留盈利 Retained earnings 人民幣千元 RMB'000
於二零一五年一月一日	At 1 January 2015	235,417	13,031	(96,551)	151,897	3,479,322
年度溢利	Profit for the year	—	—	—	—	2,062,378
股息(附註30)	Dividends (Note 30)	—	—	—	—	(279,832)
獲取附屬公司的額外權益	Acquisition of additional interest in a subsidiary	—	—	(4,154)	(4,154)	—
僱員股份獎勵計劃 — 僱員服務價值	Employee share award scheme — value of employee service	—	—	13,321	13,321	—
可供出售投資公平值變動： 扣除稅項	Change in fair value of available-for-sale investments, net of tax	—	12,249	—	12,249	—
終止確認一家附屬公司	Derecognition of a subsidiary	—	—	(11,350)	(11,350)	11,350
轉撥至中國法定儲備金(i)	Transfer to PRC statutory reserve fund (i)	10,578	—	—	10,578	(10,578)
於二零一五年十二月三十一日 及二零一六年一月一日	At 31 December 2015 and 1 January 2016	245,995	25,280	(98,734)	172,541	5,262,640
年度溢利	Profit for the year	—	—	—	—	1,708,239
股息(附註30)	Dividends (Note 30)	—	—	—	—	(607,059)
獲取附屬公司的額外權益	Acquisition of additional interest in a subsidiary	—	—	(47,385)	(47,385)	—
一家附屬公司 非控股股東注資	Capital injection from non-controlling shareholders of a subsidiary	—	—	(70)	(70)	—
僱員股份獎勵計劃 — 僱員服務價值	Employee share award scheme — value of employee service	—	—	(469)	(469)	—
可供出售投資公平值變動： 扣除稅項	Change in fair value of available-for-sale investments, net of tax	—	(10,416)	—	(10,416)	—
轉撥至中國法定儲備金(i)	Transfer to PRC statutory reserve fund (i)	22,895	—	—	22,895	(22,895)
於二零一六年十二月三十一日	At 31 December 2016	268,890	14,864	(146,658)	137,096	6,340,925

(i) 本公司於中國的附屬公司須遵循中國法例及規例以及其各自的組織章程細則。該等附屬公司須將其各財政年度的純利的至少10%分配至儲備金，直至該基金餘額達到其各自註冊資本的50%。該儲備金僅可於取得股東大會批准或類似授權後用於抵銷累計虧損或用於增資。該儲備金不可用於向股東分派(清盤時例外)。

(i) The Company's subsidiaries in the PRC are required to follow the laws and regulations of the PRC and their respective articles of association. These subsidiaries are required to allocate at least 10% of their net profits for each financial year to the reserve fund until the balance of such fund has reached 50% of their respective registered capital. The reserve fund can only be used, upon approval by the shareholders' meeting or similar authorities, to offset accumulated losses or increase capital. The reserves fund is not available for distribution to shareholders except in the case of liquidation.

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20. 其他非流動負債

20. OTHER NON-CURRENT LIABILITIES

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
銷售分銷權的遞延收益 (i)	Deferred revenue for sales of distribution rights (i)	82,592	77,831
遞延政府補助 (ii)	Deferred government grants (ii)	65,439	35,284
		148,031	113,115
減：流動部分	Less: current portion		
銷售分銷權的遞延收益 (i)	Deferred revenue for sales of distribution rights (i)	39,501	34,156
遞延政府補助 (ii)	Deferred government grants (ii)	4,606	17,739
		44,107	51,895
非流動部分	Non-current portion	103,924	61,220

(i) 其指出售若干醫藥產品的分銷權為期5年予分銷商已收的現金墊款。該收益按直線基準於綜合損益及其他全面收益表確認。

(ii) 其指就建設物業、廠房及設備所收到的遞延政府補助收益。其將於相關資產預計年內按直線基準合併於綜合損益及其他全面收益表入賬。

(i) It represents the cash advances received for sales of distribution rights of certain pharmaceutical products to distributors for 5 years. The revenue is recognised in the consolidated statement of profit or loss and other comprehensive income based on straight line basis.

(ii) It represents the deferred revenue of government grants received for the construction of property, plant and equipment. It will be credited to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the expected lives of the related assets.

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21. 貿易及其他應付賬款

21. TRADE AND OTHER PAYABLES

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
貿易應付賬款(i)	Trade payables (i)	82,662	34,674
來自客戶的墊款	Advances from customers	235,401	203,174
應付建設成本及 設備採購款項	Costs of construction and purchase of equipment payables	68,703	76,844
應付一間聯營公司款項(附註35)	Amount due to an associate (Note 35)	—	6,600
應付其他關聯方款項(附註35)	Amount due to other related parties (Note 35)	83	24,917
應付按金	Deposit payables	149,486	155,756
應付分銷商的應計補償	Accrued reimbursement to distributors	47,369	38,327
應付其他稅項	Other taxes payable	58,230	5,074
應付薪金	Salaries payable	57,074	26,816
應付一間合營企業款項(附註35)	Amount due to a joint venture (Note 35)	69,302	42,431
其他應付賬款	Other payables	58,996	49,695
		827,306	664,308

(i) 貿易應付賬款不計息，平均期限為40天。

(i) The trade payables are non-interest-bearing and have an average term of 40 days.

於報告期末，按發票日期劃分的貿易應付賬款及應付票據的賬齡分析如下：

An aging analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
6個月內	Within 6 months	79,411	32,538
6個月至1年	6 months to 1 year	1,268	80
1年以上	More than 1 year	1,983	2,056
		82,662	34,674

貿易及其他應付賬款之公允值與其賬面值相若。

The fair value of trade and other payable approximate their carrying amounts.

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22. 遞延所得稅

遞延所得稅資產及遞延所得稅負債分析如下：

22. DEFERRED INCOME TAX

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

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
遞延所得稅資產	Deferred income tax assets		
– 將在12個月內收回	– to be recovered within 12 months	28,758	14,247
– 將在超過12個月後收回	– to be recovered after more than 12 months	7,125	3,899
		35,883	18,146
遞延所得稅負債	Deferred income tax liabilities		
– 將在12個月內結算	– to be settled within 12 months	(28,639)	(42,615)
– 將在超過12個月後結算	– to be settled after more than 12 months	(45,455)	(83,261)
		(74,094)	(125,876)
遞延所得稅負債 – 淨額	Deferred income tax liabilities - net	(38,211)	(107,730)

遞延所得稅賬戶變動總額如下：

The gross movements on the deferred income tax accounts are as follows:

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
於一月一日	At 1 January	(107,730)	(68,484)
於綜合損益及其他全面收益表 入賬/(支銷)	Credited/(charged) to the consolidated statement of profit or loss and other comprehensive income	22,889	(89,246)
預扣稅付款	Payment of withholding tax	46,630	50,000
於十二月三十一日	At 31 December	(38,211)	(107,730)

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22. 遞延所得稅 (續)

本年度內遞延所得稅資產及負債變動如下(未考慮同一稅務司法權區內的餘額抵銷)：

遞延所得稅資產

		部分出售 一家附屬 公司的 遞延收益	固定資產 相關政府 補助	集團內 公司間 銷售的 未變現 溢利	應計費用	出售分銷權 的未變現 溢利	總計
		Deferred gain on partial disposal of a subsidiary	Government subsidies associated with fixed assets	Unrealised profit of intra- group sales	Accrued expenses	Unrealised profit of sale of distribution rights	Total
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
於二零一五年一月一日	At 1 January 2015	23,678	—	24,916	5,116	8,196	61,906
於綜合損益及其他 全面收益表支銷	Charged to consolidated statement of profit or loss and other comprehensive income	(23,678)	—	(15,879)	(881)	(3,322)	(43,760)
於二零一五年十二月三十一日	At 31 December 2015	—	—	9,037	4,235	4,874	18,146
於二零一六年一月一日	At 1 January 2016	—	—	9,037	4,235	4,874	18,146
於綜合損益及其他 全面收益表入賬	Credited to consolidated statement of profit or loss and other comprehensive income	—	7,500	(30)	13,589	(3,322)	17,737
於二零一六年十二月三十一日	At 31 December 2016	—	7,500	9,007	17,824	1,552	35,883

22. DEFERRED INCOME TAX (Continued)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

	部分出售 一家附屬 公司的 遞延收益	固定資產 相關政府 補助	集團內 公司間 銷售的 未變現 溢利	應計費用	出售分銷權 的未變現 溢利	總計
	Deferred gain on partial disposal of a subsidiary	Government subsidies associated with fixed assets	Unrealised profit of intra- group sales	Accrued expenses	Unrealised profit of sale of distribution rights	Total
	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
於二零一五年一月一日	23,678	—	24,916	5,116	8,196	61,906
於綜合損益及其他 全面收益表支銷	(23,678)	—	(15,879)	(881)	(3,322)	(43,760)
於二零一五年十二月三十一日	—	—	9,037	4,235	4,874	18,146
於二零一六年一月一日	—	—	9,037	4,235	4,874	18,146
於綜合損益及其他 全面收益表入賬	—	7,500	(30)	13,589	(3,322)	17,737
於二零一六年十二月三十一日	—	7,500	9,007	17,824	1,552	35,883

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22. 遞延所得稅(續)

遞延所得稅資產(續)

若可通過未來應納稅溢利變現相關稅項優惠，則就稅項虧損結轉確認遞延所得稅資產。由於本公司董事會董事尚未確定是否可獲得未來應納稅溢利，故本集團於二零一六年十二月三十一日並無確認與稅項虧損人民幣222,127,000元(二零一五年：人民幣128,363,000元)有關的遞延所得稅資產約人民幣55,532,000元(二零一五年：人民幣32,091,000元)。該等虧損可以結轉以抵銷未來應課稅溢利。虧損人民幣3,091,000元、人民幣3,578,000元、人民幣13,631,000元、人民幣63,689,000元及人民幣138,138,000元將分別於二零一七年、二零一八年、二零一九年、二零二零年及二零二一年到期。

22. DEFERRED INCOME TAX (Continued)

Deferred income tax assets (Continued)

Deferred income tax assets are recognised for tax loss carried forward to the extent that the realisation of the related tax benefits through the future taxable profits is probable. Due to the fact that the directors of the board of the Company are not certain on whether future taxable profits would be available, the Group did not recognise deferred income tax assets of approximately RMB 55,532,000 (2015: RMB 32,091,000) in respect of tax losses amounting to RMB 222,127,000 (2015: RMB 128,363,000) as at 31 December 2016 that can be carried forward to offset against future taxable profits. Losses amounting to RMB 3,091,000, RMB 3,578,000, RMB 13,631,000, RMB 63,689,000 and RMB 138,138,000 will expire in 2017, 2018, 2019, 2020 and 2021 respectively.

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22. 遞延所得稅 (續)

遞延所得稅負債

於二零一五年一月一日	At 1 January 2015	33,760	96,630	—	130,390
於綜合損益及 其他全面收益表支銷	Charged to consolidated statement of profit or loss and other comprehensive income	31	—	45,455	45,486
支付預扣稅	Payment of withholding tax	—	(50,000)	—	(50,000)
於二零一五年十二月三十一日	At 31 December 2015	33,791	46,630	45,455	125,876
於二零一六年一月一日	At 1 January 2016	33,791	46,630	45,455	125,876
於綜合損益及 其他全面收益表入賬	Credited to consolidated statement of profit or loss and other comprehensive income	(5,152)	—	—	(5,152)
支付預扣稅	Payment of withholding tax	—	(46,630)	—	(46,630)
於二零一六年十二月三十一日	At 31 December 2016	28,639	—	45,455	74,094

根據於二零零七年十二月六日頒佈的新企業所得稅法實施細則(「實施條例」)，於二零零八年一月一日起對在中國成立的公司向其海外投資者宣派的股息，徵收10%的預扣稅。倘外國投資者於香港註冊成立且符合中國與香港訂立的雙重徵稅安排之條件或規定，則有關預扣稅率將自10%減至5%。截至二零一六年十二月三十一日止年度，海南四環宣派予耀忠之股息的預扣稅率為5%(二零一五年：5%)。

22. DEFERRED INCOME TAX (Continued)

Deferred income tax liabilities

	中國附屬 公司未匯出 收益的 預扣稅	確認合營 公司所產生 的公平值 調整		總計
	收購產生的 公平值收益 Fair value gain arising from acquisitions 人民幣千元 RMB'000	Withholding tax of the unremitted earnings of a PRC subsidiary 人民幣千元 RMB'000	Fair value adjustment arising from recognition of joint venture 人民幣千元 RMB'000	Total 人民幣千元 RMB'000
於二零一五年一月一日	33,760	96,630	—	130,390
於綜合損益及 其他全面收益表支銷	31	—	45,455	45,486
支付預扣稅	—	(50,000)	—	(50,000)
於二零一五年十二月三十一日	33,791	46,630	45,455	125,876
於二零一六年一月一日	33,791	46,630	45,455	125,876
於綜合損益及 其他全面收益表入賬	(5,152)	—	—	(5,152)
支付預扣稅	—	(46,630)	—	(46,630)
於二零一六年十二月三十一日	28,639	—	45,455	74,094

Pursuant to Detailed Implementation Regulations (“DIR”) for implementation of the new Corporate Income Tax Law issued on 6 December 2007, a 10% withholding tax is levied on the dividends declared by the companies established in the PRC to their foreign investors starting from 1 January 2008. If a foreign investor is incorporated in Hong Kong and meets the conditions or requirements under the double taxation arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced to 5% from 10%. The withholding tax rate levied on the dividends declared by Hainan Sihuan to Sun Moral was 5% for the year ended 31 December 2016 (2015: 5%).

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22. 遞延所得稅(續)

於二零一六年十二月三十一日，本集團並無就預計中國附屬公司在可預見未來匯出的盈利確認任何遞延稅項負債(二零一五年：人民幣46,630,000元)。基於管理層對中國以外的資金要求的估計而預計的由中國附屬公司保留且在可預見將來不會匯出中國的溢利約人民幣1,984,354,000元(二零一五年：人民幣4,845,276,000元)及本集團的股息分派政策，並無計提預扣稅。

22. DEFERRED INCOME TAX (Continued)

As at 31 December 2016, the Group didn't recognise any deferred tax liabilities (2015: RMB 46,630,000) on the earnings anticipated to be remitted by a PRC subsidiary in the foreseeable future. No withholding tax has been provided for the earnings of approximately RMB 1,984,354,000 (2015: RMB 4,845,276,000) which are expected to be retained by the PRC subsidiaries and not to be remitted out of the PRC in the foreseeable future based on management's estimated requirement for funding outside the PRC and the dividend distribution policy of the Group.

23. 借貸

23. BORROWINGS

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
非即期－其他貸款	Non-current - Other loans	—	8,280
即期－其他貸款	Current-Other loans	8,280	—
		8,280	8,280

於二零一六年十二月三十一日，本集團借貸應按以下償還：

At 31 December 2016, the Group's borrowings were repayable as follows:

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
1年內	Within 1 year	8,280	—
1至2年內	Between 1 and 2 years	—	8,280
		8,280	8,280

借貸的平均年利率為3.0%至5.3%(二零一五年：3.0%至5.3%)。

The borrowings bear average interest rate from 3.0% to 5.3% (2015:3.0% to 5.3%) annually.

由於貼現影響並不重大，借貸之公平值與其賬面值相若。

The fair value of the borrowings approximated their carrying amount, as the impact of discounting is not significant.

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24. 收益、其他收入及其他收益

收益、其他收入及收益的分析如下：

24. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
收益	Revenue		
藥品銷售(i)	Sales of pharmaceutical products (i)	3,170,469	3,158,042
綜合醫院服務收益	Revenue from general hospital services	15,230	9,169
		3,185,699	3,167,211
其他收入	Other income		
出售分銷權	Sales of distribution rights	51,118	24,845
租金收入(附註7)	Rental income (Note 7)	3,785	1,489
利息收入	Interest income	111,531	109,924
		166,434	136,258
其他收益－淨額	Other gains - net		
政府補助(ii)	Government grants (ii)	374,058	541,029
匯兌收益	Exchange gain	79,513	4,919
其他	Others	32,718	(5,263)
		486,289	540,685

(i) 藥品銷售即向客戶供應的貨品銷售值，扣除銷售稅、增值稅、銷售退回及商業折扣。直接或間接和償付予客戶的營銷及推廣開支人民幣382,432,000元(二零一五年：人民幣141,744,000元)乃實質上與給予客戶的銷售折扣有關，並已扣除已售貨品銷售值。

(ii) 政府補助總額指從地方政府收到的補貼，並無附帶特定條件。

(i) Sales of pharmaceutical products represent the sales value of goods supplied to customers, net of sales tax, value added tax, sales returns and commercial discounts. The marketing and promotion expenses of RMB 382,432,000 (2015: RMB 141,744,000) paid to marketing research agents, which were eventually, directly or indirectly, reimbursed to the customers, are regarded, in substance, as sales discounts to customers and have been deducted against the sales value of goods sold.

(ii) The total government grants represented the subsidies received from the local government and no specific conditions were attached to them.

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25. 按性質劃分的費用

25. EXPENSES BY NATURE

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
研發成本	Research and development costs		
研究費用	Research expenses	109,997	107,625
遞延開發成本攤銷(附註9)	Amortisation of deferred development costs (Note 9)	30,865	28,800
		140,862	136,425
所用原料(附註15)	Raw materials used (Note 15)	577,408	544,045
製成品及在製品存貨變化(附註15)	Changes in inventories of finished goods and work in progress (Note 15)	61,339	54,338
僱員福利開支	Employee benefit expenses		
工資及薪金	Wages and salaries	270,435	194,530
福利	Welfares	46,281	40,971
以股份為基礎的付款(附註27)	Share-based payments (Note 27)	(469)	13,321
物業、廠房及設備折舊(附註6)	Depreciation of property, plant and equipment (Note 6)	163,176	136,969
投資物業折舊(附註7)	Depreciation of investment properties (Note 7)	1,778	1,778
無形資產攤銷(不包括遞延 開發成本攤銷)(附註9)	Amortisation of intangible assets excluding the amortisation of deferred development costs (Note 9)	80,954	80,425
無形資產減值(附註9)	Impairment of intangible assets (Note 9)	28,510	7,452
營業稅及附加	Business tax and surcharges	54,184	48,895
辦公開支	Office expenses	47,123	55,872
差旅開支	Travelling expenses	23,130	36,553
專業服務開支	Professional services expense	62,274	44,290
運輸開支	Transportation expenses	24,355	26,904
水電和物業管理費	Utilities and property management fee	9,192	8,160
租賃開支	Rental expenses	19,685	10,394
土地使用權攤銷(附註10)	Amortisation of land use rights (Note 10)	14,244	14,666
廣告及宣傳開支	Advertising and promotional expenses	5,930	21,274
核數師酬金	Auditor's remuneration	5,500	2,950
業務招待開支	Entertainment expenses	6,928	6,727
附加稅費	Tax surcharge	—	96,809
銀行手續費	Bank charge	493	238
其他	Others	68,676	70,634
銷售成本、分銷成本、行政開支 及其他開支總額	Total cost of sales, distribution costs, administrative expenses and other expenses	1,711,988	1,654,620

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26. 僱員福利開支

(a) 董事酬金

截至二零一六年十二月三十一日止
年度各董事的薪酬如下：

董事姓名	Name	袍金 Fees 人民幣千元 RMB'000	薪金 Salary 人民幣千元 RMB'000	退休金 計劃供款 Pension Scheme Contributions 人民幣千元 RMB'000	績效花紅 Performance related bonuses 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
董事	Director					
執行董事：	Executive directors:					
車馮升醫生 (i)	Dr. Che Fengsheng (i)	—	10,001	4	—	10,005
郭維城醫生 (i)	Dr. Guo Weicheng (i)	—	6,024	23	—	6,047
孟憲慧先生	Mr. Meng Xianhui	—	4,000	23	—	4,023
非執行董事：	Non-executive directors:					
張炯龍醫生	Dr. Zhang Jionglong	—	—	—	—	—
孫弘先生	Mr. Homer Sun	—	—	—	—	—
獨立非執行董事：	Independent non-executive directors:					
辛定華先生	Mr. Patrick Sun	299	—	—	500	799
曾華光先生	Mr. Tsang Wah Kwong	299	—	—	500	799
朱迅先生	Mr. Zhu Xun	280	—	—	—	280
		878	20,025	50	1,000	21,953

26. EMPLOYEE BENEFIT EXPENSES

(a) Directors' emoluments

The remuneration of every director for the year ended 31 December
2016 is set out below:

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26. 僱員福利開支 (續)

(a) 董事酬金 (續)

截至二零一五年十二月三十一日止年度各董事的薪酬如下：

董事姓名	Name	袍金 Fees 人民幣千元 RMB'000	薪金 Salary 人民幣千元 RMB'000	退休金 計劃供款 Pension Scheme Contribution 人民幣千元 RMB'000	績效花紅 Performance Related bonuses 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
董事	Director					
執行董事：	Executive directors:					
車馮升醫生	Dr. Che Fengsheng	—	1,200	4	—	1,204
郭維城醫生	Dr. Guo Weicheng	—	622	23	—	645
孟憲慧先生	Mr. Meng Xianhui	—	300	24	—	324
非執行董事：	Non-executive directors:					
張炯龍醫生	Dr. Zhang Jionglong	—	—	—	—	—
孫弘先生	Mr. Homer Sun	—	—	—	—	—
獨立非執行董事：	Independent non-executive directors:					
辛定華先生	Mr. Patrick Sun	283	—	—	395	678
曾華光先生	Mr. Tsang Wah Kwong	280	—	—	395	675
朱迅先生	Mr. Zhu Xun	280	—	—	—	280
		843	2,122	51	790	3,806

(i) 車馮升醫生於二零一四年十月二十日辭任行政總裁，而郭維城醫生獲委任為本公司的行政總裁，於二零一四年十月二十日起生效。

26. EMPLOYEE BENEFIT EXPENSES (Continued)

(a) Directors' emoluments (Continued)

The remuneration of every director for the year ended 31 December 2015 is set out below:

(i) Dr. Che Fengsheng resigned as the chief executive officer on 20 October 2014 and Dr. Guo Weicheng was appointed as the chief executive officer of the Company with effect from 20 October 2014.

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26. 僱員福利開支 (續)

(b) 五名最高薪人士

本集團本年度最高薪酬的五名人士包括三名董事(二零一五年：一名)，其酬金已反映在上文呈列的分析內。於年內，已付或應付其餘兩名人士(二零一五年：四名)的酬金如下：

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
基本薪金、房屋補貼、 其他補貼及實物利益	Basic salaries, housing allowances, other allowances and benefits in kind	3,630	7,070
以股份為基礎的付款	Share-based payment	189	753
		3,819	7,823

薪酬介乎以下範圍的最高薪僱員(非董事及非最高行政人員)人數如下：

		二零一六年 2016	二零一五年 2015
零至1,500,000 港元	Nil – HK\$ 1,500,000	—	2
1,500,001 港元至2,000,000 港元	HK\$ 1,500,001 – HK\$ 2,000,000	1	—
2,000,001 港元至2,500,000 港元	HK\$ 2,000,001 – HK\$ 2,500,000	1	—
2,500,001 港元至3,000,000 港元	HK\$ 2,500,001 – HK\$ 3,000,000	—	1
3,000,001 港元至3,500,000 港元	HK\$ 3,000,001 – HK\$ 3,500,000	—	1
		2	4

截至二零一六年及二零一五年十二月三十一日止年度，本集團並無向董事或最高薪酬人士就吸引其加入或補償其離職而支付款項，亦概無董事或最高薪酬人士放棄收取任何有關酬金。

26. EMPLOYEE BENEFIT EXPENSES (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2015: one) directors whose emoluments are reflected in the analysis presented above. The emoluments paid or payable to the remaining two (2015: four) individuals during the year are as follows:

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
Basic salaries, housing allowances, other allowances and benefits in kind		3,630	7,070
Share-based payment		189	753
		3,819	7,823

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

		二零一六年 2016	二零一五年 2015
Nil – HK\$ 1,500,000		—	2
HK\$ 1,500,001 – HK\$ 2,000,000		1	—
HK\$ 2,000,001 – HK\$ 2,500,000		1	—
HK\$ 2,500,001 – HK\$ 3,000,000		—	1
HK\$ 3,000,001 – HK\$ 3,500,000		—	1
		2	4

For the years ended 31 December 2016 and 2015, no payments had been made by the Group to the directors or the highest paid individuals in respect of inducement to join or compensation for loss of office, and no directors or the highest paid individuals waived any of the emoluments.

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27. 以股份為基礎的付款

(a) 股份獎勵計劃

為向本集團管理層提供獎勵，本公司若干股東(即Plenty Gold Enterprises Limited(「Plenty Gold」)、車馮升醫生及郭維城醫生)已於二零一零年十月二十五日採納一項獎勵計劃(「僱員股份獎勵計劃」或「該計劃」)。於二零一三年一月二十五日，本公司的另一股東(即MSPEA Pharma Holdings B.V.)亦參與僱員股份獎勵計劃。受託人公司(於英屬處女群島成立的私人信託公司，由Plenty Gold全資擁有)已獲委任為受託人，根據僱員股份獎勵計劃持有預留股份。Plenty Gold、車馮升醫生及郭維城醫生(作為信託的財產授予人)已預留及撥出合共33,750,000股本公司股份；而MSPEA Pharma Holdings B.V.預留及撥出額外3,750,000股本公司股份。所有該等股份由受託人公司根據僱員股份獎勵計劃以受託人的身份持有。僱員股份獎勵計劃涉及授出由受託人公司持有的現有股份，並不會根據僱員股份獎勵計劃發行新股份。

本公司根據適用於以股權結算的股份支付交易的規定，計量其僱員提供的服務，而相關的增幅則在權益確認為來自主要股東的貢獻。本公司將不會根據僱員股份獎勵計劃發行新股份，且概不會因僱員股份獎勵計劃而對每股盈利的計算方式造成攤薄影響。

根據僱員股份獎勵計劃，獎勵乃授予本集團合資格僱員，可行使為於各個財政年度(由授出日期起直至已授出的相關獎勵屆滿日期止期間)獲指定的受託人公司持有的本公司股份的特定數目。

27. SHARE-BASED PAYMENTS

(a) Share award schemes

An award scheme for the purpose of incentivising the management of the Group (the “Employee Share Award Scheme” or the “Scheme”) has been adopted by certain shareholders of the Company (namely, Plenty Gold Enterprises Limited (“Plenty Gold”), Dr. Che Fengsheng and Dr. Guo Weicheng) on 25 October 2010. On 25 January 2013, another shareholder of the Company (namely, MSPEA Pharma Holdings B.V.) also participated in the Employee Share Award Scheme. Trustee Co (a private trust company established in the British Virgin Islands and wholly-owned by Plenty Gold) has been appointed as the trustee to hold the reserved shares under the Employee Share Award Scheme. Plenty Gold, Dr. Che Fengsheng and Dr. Guo Weicheng, as settlors of a trust, have reserved and set aside a total of 33,750,000 shares; and MSPEA Pharma Holdings B.V. has reserved and set aside an additional 3,750,000 shares, all of which are being held by the Trustee Co as trustee for the Employee Share Award Scheme. The Employee Share Award Scheme involves granting of existing shares held by the Trustee Co and no new shares will be issued pursuant to the Employee Share Award Scheme.

The Company measures the services received from its employees in accordance with the requirements applicable to equity-settled share-based payment transactions, with a corresponding increase recognised in equity as a contribution from the major shareholders. No new share will be issued by the Company under the Employee Share Award Scheme and there is no dilution impact to earning per share calculation as a result of the Employee Share Award Scheme.

Under the Employee Share Award Scheme, awards were granted to the eligible employees of the Group, which are exercisable into the specific number shares of the Company, held by the Trustee Co., designed in each financial year during the period from the grant date up to the expiry date of the relevant awards granted.

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27. 以股份為基礎的付款 (續)

(a) 股份獎勵計劃 (續)

已授予本集團若干僱員的股份獎勵概要如下：

授出日期	Grant date	每份股份 獎勵行使價 港元 Exercise price in HK\$ per share award	已授出獎勵 數目(千份) Number of awards granted (thousands)
二零一二年三月二十日	20 March 2012	3.19	14,150
二零一三年九月二十七日	27 September 2013	3.19	19,750
二零一三年十月二十一日	21 October 2013	0.7	2,050
			35,950

於二零一六年六月二十八日，本集團調整了股份獎勵計劃。已授予234名僱員但未獲行使的餘下31,448,172份購股權已由新股份獎勵(行使價為每股股份獎勵1.57港元)取代。

(b) 股份獎勵變動

以下購股權根據計劃於年內未獲行使：

		每股股份 獎勵平均 行使價港元 Average exercise price in HK\$ per share award	獎勵(千份) Awards (in thousands)	
			二零一六年 2016	二零一五年 2015
於一月一日	At 1 January	3.19	32,835	32,835
於一月一日	At 1 January	0.7	4,100	4,100
已沒收	Forfeited	0.7	(4,100)	—
已沒收	Forfeited	3.19	(1,387)	—
已修改	Modified	3.19	(31,448)	—
已授出	Granted	1.57	31,448	—
已行使	Exercised	1.57	(25,895)	—
已沒收	Forfeited	1.57	(150)	—
於十二月三十一日	At 31 December		5,403	36,935

27. SHARE-BASED PAYMENTS (Continued)

(a) Share award schemes (Continued)

The summary of the share awards granted to certain employees of the Group is as follows:

授出日期	Grant date	每份股份 獎勵行使價 港元 Exercise price in HK\$ per share award	已授出獎勵 數目(千份) Number of awards granted (thousands)
二零一二年三月二十日	20 March 2012	3.19	14,150
二零一三年九月二十七日	27 September 2013	3.19	19,750
二零一三年十月二十一日	21 October 2013	0.7	2,050
			35,950

On 28 June 2016, the Group modified the share award schemes. The remaining 31,448,172 share options, which was granted to but not yet exercised by 234 employees were replaced by new share awards with an exercise price of HK\$1.57 per share award.

(b) Share award movement

The following share options were outstanding under the Scheme during the year:

		每股股份 獎勵平均 行使價港元 Average exercise price in HK\$ per share award	獎勵(千份) Awards (in thousands)	
			二零一六年 2016	二零一五年 2015
於一月一日	At 1 January	3.19	32,835	32,835
於一月一日	At 1 January	0.7	4,100	4,100
已沒收	Forfeited	0.7	(4,100)	—
已沒收	Forfeited	3.19	(1,387)	—
已修改	Modified	3.19	(31,448)	—
已授出	Granted	1.57	31,448	—
已行使	Exercised	1.57	(25,895)	—
已沒收	Forfeited	1.57	(150)	—
於十二月三十一日	At 31 December		5,403	36,935

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27. 以股份為基礎的付款 (續)

(b) 股份獎勵變動 (續)

於年末授出的股份獎勵尚未到期的日期及行使價如下：

到期日期	Expiry date	每份 股份獎勵 行使價港元 Exercise price in HK\$ per share award	已授出尚未到期的 股份獎勵數目(千份) Number of outstanding awards granted (thousands)		已歸屬及尚未行使 的獎勵數目(千份) Number of outstanding vested and exercisable awards (thousands)	
			二零一六年 2016	二零一五年 2015	二零一六年 2016	二零一五年 2015
二零一七年三月二十一日	21 March 2017	3.19	—	4,167	—	4,167
二零一八年九月二十六日	26 September 2018	0.70	—	4,100	—	2,200
二零一八年九月二十六日	26 September 2018	3.19	—	28,668	—	9,656
二零二一年六月二十八日	28 June 2021	1.57	5,403	—	103	—
			5,403	36,935	103	16,023

於二零一六年十二月三十一日，於5,403,000份(二零一五年：36,935,000份)未行使獎勵中，103,000份(二零一五年：16,023,000份)獎勵已獲行使。

年內，就向僱員授出的股份獎勵而於綜合損益及其他全面收益表貸記滙總開支人民幣469,000元(二零一五年：支銷人民幣13,321,000元)，並於權益內確認相應變動。

27. SHARE-BASED PAYMENTS (Continued)

(b) Share award movement (Continued)

Share awards outstanding at the end of the year have the following expiry dates and exercise prices:

每份 股份獎勵 行使價港元 Exercise price in HK\$ per share award	已授出尚未到期的 股份獎勵數目(千份) Number of outstanding awards granted (thousands)		已歸屬及尚未行使 的獎勵數目(千份) Number of outstanding vested and exercisable awards (thousands)	
	二零一六年 2016	二零一五年 2015	二零一六年 2016	二零一五年 2015
3.19	—	4,167	—	4,167
0.70	—	4,100	—	2,200
3.19	—	28,668	—	9,656
1.57	5,403	—	103	—
	5,403	36,935	103	16,023

Out of the 5,403,000 (2015: 36,935,000) outstanding awards, 103,000 (2015: 16,023,000) awards were exercisable at 31 December 2016.

During the year, total expense amounting to RMB469,000 (2015: RMB13,321,000 charged) was credited to the consolidated statement of profit or loss and other comprehensive income for share awards granted to employees with a corresponding change in equity.

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27. 以股份為基礎的付款 (續)

(c) 股份獎勵的公平值

本公司董事會執行董事已使用二項式模式釐定將於歸屬期內支銷的已授出獎勵的公平值。本公司董事會執行董事在應用二項式模式時要求對如無風險利率、股息率及預期波幅等參數作出重要判斷，該等參數的輸入數據的概要如下。

於授出日期的收市價	Closing price at the grant date	1.60 港元 HK\$1.60	5.78 港元 HK\$5.78	5.18 港元 HK\$5.18	3.13 港元 HK\$3.13
無風險利率	Risk-free rate	0.64%	1.00%	1.21%	0.74%
股息率	Dividend yield	2.44%	1.98%	1.97%	1.14%
預期波幅 (i)	Expected volatility (i)	41.38%	41.81%	42.07%	48.99%

(i) 按照預期股價回報的標準偏差計算的預期波幅，乃根據本公司股份平均每日買賣價格的波幅釐定。

27. SHARE-BASED PAYMENTS (Continued)

(c) Fair value of share awards

The executive directors of the board of the Company have used the binomial model to determine the fair value of the awards granted, which is to be expensed over the vesting period. Significant judgement on parameters, such as risk-free rate, dividend yield and expected volatility, is required to be made by the executive directors of the board of the Company in applying the binomial model, of which the inputs are summarised as below.

	二零一六年 2016 於 六月二十八日 授出的 股份獎勵 Share awards granted on 28 June	二零一三年 2013 於 十月二十一日 授出的 股份獎勵 Share awards granted on 21 October	二零一二年 2012 於 九月二十七日 授出的 股份獎勵 Share awards granted on 27 September	二零一二年 2012 於 三月二十日 授出的 股份獎勵 Share awards granted on 20 March	
於授出日期的收市價	Closing price at the grant date	1.60 港元 HK\$1.60	5.78 港元 HK\$5.78	5.18 港元 HK\$5.18	3.13 港元 HK\$3.13
無風險利率	Risk-free rate	0.64%	1.00%	1.21%	0.74%
股息率	Dividend yield	2.44%	1.98%	1.97%	1.14%
預期波幅 (i)	Expected volatility (i)	41.38%	41.81%	42.07%	48.99%

(i) The expected volatility, measured as the standard deviation of expected share price returns, is determined based on the average daily trading price volatility of the shares of the Company.

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28. 所得稅開支

本集團截至二零一六年及二零一五年止年度的所得稅開支分析如下：

28. INCOME TAX EXPENSE

The income tax expense of the Group for the years ended 2016 and 2015 is analysed as follows:

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
即期稅項：	Current taxation:		
年度撥備	Provision for the year	387,721	381,424
預扣稅撥備	Provision for withholding tax	154,530	50,000
就過往年度的額外支出， 扣除過度撥備	Additional charge, net of over provision in respect of prior years	—	326,284
即期稅項總額	Total current tax	542,251	757,708
遞延稅項：	Deferred tax:		
暫時差異的產生及撥回 (附註22)	Origination and reversal of temporary differences (Note 22)	(69,519)	39,246
遞延稅項總額	Total deferred tax	(69,519)	39,246
所得稅開支	Income tax expense	472,732	796,954

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28. 所得稅開支 (續)

本集團除稅前溢利的稅項與採用適用於合併實體溢利的加權平均稅率計算的理論數額不同，載列如下：

28. INCOME TAX EXPENSE (Continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
除稅前溢利	Profit before tax	2,152,570	2,841,746
按中國適用法定稅率25% (二零一五年：25%)計算的稅項	Tax calculated at the PRC applicable statutory tax rates of 25% (2015: 25%)	538,142	710,436
下列項目的稅務影響：	Tax effects of:		
— 動用先前未確認的稅務虧損	– Utilisation of previously unrecognised tax losses	(1,634)	(743)
— 稅項優惠及豁免的影響	– Effect of tax concessions and exemption	(229,038)	(318,864)
— 就過往年度的額外支出， 扣除過度撥備	– Additional charge, net of over provision, in respect of prior years	—	326,284
— 不可扣稅開支	– Expenses not deductible for tax purposes	27,056	74,322
— 歸屬合營企業和聯營公司 的溢利及虧損	– Profits and losses attributable to joint ventures and associates	(5,406)	(8,227)
— 不可課稅收入	– Income not taxable for tax purposes	—	(2,442)
— 未確認遞延所得稅資產 的稅項損失	– Tax losses for which no deferred income tax asset was recognised	35,712	16,188
— 5% 預扣稅對本集團中國附屬公司 可分配利潤的影響*	– Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries*	107,900	—
所得稅開支	Income tax expense	472,732	796,954

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28. 所得稅開支 (續)

百慕達利得稅

本集團於年內在該司法權區毋須繳納任何稅項(二零一五年：無)。

香港利得稅

由於本集團於年內並無在香港產生應課稅溢利，故並無計提香港利得稅撥備(二零一五年：無)。

中國企業所得稅(「中國企業所得稅」)

中國企業所得稅乃按本集團現時旗下各公司於中國產生的應課稅收入計提撥備，並經就中國企業所得稅而言毋須課稅或不可扣減項目作出調整。

本集團的中國附屬公司已根據《中華人民共和國企業所得稅法》按25%的稅率釐定及繳納企業所得稅。

本集團的若干附屬公司符合高新技術企業資格。因此，該等附屬公司於二零一六年及二零一五年按15%的稅率計提企業所得稅。

保留溢利的中國預扣稅

根據適用中國稅務法規，於中國成立的公司就自二零零八年一月一日後產生的溢利向外國投資者分派股息須繳納10%的預扣稅。倘外國投資者於香港註冊成立且滿足中國與香港訂立的雙重稅安排的條件或規定，則有關預扣稅率將由10%減至5%。

* 就派付現金股息及股份購回的目的而言，本集團的本地附屬公司向海外的已派付股息為人民幣2,158,000,000元以達到特定資金需求，其乃來自二零一五年的股息計劃及於二零一六年支付相關預扣稅。

28. INCOME TAX EXPENSE (Continued)

Bermuda profits tax

The Group is not subject to any taxation in this jurisdiction during the year (2015: Nil).

Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group had no assessable profit arising in Hong Kong during the year (2015: Nil).

PRC corporate income tax ("PRC CIT")

PRC CIT is provided on the assessable income of the companies now comprising the Group derived from the PRC, adjusted for those items which are not assessable or deductible for the PRC CIT purposes.

The PRC subsidiaries of the Group have determined and paid the corporate income tax in accordance with the Corporate Income Tax Law of the PRC at 25% tax rate.

Certain subsidiaries of the Group were qualified as high-tech enterprises. Accordingly, those subsidiaries' corporate income tax for 2016 and 2015 was provided at the rate of 15%.

PRC withholding tax on retained profits

According to applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are subject to a 10% withholding tax. If a foreign investor is incorporated in Hong Kong and meets the conditions or requirements under the double taxation arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced to 5% from 10%.

* For purpose of cash dividends payment and shares repurchase, the domestic subsidiaries of the Group distributed dividends amounted to RMB2,158,000,000 to oversea to meet the special requirement for funding which is out of the dividend plan in year 2015 and paid relevant withholding tax in year 2016.

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29. 每股盈利

(a) 基本

每股基本盈利按本公司擁有人應佔溢利除以年內已發行普通股加權平均股數計算。

本公司擁有人應佔溢利
(人民幣千元)
計算每股基本盈利所用已發行
普通股加權平均股數(千股)

每股基本盈利(每股人民幣分)

29. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issuance during the year.

	二零一六年 2016	二零一五年 2015
Profit attributable to owners of the Company (RMB'000)	1,708,239	2,062,378
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	10,140,612	10,364,182
Basic earnings per share (RMB cents per share)	16.85	19.90

(b) 攤薄

於二零一六年及二零一五年因並不存在潛在攤薄普通股，故於該等年度內並無攤薄每股盈利。每股攤薄盈利金額相等於每股基本盈利金額。

(b) Diluted

There was no dilution to earnings per share during 2016 and 2015 because there were no potential dilutive ordinary shares existing during these years. The diluted earnings per share amounts equal to the basic earnings per share amounts.

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30. 股息

於二零一六年及二零一五年派付的股息分別為人民幣607,059,000元及人民幣279,832,000元。董事會建議截至二零一六年十二月三十一日止年度末期現金股息人民幣360,243,000元及特別現金股息人民幣521,405,000元，及有關股息將於稍後召開的本公司股東週年大會上提呈。

於年度內批准及派發予本公司擁有人的股息：

30. DIVIDENDS

The dividends paid in 2016 and 2015 were RMB607,059,000 and RMB279,832,000, respectively. A final cash dividend and a special cash dividend in the year ended 31 December 2016 of RMB360,243,000 and RMB521,405,000, respectively were recommended by the Board and subject to approval at the forthcoming annual general meeting of the Company.

Dividends approved and paid to owners of the Company during the year:

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
年度內派發上一年度每股普通股 二零一五年末期股息人民幣4.5分 (二零一四年：人民幣1.3分)	Final 2015 dividend of RMB 4.5 (2014: RMB 1.3) cents per ordinary share for the previous year, paid during the year	463,750	134,734
年度內宣派及派發每股普通股 中期股息人民幣1.4分 (二零一五年：人民幣1.4分)	Interim dividend of RMB 1.4 (2015: RMB1.4) cents per ordinary share, declared and paid during the year	143,309	145,098
		607,059	279,832

年度內建議之本公司股息：

Dividends proposed by the Company during the year:

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
建議末期現金股息每股 普通股人民幣3.8分 (二零一五年：人民幣4.5分)	Proposed final cash dividend of RMB 3.8 (2015: RMB4.5) cents per ordinary share	360,243	466,388
建議特別現金股息每股 普通股人民幣5.5分 (二零一五年：無)	Proposed special cash dividend of RMB 5.5 (2015: Nil) cents per ordinary share	521,405	—
		881,648	466,388

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31. 經營產生的現金

31. CASH GENERATED FROM OPERATIONS

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
除稅前溢利	Profit before tax	2,152,570	2,841,746
經以下項目調整：	Adjustments for:		
– 物業、廠房及設備折舊(附註25)	– Depreciation of property, plant and equipment (Note 25)	163,176	136,969
– 投資物業折舊(附註25)	– Depreciation of investment properties (Note 25)	1,778	1,778
– 無形資產攤銷(附註25)	– Amortisation of intangible assets (Note 25)	111,819	109,225
– 無形資產減值(附註25)	– Impairment of intangible assets (Note 25)	28,510	7,452
– 土地使用權攤銷(附註25)	– Amortisation of land use rights (Note 25)	14,244	14,666
– 使用權益法入賬的 應佔投資溢利(附註12)	– Share of profit of investments accounted for using the equity method (Note 12)	(21,624)	(32,908)
– 出售物業、廠房及 設備(收益)/虧損(i)	– (Gain)/Loss on disposal of property, plant and equipment (i)	(312)	287
– 終止確認一家合營企業的收益	– Gain on derecognition of a joint venture	—	(619,464)
– 終止確認一家聯營公司的收益	– Gain on derecognition of an associate	(3,851)	
– 終止確認一家附屬公司的收益	– Gain on derecognition of a subsidiary	(871)	
– 出售土地使用權收益(ii)	– Gain on disposal of land use rights (ii)	—	(2,894)
– 以股份為基礎的補償開支	– Share-based compensation expenses	(469)	13,321
– 利息開支	– Interest expense	210	160
– 利息收入	– Interest income	(97,676)	(109,924)
營運資金變動前營運現金流量	Operating cash flow before working capital changes	2,347,504	2,360,414
營運資產及負債變動：	Changes in operating assets and liabilities:		
– 存貨	– Inventories	32,348	(54,015)
– 貿易及其他應收賬款	– Trade and other receivables	49,187	21,524
– 貿易及其他應付賬款	– Trade and other payables	184,737	(112,532)
經營活動產生的現金	Cash generated from operating activities	2,613,776	2,215,391

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31. 經營產生的現金 (續)

- (i) 於綜合現金流量表中，出售物業、廠房及設備的所得款項包括：

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
賬面淨值(附註6)	Net book amount (Note 6)	96	11,696
出售物業、廠房及設備的 收益/(虧損)	Gain/(Loss) on disposal of property, plant and equipment	312	(287)
作為向一間聯營公司出資 的土地使用權公平值	Fair value of land use rights as capital contribution to an associate	—	(11,082)
出售物業、廠房及 設備的所得款項	Proceeds from disposal of property, plant and equipment	408	327

- (ii) 於綜合現金流量表中，出售土地使用權的所得款項包括：

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
賬面淨值(附註10)	Net book amount (Note 10)	19,537	3,565
出售土地使用權收益	Gain on disposal of land use rights	—	2,894
作為向一間聯營公司出資的 土地使用權公平值	Fair value of land use rights as capital contribution to an associate	—	(6,459)
出售一間附屬公司	Disposals of a subsidiary	(19,537)	—
出售土地使用權的所得款項	Proceeds from disposal of land use rights	—	—

31. CASH GENERATED FROM OPERATIONS (Continued)

- (i) In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

- (ii) In the consolidated statement of cash flows, proceeds from disposal of land use rights comprise:

32. 承擔

(a) 資本承擔

於報告期末已訂約但尚未提供的資本開支如下：

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
物業、廠房及設備	Property, plant and equipment	219,791	216,475
額外注資仁方醫療控股有限公司的承擔	Commitment of additional capital injection to Renfang Medical Holdings Ltd.	—	156,124
無形資產－開發中產品	Intangible assets – product development in progress	122,540	142,263
		342,331	514,862

32. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet provided is as follows:

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截至二零一六年十二月三十一日止年度

For the year ended 31 December 2016

32. 承擔 (續)

(b) 經營租賃承擔

本集團根據不可撤銷經營租賃協議租賃若干辦公室物業。租賃期限為一至五年，且大多數租賃協議可按市價於租賃期限屆滿時續約。

根據不可撤銷經營租賃應付的未來最低租金總額如下：

一年以內	Within 1 year
一至五年	Between 1 to 5 years
五年以上	More than 5 years

32. COMMITMENTS (Continued)

(b) Operating lease commitments

The Group leases various office premises under non-cancellable operating lease agreements. The lease terms are between 1 and 5 years and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
一年以內	Within 1 year	15,379	13,411
一至五年	Between 1 to 5 years	18,180	54,352
五年以上	More than 5 years	98,508	70,588
		132,067	138,351

33. 與非控股權益交易

(a) 收購北京博仁醫院(「北京博仁」)非控股權益

於二零一六年十一月，本集團向非控股股東收購北京博仁24.3%股份，代價為人民幣52,662,000元。自此，本集團於北京博仁的權益由70.7%增至95%。

(b) 麥孚營養科技(北京)有限公司(「北京麥孚」)非控股股東出資

於二零一六年，本集團及Beijing Maifu的個人股東增加出資。個人股東注資為人民幣7,170,000元，其中人民幣3,298,000元以現金方式注資而餘下資金透過公平值為人民幣3,872,000元的知識產權出資。本集團於北京麥孚的權益由82.1%增至92.8%。

33. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

(a) Acquisition of non-controlling interests of Beijing Boren Hospital ("Beijing Boren")

In November 2016, the Group acquired 24.3% shares of Beijing Boren from the non-controlling shareholders at a consideration of RMB 52,662,000. The Group's interest in Beijing Boren was increased from 70.7% to 95% since then.

(b) Capital contribution from non-controlling shareholders of Beijing Maifu Nutrition Technology Co., Ltd. ("Beijing Maifu")

In 2016, the Group and the individual shareholders of Beijing Maifu made the capital contribution. The individual shareholders injected capital amounting to RMB 7,170,000, among which RMB 3,298,000 was injected in cash and the remaining capital was contributed by intellectual property right with a fair value of RMB 3,872,000. The Group's interest in Beijing Maifu increased from 82.1% to 92.8%.

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34. 出售附屬公司權益

(a) 出售於滄州四環京宸製藥有限公司(「滄州四環」)的權益

於二零一五年三月，廊坊高博京邦製藥有限公司(「廊坊高博」)成立附屬公司滄州四環並注資人民幣50,000,000元。於二零一六年十月，廊坊高博作出實際注資人民幣21,663,000元。其後，廊坊高博將其於滄州四環全部投資轉讓予第三方北京太洋藥業有限公司，及在交易中承擔虧損人民幣773,000元。出售滄州四環的現金及現金等價物流入淨額分析如下：

34. DISPOSAL OF INTERESTS IN SUBSIDIARIES

(a) Disposal of an interest in Cangzhou Sihuan Jingchen Pharmaceutical Co., Ltd. (“Cangzhou Sihuan”)

In March 2015, Langfang Gaobo Jingbang Pharmaceutical Co., Ltd. (“Langfang Gaobo”) established a subsidiary Cangzhou Sihuan Jingchen Pharmaceutical Co., Ltd. with a registered capital of RMB 50,000,000. As of October 2016, Langfang Gaobo made an actual capital injection of RMB 21,663,000. Then Langfang Gaobo transferred all its investment in Cangzhou Sihuan to third party, Beijing Taiyang Pharmaceutical Co., Ltd., and undertook a loss of RMB 773,000 in the transaction. An analysis of the net inflow of cash and cash equivalents in respect of the disposal of Cangzhou Sihuan is as follows:

		人民幣千元 RMB'000
土地使用權	Land use rights	19,537
長期預付開支	Long-term prepaid expenses	1,105
在建工程	Construction in process	238
現金及現金等價物	Cash and cash equivalents	3
其他應收賬款	Other receivables	780
已終止確認資產淨值	Net assets derecognised	21,663

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34. 出售附屬公司權益 (續)

(a) 出售於滄州四環京宸製藥有限公司的權益 (續)

出售於滄州四環 全部權益的代價	Consideration for 100% equity interest in Cangzhou Sihuan disposed	20,890
已終止確認資產淨值	Net assets derecognised	21,663
終止確認滄州四環的虧損：	Loss on derecognition of Cangzhou Sichuan:	(773)
出售滄州四環的 現金流入淨額分析：	Analysis of net cash inflow in respect of the disposal of Cangzhou Sichuan:	
已收現金代價	Cash consideration received	20,890
減：已出售現金及銀行結餘	Less: Cash and bank balances disposed of	(3)
二零一六年已收現金淨額	Net cash received in 2016	20,887

人民幣千元
RMB'000

(b) 出售於雲義網絡科技有限公司的權益

於二零一六年四月二十八日，本集團成立北京雲義網絡科技有限公司（「北京雲義」），註冊資本為人民幣30,000元。其後，本集團向一名聯繫人西安騰雲信息科技有限公司（「西安騰雲」）轉讓於北京雲義的權益。

出售北京雲義的 全部權益的代價	Consideration for 100% equity interest in Beijing Yunxi disposed	30
已終止確認資產淨值	Net assets derecognised	(1,614)
終止確認北京雲義的收益	Gain on derecognition of Beijing Yunxi	1,644
出售北京雲義的 現金流入淨額分析：	Analysis of net cash inflow in respect of the disposal of Beijing Yunxi:	
已收現金代價	Cash consideration received	—
減：已出售現金及銀行結餘	Less: Cash and bank balances disposed of	(263)
二零一六年已收現金淨額	Net cash received in 2016	(263)

人民幣千元
RMB'000

34. DISPOSAL OF INTERESTS IN SUBSIDIARIES

(Continued)

(a) Disposal of an interest in Cangzhou Sihuan Jingchen Pharmaceutical Co., Ltd. (Continued)

(b) Disposal of interest in Yunxi Network Technology Co., Ltd.

On 28 April 2016, the Group established Beijing Yunxi Network Technology Co., Ltd. ("Beijing Yunxi") with a registered capital of RMB 30,000. Then the Group transferred its interests in Beijing Yunxi to an associate, Xi'an Tengyun Network Technology Co., Ltd. ("Xi'an Tengyun").

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35. 關聯方交易

本集團由 Plenty Gold (在英屬處女群島註冊成立) 控制餘下 53.38% 股份獲廣泛持有。本集團的最終控股股東為車馮升醫生。

關聯方名稱及與關聯方的關係如下：

名稱 Name
Network Victory Limited (「Network Victory」) Network Victory Limited (“Network Victory”)
仁方醫療控股有限公司 Renfang Medical Holdings Ltd.
北京銳業製藥有限公司 Beijing Ruiye Drugs Manufacture Co., Ltd.
吉林四長製藥有限公司 Jilin Sichang Pharmaceutical Co., Ltd.

35. RELATED-PARTY TRANSACTIONS

The Group is controlled by Plenty Gold (incorporated in the British Virgin Islands). The remaining 53.38% of the shares are widely held. The ultimate controlling shareholder of the Group is Dr. Che Fengsheng.

Name of and relationship with related parties are as follows:

關係 Relationship
由車馮升醫生控制 Controlled by Dr. Che Fengsheng
本集團的聯營公司 Associate of the Group
本集團的聯營公司 Associate of the Group
本公司的合營公司 Joint venture of the Company

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截至二零一六年十二月三十一日止年度

For the year ended 31 December 2016

35. 關聯方交易 (續)

年末結餘及與關聯方的交易：

35. RELATED-PARTY TRANSACTIONS (Continued)

Year-end balances and transactions with related parties are as follows:

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
向一家合營公司供應水電， 採用權益法入賬： – 吉林四長 (i)	Electricity and water supply to a joint venture accounted for using equity method: – Jilin Sichang (i)	3,388	3,301
自一家合營公司採購醫藥產品， 採用權益法入賬： – 吉林四長 (i)	Purchase of pharmaceutical products from a joint venture accounted for using equity method: – Jilin Sichang (i)	200,015	178,099
來自一家合營公司的利息收入 – 吉林四長 (i)	Interest Income from a joint venture – Jilin Sichang (i)	3,351	5,885
來自一家聯營公司的利息收入 – 北京銳業	Interest Income from an associate – Beijing Ruiye	240	—
應收一家合營公司款項 (附註 16) – 吉林四長 (i)	Amount due from a joint venture (Note 16) – Jilin Sichang (i)	74,519	71,167
應收聯營公司款項 (附註 16) – 仁方醫療 (ii) – 北京銳業 (ii)	Amounts due from associates (Note 16) – Renfang Medical (ii) – Beijing Ruiye (ii)	— 13,500	25,953 —
		13,500	25,953
應收其他關聯方款項 (附註 16)： – 車馮升醫生 (ii)	Amount due from other related party (Note 16): – Dr. Che Fengsheng (ii)	9,673	148
應付一家合營公司款項 (附註 21) – 吉林四長 (i)	Amount due to a joint venture (Note 21) – Jilin Sichang (i)	69,302	42,431
應付其他關聯方款項 (附註 21) – Plenty Gold (ii) – Network Victory(ii)	Amounts due to other related parties (Note 21) – PlentyGold (ii) – Network Victory(ii)	83 —	83 24,834
		83	24,917
應付一家聯營公司款項 (附註 21) – 北京銳業 (ii)	Amount due to an associate (Note 21) – Beijing Ruiye (ii)	—	6,600

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For the year ended 31 December 2016

35. 關聯方交易 (續)

- (i) 與吉林四長的交易及結餘乃於本集團的日常業務過程中按雙方共同協定的條款進行。
- (ii) 應收/付關聯方及聯營公司款項為無抵押及須應要求償還。於二零一六年十二月三十一日，應收北京銳業款項指關聯方貸款，而應收車馮升醫生款項指尚未向醫路康健康管理(北京)有限公司作出的出資。於二零一五年十二月三十一日，應收仁方醫療款項指關聯方免息貸款，應付Network Victory款項指關聯方借款，而應付北京銳業款項指未出資款項(待匯款程序完成)。

主要管理層於本年度的酬金詳情如下：

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
短期僱員福利	Short term employee benefits	29,515	10,428
以股份為基礎的付款	Share based payments	660	1,128
支付給關鍵僱員的管理薪酬	Total compensation paid to key management personnel	30,175	11,556

截至二零一六年十二月三十一日止年度，本集團並無進行任何須遵守上市規則項下有關申報及年度審核規定的關連交易或持續關連交易(定義見上市規則)。

35. RELATED-PARTY TRANSACTIONS (Continued)

- (i) The transactions and balances with Jilin Sichang were conducted in the ordinary course of the business of the Group and at terms mutually agreed.
- (ii) The amounts due from/to related parties and associates are unsecured and repayable on demand. At 31 December 2016, the amount due from Beijing Ruiye represented the related-party loan, and the amount due from Dr. Che Fengsheng represented the outstanding capital contribution to Yilukang Health Management (Beijing) Co., Ltd. At 31 December 2015, the amount due from Renfang Medical represented the related-party interest-free loan, the amount due to Network Victory represented the related-party borrowing, and the amount due to Beijing Ruiye represented the outstanding capital contribution pending the finalisation of the remittance procedures.

Details of key management compensation during the year are as follows:

During the year ended 31 December 2016, the Group has not conducted any connected transaction or continuing connected transaction (as defined under the Listing Rules) which is subject to reporting and annual review requirements under the Listing Rules.

36. 金融工具分類

於報告期末，各類別金融工具的賬面金額如下：

二零一六年十二月三十一日

金融資產

36. FINANCIAL INSTRUMENT BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

31 December 2016

Financial assets

		貸款及 應收款項 Loans and receivables 人民幣千元 RMB'000	可供出售 Available- for-sale 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
可供出售金融資產	Available-for-sale financial assets	—	1,709,964	1,709,964
貿易及其他應收款項 (不包括預付款)	Trade and other receivables excluding prepayments	704,852	—	704,852
現金及現金等價物	Cash and cash equivalents	2,407,073	—	2,407,073
		3,111,925	1,709,964	4,821,889

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36. 金融工具分類(續)

於報告期末，各類別金融工具的賬面金額如下：(續)

金融負債

借貸	Borrowings	8,280
貿易及其他應付款項(不包括非金融負債)	Trade and other payables excluding non-financial liabilities	533,675
		541,955

二零一五年十二月三十一日

31 December 2015

金融資產

Financial assets

		貸款及 應收款項 Loans and receivables 人民幣千元 RMB'000	可供出售 Available- for-sale 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
可供出售金融資產	Available-for-sale financial assets	—	1,959,280	1,959,280
貿易及其他應收款項 (不包括預付款)	Trade and other receivables excluding prepayments	808,575	—	808,575
現金及現金等價物	Cash and cash equivalents	2,282,370	—	2,282,370
		3,090,945	1,959,280	5,050,225

金融負債

Financial liabilities

借貸	Borrowings	8,280
貿易及其他應付款項(不包括非金融負債)	Trade and other payables excluding non-financial liabilities	456,060
		464,340

按攤銷
成本計算的
其他金融負債
Other financial
liabilities at
amortised cost
人民幣千元
RMB'000

按攤銷
成本計算的
其他金融負債
Other financial
liabilities at
amortised cost
人民幣千元
RMB'000

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37. 報告期結束後事項

自二零一七年一月五日至二零一七年二月二十三日，本公司以總代價人民幣223,864,000元在香港聯交所購買106,602,000股股份，並於二零一七年三月九日註銷了全部該等股份。此外，本公司亦於二零一七年三月九日註銷了30,863,000股庫存股。

38. 比較數據

為了與本年度陳述相一致，某些比較數據進行了重新分類。

39. 本公司財務狀況表

本公司財務狀況表

37. EVENTS AFTER THE REPORTING PERIOD END

From 5 January 2017 to 23 February 2017, the Company purchased 106,602,000 of its shares on the Hong Kong Stock Exchange at a total consideration of RMB 223,864,000 and cancelled all of these shares on 9 March 2017. Besides, the Company also cancelled 30,863,000 treasury shares on 9 March 2017.

38. COMPARATIVE AMOUNT

Certain comparative amounts have been reclassified to confirm with the current year's presentation.

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Statement of Financial Position of the Company

		二零一六年 2016 人民幣千元 RMB'000	二零一五年 2015 人民幣千元 RMB'000
資產	ASSETS		
非流動資產	NON-CURRENT ASSETS		
物業、廠房及設備	Property, plant and equipment	3	3
於附屬公司的投資	Investments in subsidiaries	208,617	208,617
		208,620	208,620
流動資產	CURRENT ASSETS		
貿易及其他應收賬款	Trade and other receivables	472	472
應收附屬公司款項	Amounts due from subsidiaries	6,375,045	5,488,166
現金及現金等價物	Cash and cash equivalents	363,610	243,998
		6,739,127	5,732,636
總資產	TOTAL ASSETS	6,947,747	5,941,256
權益	EQUITY		
股本	Share capital	79,443	85,610
庫存股	Treasury shares	(255)	—
股份溢價	Share premium	4,344,229	5,574,848
資本儲備(i)	Capital reserve (i)	22,608	22,608
保留盈利(i)	Retain earnings (i)	2,428,849	257,627
總權益	TOTAL EQUITY	6,874,874	5,940,693
負債	LIABILITIES		
流動負債	CURRENT LIABILITIES		
貿易及其他應付賬款	Trade and other payables	72,873	563
總負債	TOTAL LIABILITIES	72,873	563
權益及負債總額	TOTAL EQUITY AND LIABILITIES	6,947,747	5,941,256

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For the year ended 31 December 2016

39. 本公司財務狀況表(續)

(i) 本公司儲備概要如下：

		資本儲備 Capital reserve 人民幣千元 RMB'000	保留盈利 Retained earnings 人民幣千元 RMB'000
於二零一五年一月一日	At 1 January 2015	20,130	233,309
年度溢利	Profit for the year	—	304,150
股息(附註30)	Dividends (Note 30)	—	(279,832)
僱員股份獎勵計劃 — 僱員服務價值	Employee share award scheme - value of employee service	2,478	—
於二零一五年十二月三十一日 及二零一六年一月一日	At 31 December 2015 and 1 January 2016	22,608	257,627
年度溢利	Profit for the year	—	2,778,281
股息(附註30)	Dividends (Note 30)	—	(607,059)
於二零一六年十二月三十一日	At 31 December 2016	22,608	2,428,849

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

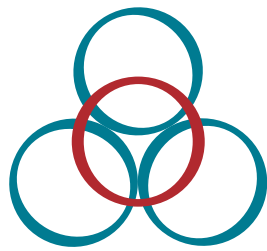
(i) A summary of the Company's reserve is as follows:

40. 批准財務報表

於二零一七年三月二十八日，財務報表由董事會批准及授權發出。

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2017.



四环医药

SihuanPharm

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