



Extrawell Pharmaceutical Holdings Limited 精優藥業控股有限公司

(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: 858

2017 Annual Report 年報



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Corporate Information

公司資料

BOARD OF DIRECTORS

Executive Directors

Dr. XIE Yi (*Chairman and Chief Executive Officer*)
Dr. LOU Yi
Mr. CHENG Yong
Ms. WONG Sau Kuen
Mr. LIU Kwok Wah
Mr. LU Zhiqiang

Independent Non-executive Directors

Mr. FANG Lin Hu
Mr. XUE Jing Lun
Ms. JIN Song

AUDIT COMMITTEE

Mr. FANG Lin Hu (*Chairman*)
Mr. XUE Jing Lun
Ms. JIN Song

REMUNERATION COMMITTEE

Mr. FANG Lin Hu (*Chairman*)
Mr. XUE Jing Lun
Ms. JIN Song
Dr. XIE Yi

NOMINATION COMMITTEE

Dr. XIE Yi (*Chairman*)
Mr. FANG Lin Hu
Mr. XUE Jing Lun
Ms. JIN Song

JOINT COMPANY SECRETARIES

Mr. LIU Kwok Wah
Ms. WONG Sau Kuen

HONG KONG LEGAL ADVISERS

Chiu & Partners Solicitors

INDEPENDENT AUDITORS

East Asia Sentinel Limited
Certified Public Accountants

董事會

執行董事

謝毅博士 (*主席及行政總裁*)
樓屹博士
程勇先生
王秀娟女士
廖國華先生
盧志強先生

獨立非執行董事

方林虎先生
薛京倫先生
金松女士

審核委員會

方林虎先生 (*主席*)
薛京倫先生
金松女士

薪酬委員會

方林虎先生 (*主席*)
薛京倫先生
金松女士
謝毅博士

提名委員會

謝毅博士 (*主席*)
方林虎先生
薛京倫先生
金松女士

聯席公司秘書

廖國華先生
王秀娟女士

香港法律顧問

趙不渝 • 馬國強律師事務所

獨立核數師

衛亞會計師事務所有限公司
執業會計師



REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 2206–08, 22/F
Devon House, Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Asia) Limited
Malayan Banking Berhad
The Bank of East Asia, Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

WEBSITE

<http://www.extrawell.com.hk>

STOCK CODE

The Stock Exchange of Hong Kong Limited: 00858

註冊辦事處

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2 Church Street
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Bermuda

總辦事處及香港主要營業地點

香港
鰂魚涌
英皇道979號
太古坊德宏大廈
22樓2206–08室

主要往來銀行

中國工商銀行(亞洲)有限公司
馬來亞銀行
東亞銀行有限公司

股份過戶登記處總處

Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street
Hamilton HM 11
Bermuda

股份過戶登記處香港分處

卓佳登捷時有限公司
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<http://www.extrawell.com.hk>

股份代號

香港聯合交易所有限公司：00858



Chairman's Statement

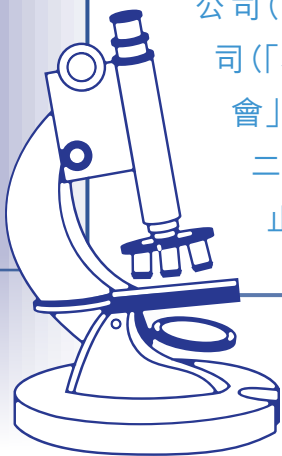
主席報告

DEAR SHAREHOLDERS

On behalf of the board of directors (the "Board") of Extrawell Pharmaceutical Holdings Limited (the "Company") together with its subsidiaries (the "Group"), I am pleased to present the annual report of the Group for the year ended 31 March 2017.

致各位股東：

本人謹代表精優藥業控股有限公司（「本公司」）連同其附屬公司（「本集團」）董事會（「董事會」）欣然提呈本集團截至二零一七年三月三十一日止年度之年報。





Economic and political uncertainties continued to weigh on global growth through 2016. The global economic outlook for 2017 is complicated by geographical risks and uprising of trade protectionism and the hastened pace of U.S. interest rates hikes. China's economic growth edged up to 6.8% in the fourth quarter of 2016, bringing its whole year growth to 6.7%, the slowest in 26 years but within the central government's target range of 6.5% to 7%. However, both global trade and China's economy enter 2017 with decent growth momentum. Though the central government has trimmed the nation's 2017 economic growth target to around 6.5%, the national economy starts a year with steady growth striking 6.9% in the first quarter exhibiting signs of stabilisation between 6.7% and 6.9% for seven consecutive quarters.

China's pharmaceutical industry has experienced tremendous challenges and changes alongside the ongoing healthcare reforms and the rebalancing structural economy under the new normal state. The sustained deepening of the healthcare reform remains a nationwide focus. New policies and regulations have been persistently rolled out, aiming to optimise the regulatory regime thereby making the healthcare system more regulated and complete, whereas the heightened regulatory requirements, inter alia, stricter standards on pharmaceutical circulation through the tendering system and administration in addition to the central government's tightening control on medical expenditure, increase pressure on prices of pharmaceuticals and intensify competition among pharmaceutical enterprises. The frequent rolling out of new policies and measures by the central government in deepening the healthcare reform tend to accelerate the industry consolidation and encourage technological innovation while reshaping the competitive landscape in the industry.

As China's pharmaceutical industry also entered into a new normal state, the industry has witnessed a slower pace of growth. Impacted by the frequent policy changes and challenging regulatory environment, the Group's sales and product gross margins were impacted amid the highly competitive landscape. Despite the Group's manufacturing segment delivered improved performance, segment profit of its trading segment declined substantially as its imported products were more sensitive to the changing market conditions.

The Group's profit for the year attributable to owners of the Company amounted to about HK\$20.8 million as compared to a profit of about HK\$32.8 million of last financial year, representing a decline of about 36.6%.

二零一六年，全球增長繼續受經濟及政治的不明朗因素影響。二零一七年，地區風險猶存，貿易保護主義抬頭，美國加息步伐加快，全球經濟前景尤為複雜。二零一六年第四季度，中國經濟增速提高至6.8%，全年增長6.7%，為26年來最低，但尚在中央政府6.5%至7%的目標範圍內。然而，進入二零一七年，全球貿易及中國經濟的增長勢頭均有所向好。儘管中央政府將中國二零一七年的經濟增長目標下調至約6.5%，國民經濟於第一季度平穩增長6.9%，增速連續七個季度介乎6.7%至6.9%，顯示穩定的增長態勢。

新常態下，伴隨著持續進行的醫療改革及經濟結構調整，中國醫藥行業經歷了嚴峻的挑戰及翻天覆地的變化。深化醫療改革仍是國家重點事項，新政策及法規相繼推出，以期優化監管制度，加強及完善醫療體制監管。然而，監管手段加強，尤其是透過招標系統嚴格控制藥品流通及實施更嚴格藥品管理，加上中央政府嚴控醫療支出，對藥品價格形成壓力，使醫藥企業間的競爭更加激烈。中央政府頻繁推出深化醫療改革的新政策及措施有助於加速行業整合，鼓勵技術創新，同時重塑行業內的競爭格局。

隨著中國醫藥行業進入新常態，行業增長有所放緩。受頻繁的政策變動及嚴峻的監管環境所影響，在競爭異常激烈的環境下，本集團的銷售及產品毛利率亦受到影響。儘管本集團的製造分類表現有所改善，惟由於其進口產品更易受變化市況的影響，其貿易分類的分類溢利大幅減少。

本公司擁有人應佔本集團之年度溢利為約20,800,000港元，較上一個財政年度之溢利約32,800,000港元減少約36.6%。



Chairman's Statement (Continued)

主席報告(續)

In light of the ever-changing, competitive operating environment in which the Group's businesses operate, the Group has been exerting assiduous efforts in adjusting its marketing strategies, tightening cost control and reinforcing internal management so as to enhance operational efficiency while putting additional efforts on developing quality products by leveraging the facilities of the Group's GMP factory in Changchun, with a view to withstanding short-term operating pressures created by the more stringent regulatory requirements and new policies, thereby delivering positive results.

While China's economy will continue to rebalance and the ongoing evolution of the pharmaceutical market will add challenges to the Group's businesses through 2017, the Group believes that China's pharmaceutical market will continue to prosper under the Thirteen Five-Year Plan supported by the central government's continuous commitment to build a moderately prosperous society in all respects. In November 2016, the Ministry of Industry and Information Technology of China issued the Pharmaceutical Industry Development Plan Guidance to support the pharmaceutical industry's development in the next five years, aiming to maintain an annual growth rate over 10%.

Notwithstanding that tough market environment would persist and pose tremendous challenges to the Group in 2017, the Group believes that these impacts will be manageable with the relentless efforts of the Group's dedicated team and positive changes will emerge with the healthcare reform, ultimately fostering the industry to maintain its growth in the long term and bringing opportunities to pharmaceutical enterprises. Further still, as part of the long-term development strategy of the Group and in addition to the Group's investment in the oral insulin project, the Group will continue to explore investment opportunities which will provide impetus and long-term benefits to the Group, with a view to enhancing the Group's corporate value.

On behalf of the Board, I would like to express its appreciation to all those in the Group for their dedicated efforts and contribution to the Group during the past year, and to the shareholders and business partners for their continuous support.

Dr. Xie Yi

Chairman

Hong Kong, 29 June 2017

鑒於本集團業務經營所在營運環境瞬息萬變且競爭激烈，本集團大力調整其市場推廣策略，嚴格控制成本及加強內部管理，以提高經營效率。同時投入額外精力透過利用本集團位於長春的GMP工廠設施發展優質產品，藉此在更嚴格的監管要求及新政策下抵住短期經營壓力，從而帶動正向業績。

儘管二零一七年中國經濟將繼續調整且醫藥市場的持續改革將為本集團業務帶來重重挑戰，本集團相信，在以中央政府持續全面建設小康社會承諾支持的第十三個五年規劃下，中國的醫藥市場將持續蓬勃發展。於二零一六年十一月，中國工業和信息化部發佈醫藥工業發展規劃指南，支持醫藥行業於未來五年的發展，以維持年增長率10%以上為目標。

二零一七年，儘管市場環境依然艱難並可能對本集團形成巨大挑戰，本集團相信，通過本集團勤勉團隊的不懈努力，該等影響尚可管控，且相信醫療改革將帶來正面變化，最終促進行業維持長期增長並為醫藥企業創造機會。另外，作為本集團長期發展策略的一部分，除本集團於口服胰島素項目的投資外，本集團將繼續探索可促進本集團發展並為本集團帶來長期利益的投資機會，從而提升本集團的企業價值。

本人謹代表董事會衷心感謝全體員工於過去一年不懈的努力及對本集團所作的貢獻，及股東與業務夥伴一如既往的支持。

謝毅博士

主席

香港，二零一七年六月二十九日

Management Discussion and Analysis

管理層討論及分析



BUSINESS REVIEW

Overall Performance Review

The global economy recovered slowly and grew at 2.5% only in 2016, which was the year with the lowest growth rate since the financial crisis began in 2009. Yet despite most countries still facing anemic growth, China had a good beginning in its Thirteenth Five-Year Plan (2016–2020) (the “Plan”) with stable growth at 6.7%. The Plan, *inter alia*, outlines priorities and targets with the aim of promoting “Healthy China”, which seeks to enhance the quality and accessibility of healthcare services for the people while rolling out various measures to reform its healthcare system. Against this backdrop, the pharmaceutical industry continued its growth momentum albeit at a slower pace since the launch of reforms in 2009. And after years of deepening healthcare reforms, the market is now highly competitive and more consolidated, causing larger corporations gaining market share of small competitors.

This trend had been accelerating under the frequent reform policies released in 2016, which affected drugs pricing and usage capacity and posed significant challenge to the Group. In the year under review, revenue and gross profit decreased to HK\$107.9 million (2016: HK\$142.2 million) and HK\$43.9 million (2016: HK\$69.3 million) respectively, representing a decrease of about 24.1% and 36.7% as compared with that of last financial year. These were mainly the results of decrease in sales of the imported pharmaceutical products under the trading segment, in spite of having improvement in performance of the Group’s manufacturing segment.

Operating profit before taxation was about HK\$18.9 million (2016: HK\$27.5 million), representing a decrease of about HK\$8.6 million or 31.1%, and when excluding the increase in share of loss in an associate of about HK\$1.3 million, the decrease was about HK\$7.3 million. Such decrease was mainly due to the decrease in gross profit of about HK\$25.4 million with corresponding decrease in selling and distribution expenses of about HK\$10.7 million, the respective increases in effective interest income arising from and loss in fair value changes on investments in convertible bonds of about HK\$9.1 million and HK\$9.4 million, decrease in allowance for trade and other receivables in aggregate of about HK\$5.3 million and a gain on disposal of intangible assets of about HK\$2.8 million.

The Group’s profit for the year attributable to owners of the Company was about HK\$20.8 million, representing a decrease of about HK\$12.0 million when compared to profit of about HK\$32.8 million of last financial year.

業務回顧

整體表現回顧

二零一六年全球經濟緩慢復甦，增長率僅為2.5%，為二零零九年金融危機開始以來最低。然而，儘管大部分國家仍增長乏力，中國在其第十三個五年規劃（二零一六年至二零二零年）（「該規劃」）中取得良好開端，增長率穩定在6.7%。該規劃（其中包括）就推進「健康中國」戰略列出主要任務及目標，致力於為人民提升醫療服務質量及同時推出各項措施改革其醫療制度。在此背景下，醫藥行業繼續其增長勢頭，惟錄得自二零零九年施行改革以來的增速放緩。歷經數年的深化醫療改革，市場現時競爭激烈及更為整固，導致大型企業不斷吞併小型競爭對手的市場份額。

上述趨勢於二零一六年在頻頻出台改革政策的環境下持續加速，對藥品定價及使用能力構成影響，並為本集團帶來重大挑戰。回顧年度內，收益及毛利分別減少至107,900,000港元（二零一六年：142,200,000港元）及43,900,000港元（二零一六年：69,300,000港元），較上一個財政年度下降約24.1%及36.7%。此乃主要因貿易分類之進口藥品的銷售量下降所致，儘管本集團製造分類的表現有所改善。

除稅前經營溢利為約18,900,000港元（二零一六年：27,500,000港元），相當於減少約8,600,000港元或31.1%，若剔除分佔一間聯營公司虧損增加約1,300,000港元，則為減少約7,300,000港元。有關減少主要由於毛利減少約25,400,000港元而銷售及分銷費用相對減少約10,700,000港元，且可換股債券投資產生的實際利息收入及公平值變動虧損分別增加約9,100,000港元及9,400,000港元，貿易應收賬款及其他應收款項撥備總額減少約5,300,000港元及出售無形資產獲得收益約2,800,000港元。

本公司擁有人應佔本集團之年度溢利為約20,800,000港元，較上一個財政年度之溢利約32,800,000港元減少約12,000,000港元。

REVENUE AND OPERATING RESULTS

Imported Pharmaceutical Sector

In the year under review, the segment was hardest hit as the sales of Group's products continued to decline in the second half of the financial year. Revenue and segment profit decreased to about HK\$63.4 million (2016: HK\$99.3 million) and HK\$2.7 million (2016: HK\$16.8 million), representing decrease of HK\$35.9 million and HK\$14.1 million respectively. Such decrease was primarily due to price adjustments for most of the Group's imported products coupled with the drastic drop of sales quantity in skin treatment drugs.

Although the Group's imported products were perceived of premium quality, intensified competition from competing products of local PRC manufacturers in a price-sensitive market impacted sales and gross margin. In response to this challenging market environment, management has focused on streamlining operating efficiency and deploying resources to strengthen its networks with medical professionals in order to increase product awareness and recapture the market share in the long term. Management believes that sales would be back on track with the continuous marketing efforts and more detailed market cultivation and would strive for delivering better results.

Manufactured Pharmaceutical Sector

Amid challenging market environment, the performance in the year under review was a strong start where revenue growth compensated the sales lost from the closure of JECP's manufacturing plant last year that accounted for more than one-third of the revenue line. Sustained with the growth momentum in the first half of the year and bolstered by increased production, revenue increased to about HK\$44.5 million (2016: HK\$42.9 million), representing an increase of HK\$1.6 million or 3.7%. This reflected management's efforts on expanding new distribution channels to increase market share with competitive pricing by leveraging the benefit of lowering manufacturing costs. However, gross margin decreased slightly by 1.0% as the advantage of increased production was partly offset by product price reduction in order to cope with intensified market competition.

收益及經營業績

進口藥品業務

回顧年度內，由於本集團的產品銷售於財政年度下半年持續下滑，此分類遭受最大重創。收益及分類溢利分別減少至約63,400,000港元(二零一六年：99,300,000港元)及2,700,000港元(二零一六年：16,800,000港元)，相當於減少35,900,000港元及14,100,000港元。有關減少主要由於本集團大部分進口產品的價格調整及皮膚治理藥品銷售量大幅下跌所致。

儘管本集團進口產品被視為極高質量，惟在價格敏感的市場中，中國本土製造商具競爭力的產品已令競爭加劇，並對銷售及毛利率構成影響。面對此充滿競爭的市場環境，管理層已致力於提高經營效率及配置資源，強化其與醫療專才之網絡，繼而從長遠上提高產品知名度及收復市場份額。管理層相信，在持續的市場推廣及更細分的市場培育的努力下，銷售將重返軌道，並將爭取更好的業績。

自產藥品業務

儘管市場充滿挑戰，回顧年內表現有強勁啟始，收益增長彌補了去年吉林精優關閉生產廠房的銷售損失，該廠房佔收益線超過三分之一。鑒於上半年的增長勢頭延續及受產量增加所推動，收益增加至約44,500,000港元(二零一六年：42,900,000港元)，相當於增加1,600,000港元或3.7%。此反映出管理層努力擴展新分銷渠道，利用製造成本下降帶來的裨益，以具競爭力的定價提高市場份額。然而，由於產量增加的優勢部分被產品價格降低以應對加劇的市場競爭所抵銷，毛利率輕微下降1.0%。



REVENUE AND OPERATING RESULTS (Continued)

Manufactured Pharmaceutical Sector (Continued)

In addition to the disciplines on enhancing productivity and improving operating efficiency, management had focused on risk management measures for creditability of customers with the aim of limiting the credit exposure. As a result, segment loss reduced from about HK\$20.2 million to HK\$12.0 million, representing an improvement of HK\$8.2 million or 40.4%. Such improvement was mainly due to decrease in allowance for bad and doubtful debts.

With enhanced production capabilities and assured product quality, the GMP compliant factory in Jiu Tai, Changchun has established a clear pathway for sustainable growth in future. From a position of increased competitiveness, management would continue focusing on enhancing productivity, operating efficiency and risk management with the aim of delivering better performance.

Gene Development Sector

During the year, gene development remained inactive and no revenue was recorded.

Interest in an Associate

The Group regards its 49% equity interest in Smart Ascent Limited ("Smart Ascent", together with its subsidiaries, the "Smart Ascent Group") a potential investment for the Group in light of enormous market arising from the growing diabetic population in the PRC. The Group anticipates that the project team of oral insulin will exert additional efforts in expediting the development of the oral insulin and keep the project on track. The directors of the Company are of the view that the success of the oral insulin project could bring impetus to the Group.

The Group notes that the major asset held by the Smart Ascent Group is the intangible asset in relation to an in-process research and development project ("In-process R&D") involving an oral insulin product ("Product"). In view of the nature of the intangible asset in relation to the In-process R&D, the Group in making the assessments as to the recoverable amount of the In-process R&D, has engaged an independent qualified valuer, Roma Appraisals Limited ("Valuer") in conducting a valuation as to the fair value of the interest in the associate.

收益及經營業績(續)

自產藥品業務(續)

除堅持增強產能及提高經營效率外，管理層已著重針對客戶的信貸能力實施風險管理措施，以限制信貸風險。因此，分類虧損由約20,200,000港元下降至12,000,000港元，相當於改善8,200,000港元或40.4%。有關改善主要由於呆壞賬撥備減少所致。

憑藉增強的產能及有保證的產品質量，長春九台的GMP合規工廠已為日後的可持續增長建立清晰的發展道路。隨著競爭力的提升，管理層將繼續專注於增強產能、經營效率及風險管理，以創造更好的成績。

基因開發業務

於本年度，基因開發業務仍未開展，故並無錄得任何收益。

於一間聯營公司之權益

鑒於中國糖尿病人群不斷增長而產生的市場巨大，本集團視其於進生有限公司（「進生」，連同其附屬公司稱為「進生集團」）之49%股權為本集團之潛力投資。本集團預期口服胰島素的項目團隊將投入更多精力加快口服胰島素的開發工作，令項目步入正軌。本公司董事認為口服胰島素項目的成功可為本集團注入新的動力。

本集團注意到，進生集團所持之主要資產為有關進行中之研發項目（「進行中之研發」）的無形資產，當中涉及口服胰島素產品（「產品」）。鑒於有關進行中之研發的無形資產性質，本集團在就進行中之研發之可收回金額進行評估時已委聘獨立合資格估值師羅馬國際評估有限公司（「估值師」）就於聯營公司之權益之公平值進行估值。



REVENUE AND OPERATING RESULTS (Continued)

Interest in an Associate (Continued)

The asset-based approach was adopted in the valuation of the fair value of the Group's interest in the associate in order to ascertain the recoverable amount of the In-process R&D, which was determined based on value in use calculation using cash flow projections prepared by the management of the Smart Ascent Group. In calculating value in use, certain key assumptions were adopted, in which the estimated cash inflows derived from budgeted sales and gross margin were based on the expectation for the market development, and which included the regulatory approvals from the relevant government bodies (in particular, the granting of the certificate of new medicine and pharmaceutical manufacturing permit for the Product by China Food and Drug Administration of the PRC) to launch the Product by end of 2019. The recoverable amount of the interest in the associate is determined based on share of the estimated fair value of the In-process R&D after taking into account the lack of control discount.

As a minority shareholder of Smart Ascent, in the coordination with Innovative Pharmaceutical Biotech Limited ("Innovative Pharm"), the 51% shareholder of Smart Ascent, the Group is given to understand that Innovative Pharm will inject additional resources into clinical trial of the In-process R&D and consolidate the effort of the project team of oral insulin in order to facilitate its development, and the assumption to launch the Product by end of 2019 is the best estimate by the Smart Ascent Group, having regard to the progress of the In-process R&D.

The directors of the Company having considered, inter alia, reasonableness of assumptions used for preparation of forecasts and the valuation conducted by the Valuer, are of the view that the valuation has been prepared on a fair and reasonable basis. As the recoverable amount of the Group's interest in the associate is estimated to be higher than its carrying amount in the valuation and the directors of the Company, having considered the prevailing market conditions, do not identify any indication on the carrying amount of interest in the associate as at 31 March 2017 may need to be impaired, therefore considered that no impairment is necessary as at 31 March 2017.

The Group will continue to closely coordinate with Innovative Pharm in actively monitoring the progress of the oral insulin project with a view to facilitating successful and early launch of the Product to the market. In addition, the Group will continue to perform impairment assessment on the carrying amount of the interest in the associate in accordance with Hong Kong Accounting Standard 36 "Impairment of Assets" if there is any impairment indication that may need to be impaired.

收益及經營業績 (續)

於一間聯營公司之權益 (續)

為確定進行之研發之可收回金額，在本集團於聯營公司之權益之公平值進行估值時採納資產法，而進行之研發之可收回金額乃使用進生集團管理層編製之現金流量預測根據使用價值計算釐定。計算使用價值時須採納若干主要假設，其中根據預算銷售額及毛利率計算之估計現金流入乃基於對市場發展之預期，而假設包括於二零一九年年底前取得有關政府監管部門批准(尤其是中國食品藥品監督管理總局就產品授出新藥證書及藥品生產許可證)以推出產品。於聯營公司之權益之可收回金額乃根據應佔進行之研發之估計公平值並經計及無控制權之折讓後釐定。

作為進生之少數股東，在與領航醫藥及生物科技有限公司(「領航醫藥」，擁有進生51%股權之股東)協作中，本集團了解到，領航醫藥將投入額外資源至進行之研發之臨床試驗並整合口服胰島素項目團隊以促進其發展，及於二零一九年年底前推出產品的假設乃進生集團經考慮進行之研發之進展後的最佳估計。

經考慮(其中包括)編製預測所使用假設之合理性及估值師進行之估值，本公司董事認為估值乃按公平合理基準編製。由於估值中本集團於聯營公司之權益之可收回金額估計高於其賬面值且經考慮當前市況，本公司董事並無發現任何跡象顯示於聯營公司之權益於二零一七年三月三十一日之賬面值可能須作出減值，故認為於二零一七年三月三十一日毋須作出減值。

本集團將繼續與領航醫藥緊密協作，積極監察口服胰島素項目的進展情況，以促使產品成功及提早推向市場。此外，倘出現可能須作出減值之任何減值跡象，本集團將根據香港會計準則第36號「資產減值」繼續就於聯營公司權益之賬面值進行減值評估。



REVENUE AND OPERATING RESULTS (Continued)

Other income and gains and losses, net

Other income and gains and losses, net were in total a gain of about HK\$42.4 million (2016: HK\$34.2 million), which increased by about HK\$8.2 million or 24.0%. The increase was primarily attributable to investments in convertible bonds in which its effective interest income increased by about HK\$9.1 million but levelled off by its increase in loss on change in fair value of its derivative component of about HK\$9.4 million, decrease in allowance for trade and other receivables of about HK\$5.3 million, gain on disposal of intangible assets of about HK\$2.8 million.

Selling and Distribution Expenses

Selling and distribution expenses of the Group decreased to about HK\$31.7 million (2016: HK\$42.4 million), representing a decrease of HK\$10.7 million or 25.2%. The decrease was the result of decrease in sales.

Administrative Expenses

Total administrative expenses were about HK\$27.2 million (2016: HK\$27.4 million), representing a decrease of about HK\$0.2 million. However, when excluding the one-time expense of about HK\$0.9 million for closure costs of JECF's manufacturing operation as included in the corresponding year, there was an increase of about HK\$0.7 million or 2.6%, which mainly related to higher staff costs following the increase in headcount and salary adjustments.

OUTLOOK

Against the backdrop of geopolitical uncertainties, the World Bank has recently released its forecast on global economic growth at 2.7% in 2017. Both global trade and China's economy show a decent momentum going into 2017. In light of mounting demands, in particular, driven by combined factors of accelerated aging population, growing chronic diseases and improving standard of living in China, the opportunity from the pharmaceutical market is huge despite the multiple challenges brought by the deepening healthcare reforms. Although the industry has undergone unprecedented changes under the reforms, the prospect is affirmative and expected to grow parallel during the 5-year period under the Thirteen Five-Year Plan.

收益及經營業績(續)

其他收入及收益及虧損淨額

其他收入及收益及虧損淨額合計錄得收益約42,400,000港元(二零一六年: 34,200,000港元), 增加約8,200,000港元或24.0%, 主要歸因於可換股債券投資(其實際利息收入增加約9,100,000港元, 惟被其衍生工具部分公平值變動虧損增加約9,400,000港元所抵銷)、貿易及其他應收款項撥備減少約5,300,000港元及出售無形資產獲得收益約2,800,000港元。

銷售及分銷費用

本集團的銷售及分銷費用減少至約31,700,000港元(二零一六年: 42,400,000港元), 相當於減少10,700,000港元或25.2%。此減少乃由於銷售下降所致。

行政費用

行政費用總額為約27,200,000港元(二零一六年: 27,400,000港元), 相當於減少約200,000港元。然而, 若剔除相關年度吉林精優製造業務關閉成本之一次性費用約900,000港元, 行政費用總額增加約700,000港元或2.6%, 其主要與員工人數增加及薪金調整帶來的員工成本上漲有關。

前景

在地緣政治充滿不確定性的背景下, 世界銀行近期發佈其對二零一七年全球經濟增長的預測(增長率為2.7%)。邁入二零一七年, 全球貿易及中國經濟均顯現出不錯的增長勢頭。鑒於需求日益增加, 尤其是受多項因素所推動, 如人口老齡化加速、慢性疾病增多及中國的生活水平不斷提高, 儘管深化醫療改革帶來重重挑戰, 醫藥市場仍蘊藏著巨大的商機。在該等改革下, 業界正經歷前所未有的變動, 惟前景仍然向好, 且預期於第十三個五年規劃下的五年期間將取得均衡發展。

Management Discussion and Analysis (Continued)

管理層討論及分析 (續)

To confront with the competitive threats in the context of decline in revenue and margin squeeze caused by pricing pressure and regulatory compliance, the Group will deploy resources to reinforce and strengthen the competitive advantages of its quality products with the aim of increasing revenue and gaining market share, and at the same time, the Group will continue to enhance the performance of its segments through more flexible marketing strategies and tighter cost controls. Further, the Group will keep a close watch on the investment opportunities with a view to enhancing its corporate value.

Despite the rising challenges that the Group currently encounters, the outlook remains cautiously positive. The Group will take the challenges as an opportunity to adjust its business model and align its capabilities for sustainable and profitable growth in future.

FINANCIAL REVIEW

Liquidity and Financial Resources

It is the Group's strategy to manage its financial resources conservatively by maintaining a healthy level of cash flows to meet all its financial commitments when they fall due. The Group generally finances its operations with internally generated cash flow and banking facilities.

As at 31 March 2017, the Group had total cash and bank balances (including pledged bank deposits) of about HK\$238.0 million (2016: HK\$201.1 million), representing an increase by approximately 18.4%.

The Group did not have bank borrowings during the year but had banking facilities on trade finance, which were supported by the pledge of the Group's fixed deposits of about HK\$20.2 million (2016: HK\$20.1 million) and corporate guarantees from the Company and certain subsidiaries of the Company. In general, there is no significant seasonality fluctuation on trade finance requirement of the Group.

The Group's total borrowing over total assets ratio as at 31 March 2017 was 0.047 (2016: 0.043), calculated based on the Group's total assets of about HK\$1,172.7 million (2016: HK\$1,160.9 million) and total debts of about HK\$55.0 million (2016: HK\$49.5 million), comprising convertible bonds of about HK\$35.2 million (2016: HK\$29.7 million) and amount due to an associate of HK\$19.8 million (2016: HK\$19.8 million).

為應對定價壓力及監管合規引致的收益下降及利潤收窄等競爭威脅，本集團將配置資源鞏固及增強其優質產品的競爭優勢，以提高收益及搶佔市場份額，與此同時，本集團將繼續透過更靈活的市場推廣策略及收緊成本控制改善其分類表現。此外，本集團將密切留意投資機遇，務求提升其企業價值。

儘管本集團目前面對的挑戰越來越多，本集團對其前景仍維持謹慎樂觀態度。本集團將以挑戰為契機，以調整其業務模式及使其可持續發展能力與未來盈利增長能力並行。

財務回顧

流動資金及財務資源

本集團之策略為透過將現金流量維持於穩健水平審慎地管理其財務資源，以確保所有財務承擔可如期償還。本集團一般以內部產生之現金流量及銀行信貸為其營運提供資金。

於二零一七年三月三十一日，本集團有現金及銀行結餘總額(包括已抵押銀行存款)約238,000,000港元(二零一六年：201,100,000港元)，相當於增加約18.4%。

本集團於年內並無任何銀行借款，惟貿易融資之銀行信貸乃以本集團之定期存款約20,200,000港元(二零一六年：20,100,000港元)及由本公司與本公司若干附屬公司提供之公司擔保作抵押。一般而言，本集團之貿易融資需求並無重大季節性波動。

於二零一七年三月三十一日，本集團之總借款與總資產之比率為0.047(二零一六年：0.043)，乃按本集團之總資產約1,172,700,000港元(二零一六年：1,160,900,000港元)及總債項約55,000,000港元(二零一六年：49,500,000港元)，包括可換股債券約35,200,000港元(二零一六年：29,700,000港元)及應付一間聯營公司款項19,800,000港元(二零一六年：19,800,000港元)計算。



Foreign Exchange Exposure

Save for certain purchases are denominated in Euros, the Group's business transactions, assets and liabilities are principally denominated in Hong Kong dollars, United States dollars and Renminbi. The Group manages the foreign currency exposure by closely monitoring the foreign currency movements and may purchase foreign currencies at spot rate, when and where appropriate for meeting its payment obligation. No hedge on foreign currencies was made during the year but the Group will use financial instruments for hedging purpose when considered appropriate.

Employment and Remuneration Policy

As at 31 March 2017, the Group had 238 employees (2016: 220). Staff costs (including directors' emoluments) for the year ended 31 March 2017 amounted to approximately HK\$26.8 million (2016: approximately HK\$22.6 million), which was mainly due to increase in headcount and salary adjustments.

The Group remunerates its employees based on industry practices. Its staff benefits, welfare and statutory contributions, if any, are made in accordance with prevailing labour laws of its operating entities.

On 24 August 2012, shareholders of the Company had approved the adoption of a share option scheme (the "Scheme"), which became effective on 29 August 2012 after obtaining approval from the Listing Committee of the Stock Exchange and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The Scheme will enable the Group to reward the employees, the directors and other selected participants for their contribution to the Group and will also assist the Group in its recruitment and retention of high caliber professionals, executives and employees who are instrumental to the growth of the Group.

From the effective date of the Scheme to 31 March 2017, no share option has been granted under the Scheme.

外匯風險

除部分採購是以歐元計價外，本集團之業務交易、資產及負債主要以港元、美元及人民幣列值。本集團以密切監察外幣波動及可適時購買即期外匯以履行付款責任等措施進行外匯風險管理。本集團於年內並無進行外幣對沖活動，然而，本集團在認為合適時，將會以金融工具作風險對沖用途。

僱傭和薪酬政策

於二零一七年三月三十一日，本集團共聘用238名僱員(二零一六年：220名)。截至二零一七年三月三十一日止年度的員工成本(包括董事薪酬)為約26,800,000港元(二零一六年：約22,600,000港元)，主要由於員工增加及薪資調整所致。

本集團乃根據行業慣例向僱員支付薪酬。其員工利益、福利和法定供款(如有)乃按照其營運實體所適用之現行勞動法實行。

於二零一二年八月二十四日，本公司股東已批准採納一項購股權計劃(「該計劃」)，於獲得聯交所上市委員會批准後，該計劃已於二零一二年八月二十九日生效，除非以其他方式取消或修訂，否則將自該日起十年內維持有效。

該計劃將讓本集團可獎勵為本集團作出貢獻的僱員、董事及其他經挑選之參與者，亦有助本集團招聘及挽留有利本集團增長的優秀專才、主管及僱員。

自該計劃的生效日期至二零一七年三月三十一日止，概無根據該計劃授出購股權。



Directors and Senior Management Profile

董事及高層管理人員簡介

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Dr. Xie Yi Ph.D. (aged 54)

Chairman, Chief Executive Officer and Executive Director

Dr. Xie Yi is a professor of School of Life Sciences in Fudan University and is one of the founders of United Gene group of companies in the PRC. Being a scientist with significant breakthroughs in human genome research, Dr. Xie is responsible for research and development and management of United Gene group and is the vice chairman and chief executive officer of United Gene Holdings Limited in the PRC.

Dr. Xie is currently the chairman and chief executive officer of the Company responsible for the strategic planning and development and the overall management of the Group. He is also an executive director and chairman of Changchun Extrawell Pharmaceutical Co., Ltd., a 73% owned subsidiary of the Company established in the PRC, and an executive director of certain members of the Group.

Dr. Lou Yi Ph.D. (aged 59)

Executive Director

Dr. Lou Yi obtained a doctoral degree in medicine and conducted his postdoctoral research in clinical study at Shanghai Second Medical University (now renamed as School of Medicine, Shanghai Jiaotong University) and industrial economy at Fudan University. Dr. Lou had been a director and general manager of Shanghai Biochip Co. Ltd. and as a director and deputy general manager of General Technology Group Pharmaceutical Holdings, Ltd. in the PRC. Dr. Lou was also a non-executive director of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd., a company listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), from June 2004 to June 2006. Dr. Lou is currently a director and general manager of various companies owned by Dr. Xie Yi and Dr. Mao Yumin, former chairman and executive director.

董事及高層管理人員簡介

執行董事

謝毅博士(五十四歲)

主席、行政總裁及執行董事

謝毅博士，為復旦大學生命科學學院教授，並為中國聯合基因集團公司創始人之一。作為在人類基因研究中作出突破性進展的科學家，謝博士負責聯合基因集團的研發工作及管理事務，並擔任中國聯合基因控股有限公司之副董事長及行政總裁。

謝博士現為本公司之主席兼行政總裁，負責本集團之策略規劃及發展以及整體管理。彼亦為長春精優藥業股份有限公司（於中國成立並由本公司擁有73%權益之附屬公司）之執行董事及董事長，同時亦擔任本集團旗下若干成員公司之執行董事。

樓屹博士(五十九歲)

執行董事

樓屹博士持有醫學博士學位，曾經在上海第二醫科大學（現為上海交通大學醫學院）從事臨床醫學博士後研究，亦曾在復旦大學從事產業經濟學博士後研究。樓博士曾擔任上海生物芯片有限公司之董事兼總經理，亦曾在中國擔任通用技術集團醫藥控股有限公司之董事兼副總經理。於二零零四年六月至二零零六年六月期間，樓博士曾在上海復旦張江生物醫藥股份有限公司（一間於香港聯合交易所有限公司（「聯交所」）創業板上市之公司）擔任非執行董事。樓博士目前於由謝毅博士及毛裕民博士（前任主席兼執行董事）所擁有之多間公司兼任董事和總經理職務。



BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

Executive Directors (Continued)

Mr. Cheng Yong (aged 54)

Executive Director

Mr. Cheng Yong is a practicing pharmacist in the PRC. Mr. Cheng obtained his Master of Pharmacology from Second Military Medical University in the PRC. He has been engaged in pharmacology and research study for over ten years and has extensive experience in the aspects of research and drug development. Since 2001, he has been working in the capacity of director and general manager for various companies owned by Dr. Xie Yi and Dr. Mao Yumin, former chairman and executive director. Mr. Cheng is currently a director of two PRC subsidiaries of Innovative Pharmaceutical Biotech Limited (formerly known as United Gene High-Tech Group Limited), a company listed on the Stock Exchange.

Ms. Wong Sau Kuen (aged 54)

Executive Director

Ms. Wong Sau Kuen joined the Group in May 2008 as assistant to the Board and was appointed as director in October 2008. Ms. Wong has more than 20 years of experience in both the commercial and industrial sectors including the PRC pharmaceutical market. Ms. Wong has extensive experience in areas of business administration and internal control. She is currently the Authorised Representative of the Company.

Ms. Wong has been appointed as the joint company secretary of the Company with effect from 8 January 2014.

Mr. Liu Kwok Wah (aged 55)

Executive Director

Mr. Liu Kwok Wah joined the Company in November 2008 as the company secretary and financial controller and was appointed as executive director in December 2013. Mr. Liu has become the joint company secretary with effect from 8 January 2014. Mr. Liu is a fellow member of the Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants. Mr. Liu holds a Master's degree in Business Administration from The Open University of Hong Kong and has more than 20 years of experience in accounting and financial management. Prior to joining the Company, he had worked for international accounting firms and several listed companies in Hong Kong.

董事及高層管理人員簡介(續)

執行董事(續)

程勇先生(五十四歲)

執行董事

程勇先生為一名中國執業藥劑師。程先生自中國第二軍醫大學取得藥理學碩士學位。彼從事藥理學及研究逾十年，並於研究及藥物開發方面擁有豐富經驗。自二零零一年起，彼於由謝毅博士及毛裕民博士(前任主席兼執行董事)所擁有之多間公司擔任董事及總經理職務。程先生目前為聯交所上市公司領航醫藥及生物科技有限公司(前稱為聯合基因科技集團有限公司)之兩間中國附屬公司之董事。

王秀娟女士(五十四歲)

執行董事

王秀娟女士於二零零八年五月加盟本集團擔任董事會助理，並於二零零八年十月獲委任為董事。王女士於工商業領域擁有逾二十年經驗，當中包括中國醫藥市場。王女士具有豐富的商業管理及內部監控經驗。彼目前為本公司之授權代表。

自二零一四年一月八日起，王女士獲委任為本公司聯席公司秘書。

廖國華先生(五十五歲)

執行董事

廖國華先生於二零零八年十一月加入本公司，擔任公司秘書及財務總監，並於二零一三年十二月獲委任為執行董事。廖先生已為聯席公司秘書，自二零一四年一月八日起生效。廖先生為英國特許公認會計師公會之資深會員及香港會計師公會之會員。廖先生持有香港公開大學工商管理碩士學位及擁有逾20年會計及財務管理經驗。於加入本公司前，彼曾於國際會計師事務所及多間香港上市公司就職。



Directors and Senior Management Profile (Continued)

董事及高層管理人員簡介(續)

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

Executive Directors (Continued)

Mr. Lu Zhiqiang (aged 42)

Executive Director

Mr. Lu Zhiqiang was appointed as executive director of the Company in January 2017. Mr. Lu holds a Master Degree of Business Administration from Central State University of the United States of America, a Bachelor Degree of Engineering and a Bachelor Degree of Industry from Nanchang Hangkong University of the PRC. Mr. Lu attended the program of a Master of Science Degree in International Purchasing & Supply Chain Management organised by Audencia NANTES.Ecole de Management. Mr. Lu is experienced in corporate management and investment. He is currently an executive director and chief executive officer of Hong Kong Life Sciences and Technologies Group Limited (stock code: 8085) whose shares are listed on the Growth Enterprise Market ("GEM") of the Stock Exchange. He was a non-executive director of Lamtex Holdings Limited (formerly known as China New Energy Power Group Limited) (stock code: 1041) from 29 October 2014 to 9 July 2015 and an executive director of Global Energy Resources International Group Limited (stock code: 8192) from 28 November 2014 to 2 September 2016, the shares of these two companies are listed on the Main Board and GEM of the Stock Exchange respectively.

Independent Non-executive Directors

Mr. Fang Lin Hu (aged 79)

Independent Non-executive Director

Mr. Fang Lin Hu was a professor in Fudan University, ex-vice chancellor of the Fudan University (overseeing technology industrialisation and utilisation matters), a member of National Information Technology Education and Electronic Education Advisory Committee and vice faculty head of the Physics Faculty of Fudan University, dean of the Electronic Engineering Faculty, and the director of Micro-electronic Research Institute. Mr. Fang retired in 2000. Currently, he is the vice chairman of the Shanghai Senior Professor Association and a vice president of Shanghai Retired Education Workers Association. Mr. Fang has performed research in the area of microwave theory and technology. He is a well-recognised scientist who has extensive experience in scientific research and management. Mr. Fang was appointed as an independent non-executive director in 2001.

董事及高層管理人員簡介(續)

執行董事(續)

盧志強先生(四十二歲)

執行董事

盧志強先生於二零一七年一月獲委任為本公司執行董事。盧先生持有美國中央城大學頒授之工商管理學碩士學位及中國之南昌航空大學頒授之工程學士學位及工業工程學士學位。盧先生曾修讀法國南特歐當斯亞高等商業管理學院舉辦之國際採購及供應鏈管理之理學碩士學位課程。盧先生擁有豐富的企業管理和投資經驗。彼現為香港生命科學技術集團有限公司(股份代號：8085)之執行董事兼行政總裁，該公司股份於聯交所創業板(「創業板」)上市。彼自二零一四年十月二十九日至二零一五年七月九日期間擔任林達控股有限公司(前稱中國新能源動力集團有限公司，股份代號：1041)之非執行董事，並自二零一四年十一月二十八日至二零一六年九月二日期間擔任環球能源資源國際集團有限公司(股份代號：8192)之執行董事，該兩家公司的股份分別於聯交所主板及創業板上市。

獨立非執行董事

方林虎先生(七十九歲)

獨立非執行董事

方林虎先生曾任復旦大學教授、復旦大學前副校長(主管科技工業化及應用事宜)，彼曾兼任國家教委信息與電子學科教學指導委員會委員，並曾任復旦大學物理系副主任、電子工程系主任及微電子學研究所所長職務。方先生在二零零零年退休，現任上海市老教授協會副會長及上海市退休教育工作者協會副理事長。方先生在電子與資訊技術領域進行深入研究，具有豐富的科學研究與管理經驗，為卓有聲望之科學家。方先生於二零零一年獲委任為獨立非執行董事。



BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

Independent Non-executive Directors

Mr. Xue Jing Lun (aged 83)

Independent Non-executive Director

Mr. Xue Jing Lun was the chief professor of Fudan University, a guest professor of the Second Military Medical University of China, Tongji Medical University and Shantou University, chairman of Chinese Environmental Mutagen Association, a director of International Environmental Mutagen Association, and a committee member of the China Genetic Engineering Society. Mr. Xue retired in April 2007. The research team led by Mr. Xue gained international recognition in the area of gene therapy and transgenic animal research. Mr. Xue has been granted a number of national awards for merits in scientific research and is an internationally recognised genetic scientist. Mr. Xue was appointed as an independent non-executive director in 2001.

Ms. Jin Song (aged 46)

Independent Non-executive Director

Ms. Jin Song holds a diploma in engineering from Broadcasting University in Shandong Province and a diploma in business from Fudan University. She is a member of the Chinese Institute of Certified Public Accountants ("CICPA") and passed all the professional examinations held by CICPA in 2001. Ms. Jin has over 20 years' experience in accounting in different industries. Ms. Jin was appointed as an independent non-executive director in 2004.

Senior Management

Dr. Wen Ming (aged 56)

Head of Research and Development

Dr. Wen Ming joined the Group in 1992. He is responsible for overseeing the regulatory affairs, research & development, and the registration of the Group's products, and the marketing and promotion aspects of the Group's imported pharmaceutical business. Dr. Wen graduated with a bachelor's degree in medical science from the Guangzhou Medical College and obtained a master's degree in medical science from Sun Yat Sen University of Medical Sciences (now renamed as the Sun Yat Sen University). Prior to joining the Group, Dr. Wen worked in a hospital of Sun Yat Sen University as the chief physician for ten years.

董事及高層管理人員簡介(續)

獨立非執行董事(續)

薛京倫先生(八十三歲)

獨立非執行董事

薛京倫先生曾任復旦大學首席教授，兼任國內第二軍醫大學、同濟醫科大學及汕頭大學等校客座教授、中國環境誘變劑學會理事長、國際環境誘變劑學會理事及中國遺傳工程學學會理事等職務。薛先生在二零零七年四月退休。薛先生領導的研究小組在基因治療、轉基因動物研究等領域獲得國際矚目的成就。薛先生多次獲得國家的重大科研獎項，是一位具有國際聲望的遺傳學家。薛先生於二零零一年獲委任為獨立非執行董事。

金松女士(四十六歲)

獨立非執行董事

金松女士持有山東廣播電視大學工程學專科文憑和復旦大學國際貿易專科文憑，彼亦為中國註冊會計師協會(「中國註冊會計師協會」)會員，並且於二零零一年取得中國註冊會計師協會考試全科合格證。金女士於多個行業會計方面擁有逾二十年之經驗。金女士於二零零四年獲委任為獨立非執行董事。

高層管理人員

溫明醫生(五十六歲)

研究及發展總監

溫明醫生於一九九二年加盟本集團。其主要職務為負責本集團產品之規管事宜、研究及開發以及註冊事務，並負責本集團進口藥品業務之市場及推廣事務。溫醫生畢業於廣州醫學院，並取得醫科學士學位及於中山醫科大學(現稱為中山大學)取得醫學碩士學位。溫醫生在加入本集團前曾任中山大學附屬醫院之主治醫生達十年。



Directors and Senior Management Profile (Continued)

董事及高層管理人員簡介(續)

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

Senior Management (Continued)

Mr. Gong Youlu (aged 48)

General Manager of Changchun Extrawell Pharmaceutical Co., Ltd. ("CEP") and Jilin Extrawell Changbaishan Pharmaceutical Co., Ltd. ("JECP")

Mr. Gong Youlu joined the Group in 2011. Mr. Gong is responsible for the overall management and operations of CEP and JECP. He has over 20 years' experience in the pharmaceutical manufacturing sector. Mr. Gong holds a Bachelor of Engineering degree from Taiyuan Mechanical College (now known as North University of China) and a Master's degree in Business Administration from Jilin University, China. Prior to joining the Group, he had held the position of general manager for pharmaceutical manufacturing enterprises in the PRC for over 10 years.

Ms. Wu Hong (aged 45)

Group Senior Finance Manager

Ms. Wu Hong, a qualified accountant in the PRC, joined the Group in 1995 and is responsible for all the Group's financial matters in the PRC. She graduated from Jiangsu Television Broadcast University, majoring in Foreign Trading Accounting. Before joining the Group, she worked with a joint venture company in the PRC.

Mr. Huang Wenda (aged 40)

Financial Controller of CEP and JECP

Mr. Huang Wenda joined the Group in 2004. Mr. Huang is responsible for financial control and financial management of the operations of CEP and JECP and currently also serves as secretary to the board handling corporate secretarial matters of CEP and JECP. He has accumulated experience of over 10 years in financial management of pharmaceutical manufacturing enterprises. Prior to joining the Group, he worked with manufacturing enterprises in the PRC.

董事及高層管理人員簡介(續)

高層管理人員(續)

龔有祿先生(四十八歲)

長春精優藥業股份有限公司(「長春精優」)及吉林精優長白山藥業有限公司(「吉林精優」)總經理

龔有祿先生於二零一一年加入本集團。龔先生負責長春精優及吉林精優之整體管理及營運。彼於製藥行業領域擁有逾二十年經驗。龔先生畢業於太原機械學院(現稱中北大學)，取得工學學士學位，並於吉林大學取得工商管理碩士學位。在加入本集團前，彼已在國內製藥企業擔任總經理職務逾十年。

吳紅女士(四十五歲)

集團高級財務經理

吳紅女士，中國合資格會計師，於一九九五年加入本集團，負責本集團在中國之所有財務事宜。彼畢業於江蘇省廣播電視大學，主修外貿會計。在加入本集團前，吳女士曾於一家中外合資公司工作。

黃文達先生(四十歲)

長春精優及吉林精優財務總監

黃文達先生於二零零四年加入本集團。黃先生負責長春精優及吉林精優營運的財務控制及財務管理工作，現時並兼擔任董事會秘書處理長春精優及吉林精優的公司秘書事務。彼在製藥企業財務管理方面累積了逾十年經驗。在加入本集團前，彼曾於國內的製造企業工作。

Corporate Governance Report

企業管治報告

A. CORPORATE GOVERNANCE PRACTICES

Corporate Governance

The Group recognises the importance of achieving and monitoring the high standard of corporate governance consistent with the need and requirements of its business and the best interest of all of its shareholders. The Group is fully committed to doing so.

In the opinion of the directors, the Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report (“Code Provisions”) as set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). During the year ended 31 March 2017, the Company had adopted and applied the Code Provisions, except for certain deviations as set out below.

Code Provisions A.1.3 and A.7.1 stipulate that 14-day notice should be given for each regular board meeting and that in respect of regular meetings, and as far as practicable in all other cases, an agenda and accompanying board papers should be sent in full to all directors in a timely manner and at least 3 days before the intended date of a board or board committee meeting (or other agreed period). The Company agrees that sufficient time should be given to the directors in order to make a proper decision. In these respects, the Company adopts a more flexible approach (and yet sufficient time has been given) in convening board meetings to ensure efficient and prompt management decisions could be made.

Code Provision A.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same person. Dr. Xie Yi has served as the Chairman and Chief Executive Officer of the Company. However, the Company believes that there is adequate balance of power and authority in place though vesting the roles of both chairman and chief executive officer in the same person as all major decisions of the Company are made in consultation with members of the Board.

A. 企業管治常規

企業管治

本集團認同達致及監控高水平企業管治之重要性，務求符合商業需要及規定以及其全體股東之最佳利益。本集團承諾竭盡所能達致高水平之企業管治。

董事認為，本公司已遵守香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄十四所載的企業管治守則及企業管治報告內之守則條文（「守則條文」）。於截至二零一七年三月三十一日止年度，本公司已採納及應用守則條文，惟下列若干偏離者除外。

守則條文第A.1.3及A.7.1條規定須就每次董事會例會發出十四日通知，且須就例會（及只要所有其他情況切實可行時）適時向全體董事寄發全部議程及相關會議文件，並至少在計劃舉行董事會或其轄下委員會會議日期的三日前（或其他協定時間內）送出。本公司同意須給予董事充足時間以作出適當決策。就此而言，本公司採用一個更靈活之方法（亦會給予充足時間）召開董事會會議，以確保作出具有效率及快速明智之管理層決策。

守則條文第A.2.1條規定主席及行政總裁之角色應分開，且不應由同一人兼任。謝毅博士擔任本公司之主席兼行政總裁。然而，由於本公司所有主要決策均於諮詢董事會成員後作出，故本公司相信，即使由同一人兼任主席及行政總裁，亦足以維持權力與權限之平衡。

A. CORPORATE GOVERNANCE PRACTICES (Continued)

Corporate Governance (Continued)

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The Company deviates from this Code Provision as the independent non-executive directors (“INEDs”) are not appointed for specific terms. According to the bye-laws of the Company, however, the INEDs are subject to retirement and re-election. The reason for the deviation is that the Company believes that the directors ought to be committed to representing the long-term interest of the Company’s shareholders.

Code Provision A.4.2 stipulates that every director should be subject to retirement by rotation at least once every three years. According to the bye-laws of the Company, one-third of the directors shall retire from office by rotation provided that the Chairman, Deputy Chairman or Managing Director shall not be subject to retirement by rotation. The Company’s bye-laws deviate from the Code Provision. The Company considers that the continuity of the Chairman/Deputy Chairman/Managing Director and their leadership are essential for the stability of the business and key management. The rotation methodology ensures a reasonable continuity of directorship which is to the best interest of the Company’s shareholders.

Code Provision A.4.2 also stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. According to the bye-laws of the Company, any director so appointed shall hold office only until the next annual general meeting. The Company’s bye-laws deviate from the Code Provision. However, the Company believes that it is in the best interest of the Company’s shareholders to transact this ordinary course of business in the annual general meeting.

The Company will continue to review and monitor the situation as stated above, and to improve the practices as and when the circumstances demand.

A. 企業管治常規(續)

企業管治(續)

守則條文第A.4.1條規定非執行董事應按特定任期委任，並須接受重選。本公司偏離此守則條文，原因是獨立非執行董事（「獨立非執董」）並非按特定任期委任。然而，根據本公司之公司細則，獨立非執董須退任及重選。此項偏離之原因為本公司相信董事應為本公司股東之長遠利益而作出承擔。

守則條文第A.4.2條規定每名董事應最少每三年輪值退任一次。根據本公司之公司細則，三分之一在任董事須輪值退任，惟主席、副主席或董事總經理毋須輪值退任。本公司之公司細則偏離守則條文。本公司認為主席／副主席／董事總經理之連任及彼等之領導對業務及主要管理層之穩定性非常重要。輪值方法可確保董事合理連任，從而符合本公司股東之最佳利益。

守則條文第A.4.2條亦規定所有獲委任填補臨時空缺之董事須於獲委任後的首屆股東大會上由股東選舉。根據本公司之公司細則，任何獲委任之董事任期僅直至下次股東週年大會為止。本公司之公司細則偏離守則條文。然而，本公司相信於股東週年大會處理此日常事務符合本公司股東之最佳利益。

本公司將繼續審閱及監控上述情況，如情況需要，將會對有關常規作出改善。

B. DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the directors, the directors have complied with the required standard set out in the Model Code throughout the accounting period covered by the annual report.

C. BOARD OF DIRECTORS

As at the date of this annual report, the board of directors (the "Board") comprises six executive directors and three INEDs as follows:

Executive Directors

Dr. Xie Yi (*Chairman and Chief Executive Officer*)
 Dr. Lou Yi
 Mr. Cheng Yong
 Ms. Wong Sau Kuen
 Mr. Liu Kwok Wah
 Mr. Lu Zhiqiang

Independent Non-executive Directors

Mr. Fang Lin Hu
 Mr. Xue Jing Lun
 Ms. Jin Song

Save as disclosed, there is no other relationship (including financial, business, family or other material/relevant relationship) among the members of the Board.

B. 董事進行之證券交易

本公司已採納上市規則附錄十所載之上市發行人董事進行證券交易的標準守則(「標準守則」)作為本公司董事買賣本公司證券之操守守則。經向董事作出特定查詢後，董事於本年報所涵蓋之會計期間內均一直遵照標準守則所載之規定準則。

C. 董事會

於本年報刊發日期，董事會(「董事會」)由六名執行董事及三名獨立非執董組成，成員如下：

執行董事

謝毅博士(主席及行政總裁)
 樓屹博士
 程勇先生
 王秀娟女士
 廖國華先生
 盧志強先生

獨立非執行董事

方林虎先生
 薛京倫先生
 金松女士

除披露者外，董事會成員之間並無任何其他關係(包括財務、業務、家族或其他重大／相關關係)。

C. BOARD OF DIRECTORS (Continued)

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances. The management is delegated with the authority and responsibility by the Board for the day-to-day management of the Group. Major corporate matters that are specifically delegated by the Board to the management include the preparation of interim and annual reports and announcements for the Board's approval before publishing, execution of business strategies and initiatives adopted by the Board, implementation of adequate internal control systems and risk management procedures, and compliance with relevant statutory and regulatory requirements and rules and regulations.

Each of the INEDs has complied with the provisions set out in Rule 3.13 of the Listing Rules and the Company also considers that they are independent under the Listing Rules. Of the three INEDs, Ms. Jin Song has appropriate accounting or related financial management experience as required under Rule 3.10(2) of the Listing Rules.

During the year ended 31 March 2017, four Board meetings and an annual general meeting of the Company were held, and the attendance records of each director at the respective meetings are set out in the table below:

Name of Director	董事姓名	Number of attendance	
		Board Meeting 董事會	General Meeting 股東大會
Dr. Xie Yi	謝毅博士	4/4	1/1
Dr. Lou Yi	樓屹博士	4/4	1/1
Mr. Cheng Yong	程勇先生	4/4	1/1
Ms. Wong Sau Kuen	王秀娟女士	4/4	1/1
Mr. Liu Kwok Wah	廖國華先生	4/4	1/1
Mr. Lu Zhiqiang*	盧志強先生*	1/4	0/1
Mr. Fang Lin Hu	方林虎先生	4/4	1/1
Mr. Xue Jing Lun	薛京倫先生	4/4	1/1
Ms. Jin Song	金松女士	4/4	1/1

* appointed on 27 January 2017

C. 董事會(續)

董事會負責領導及監控本公司，並監督本集團之業務、策略決策及表現。董事會授予管理層權力及責任以監管本集團之日常管理。董事會特別授予管理層權力處理之主要企業事宜包括編製中期及年度報告及公告，以於刊發前提交董事會批准、實施董事會所採納之業務策略及措施、推行充足之內部監控制度及風險管理程序，並遵守有關法定和監管規定、規則與法規。

各獨立非執董已遵守上市規則第3.13條所載之條文，而本公司亦認為根據上市規則，彼等均屬獨立。三名獨立非執董當中，金松女士具備上市規則第3.10(2)條所規定之適當會計或相關財務管理經驗。

截至二零一七年三月三十一日止年度，本公司曾舉行四次董事會會議及一次股東週年大會，而各董事於相關會議之出席率載列於下表：

* 於二零一七年一月二十七日獲委任

C. BOARD OF DIRECTORS (Continued)

In addition, a meeting was held between the Chairman and all INEDs (except Ms. Jin Song's sickness absence) without the presence of executive directors during the financial year.

The Company has arranged appropriate directors' and officers' liability insurance for members of the Board and officers in order to protect legal claims against their lawful discharge of duties in relation to the Group's business.

D. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Dr. Xie Yi serves as the Chairman and Chief Executive Officer of the Company. This is a deviation from Code Provision A.2.1, which requires the roles of chairman and chief executive officer should be separate and should not be performed by the same person. As all major decisions of the Company are made in consultation with members of the Board, the Company believes that there is adequate balance of power and authority in place though vesting the roles of both chairman and chief executive officer in the same person.

E. NON-EXECUTIVE DIRECTORS

Pursuant to Code Provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election and, pursuant to Code Provision A.4.2, every director shall retire by rotation at least once every three years. None of the INEDs of the Company is appointed for a specific term and according to the bye-laws of the Company, one-third of the directors (except for the Chairman) shall retire from office by rotation and become eligible for re-election. The reason for the deviation is that the Company believes that the directors ought to be committed to representing the long-term interest of the Company's shareholders and the rotation methodology ensures a reasonable proportion of directors in continuity which is to the best interest of the Company's shareholders.

C. 董事會(續)

此外，主席亦曾於財政年度內在執行董事不在場的情況下與全體獨立非執董(金松女士因病缺席除外)舉行一次會議。

本公司已為董事會成員及高級職員安排合適之董事及高級職員責任保險，以為彼等就本集團業務依法履職過程中產生的法律申訴提供保障。

D. 主席及行政總裁

謝毅博士擔任本公司主席及行政總裁。此不符合守則條文第A.2.1條要求主席及行政總裁之角色應該分開，且不應由同一人士出任之規定。由於本公司所有主要決策均經董事會成員磋商後作出，故本公司相信，即使由同一人兼任主席及行政總裁，亦足以維持權力與權限之平衡。

E. 非執行董事

根據守則條文第A.4.1條，非執行董事應按特定任期委任，並重選連任，而根據守則條文第A.4.2條，每名董事應最少每三年輪值退任一次。本公司之獨立非執董並非按特定任期委任，而根據本公司之公司細則，三分之一的董事(主席除外)須輪值退任，並符合資格重選連任。此項偏離之原因為本公司相信董事應為本公司股東之長遠利益而作出承擔，而輪值方法可確保董事按合理比例連任，從而符合本公司股東之最佳利益。

E. NON-EXECUTIVE DIRECTORS (Continued)

The function of the INEDs includes but not limited to participating in Board meetings and meetings of committees to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct, and the written terms of reference for their functions in the respective committees; namely Nomination Committee, Remuneration Committee and Audit Committee are available on the websites of the Stock Exchange and the Company.

F. NOMINATION COMMITTEE

The Nomination Committee consists of four members including, Dr. Xie Yi (Chairman), Chief Executive Officer and Chairman of the Board, and all INEDs, namely Mr. Fang Lin Hu, Mr. Xue Jing Lun and Ms. Jin Song.

The major role and function of the Nomination Committee are to formulate and implement the policy for nominating candidates for election by shareholders, and to assess the independence of non-executive directors.

The Board has adopted a Board Diversity Policy and the Nomination Committee will help implement and monitor the policy. To enhance the effectiveness of the Board, selection of candidates will be based on a range of perspectives, including but not limited to, gender, age, cultural and educational background, professional experience, skills and length of service. The Nomination Committee will review and discuss the measurable objectives for Board diversity on an annual basis and will make recommendation to the Board for its consideration and approval.

The Nomination Committee held two meetings during the year ended 31 March 2017, and all members had attended the meetings to review the structure, size and composition of the Board, assess the independence of INEDs, consider and make recommendation to the Board for the appointment of Mr. Lu Zhiqiang as executive director.

E. 非執行董事(續)

獨立非執董之職責包括但不限於參加董事會會議及委員會會議，以就有關策略、政策、表現、問責性、資源、主要委任及操守準則等事宜作出獨立判斷，而其於各委員會之書面職權範圍，包括提名委員會、薪酬委員會和審核委員會，均載於聯交所及本公司網站。

F. 提名委員會

提名委員會由四名成員組成，包括行政總裁兼董事會主席謝毅博士(主席)以及全體獨立非執董(分別為方林虎先生、薛京倫先生及金松女士)。

提名委員會的主要角色及功能是制定及實施有關提名董事人選供股東選任之政策，及評核非執行董事之獨立性。

董事會已採納一套董事會成員多元化政策，提名委員會將協助實施並監督該政策。為提高董事會的效率，挑選人選將基於多項因素，包括但不限於性別、年齡、文化及教育背景、專業經驗、技能及服務年期。提名委員會將每年審閱及討論董事會多元化之可計量目標，並將提出建議以供董事會考慮及批准。

提名委員會於截至二零一七年三月三十一日止年度曾舉行兩次會議，全體成員均已出席該會議以檢討董事會之架構、人數及組成，評核獨立非執董之獨立性，考慮委任盧志強先生為執行董事並就此向董事會作出推薦建議。

G. REMUNERATION COMMITTEE

The Company has established a Remuneration Committee with specific terms of reference, which state clearly its authority and duties. It advises the Board on the remuneration of the directors and senior management of the Company.

In line with good and fair practice, members of the Remuneration Committee consist of the three INEDs, namely Mr. Fang Lin Hu (Chairman), Mr. Xue Jing Lun, Ms. Jin Song, and Dr. Xie Yi.

During the year ended 31 March 2017, three meetings were held and attendance of each director is set out as follows:

Name of Director	董事姓名	Number of attendance	出席次數
Mr. Fang Lin Hu	方林虎先生	3/3	3/3
Mr. Xue Jing Lun	薛京倫先生	3/3	3/3
Ms. Jin Song	金松女士	3/3	3/3
Dr. Xie Yi	謝毅博士	3/3	3/3

The emoluments of the directors are reviewed and recommended by the Remuneration Committee and/or decided by the Board as authorised by the shareholders at the annual general meeting according to the directors' respective responsibilities, individual performance and prevailing market conditions. The Company has also adopted a share option scheme as an incentive to the directors and the senior management. The Board conducts regular review of the remuneration policy and structure of the directors and senior management which will take into account the prevailing market condition and the responsibility of individual members. During the year ended 31 March 2017, the Remuneration Committee reviewed and approved the remuneration packages (including directors' fees) of the directors and made recommendation to the Board for considerations and approval.

G. 薪酬委員會

本公司已成立薪酬委員會，並制定其特定職權範圍，清楚列明其權力及職責。薪酬委員會負責就本公司董事及高層管理人員之薪酬向董事會提供意見。

為配合良好及公平之慣例，薪酬委員會之成員包括三名獨立非執董（分別為方林虎先生（主席）、薛京倫先生、金松女士）及謝毅博士。

截至二零一七年三月三十一日止年度，曾舉行三次會議，各董事之出席率載列如下：

根據董事各自的責任、個別表現及當時市況，董事薪酬由薪酬委員會檢討及建議及／或由董事會經股東於股東週年大會上之授權而作出決定。本公司亦已採納購股權計劃作為對董事及高層管理人員之鼓勵。董事會會定期因應當時市況及個別成員之職責，對董事及高層管理人員之薪酬政策以及架構作出檢討。截至二零一七年三月三十一日止年度，薪酬委員會已審閱及批准董事薪酬待遇（包括董事袍金），並向董事會提供建議以供考慮及批准。

G. REMUNERATION COMMITTEE (Continued)

Directors' emoluments and the five highest paid individuals for the year ended 31 March 2017 are disclosed in notes 12 and 13 respectively to the consolidated financial statements. Emoluments of senior management whose profiles are disclosed in the section "Directors and Senior Management Profile" but not included in the note as the five highest paid individuals, fell within the following band:

		Number of individuals 人數	
		2017 二零一七年	2016 二零一六年
Emolument band HK\$ Nil to HK\$1,000,000	酬金範圍 零港元至1,000,000港元	3	4

H. AUDIT COMMITTEE

The Company has established an Audit Committee with specific terms of reference that have included the duties which are set out in Code Provision C.3.3 with appropriate modification when necessary.

The major role and function of the Audit Committee are to ensure the maintenance of proper relationship with the Company's auditors, the establishment of proper review and control arrangements relating to risk management and internal control systems, financial reporting and the compliance to applicable reporting requirements.

G. 薪酬委員會(續)

截至二零一七年三月三十一日止年度之董事酬金及五位最高薪酬人士分別於綜合財務報表附註12及13內披露。高層管理人員(其履歷披露於「董事及高層管理人員簡介」一節)酬金不包括於該附註內作為五位最高薪酬人士，而其酬金屬於下列範圍：

H. 審核委員會

本公司已成立審核委員會，並列出其特定職權範圍，有關職權範圍已包括守則條文第C.3.3條所載(於必要時作出適當修訂)之職責。

審核委員會之主要職責及功能是確保與本公司之核數師維持良好關係，及就風險管理及內部監控制度、財務報告及遵守適用報告規定作出適當審閱及監管安排。

H. AUDIT COMMITTEE (Continued)

The current members of the Audit Committee are Mr. Fang Lin Hu (Chairman), Mr. Xue Jing Lun and Ms. Jin Song. During the year ended 31 March 2017, three meetings were held and attendance of each director is set out as follows:

Name of Director	董事姓名	Number of attendance	出席次數
Mr. Fang Lin Hu	方林虎先生	3/3	3/3
Mr. Xue Jing Lun	薛京倫先生	3/3	3/3
Ms. Jin Song	金松女士	3/3	3/3

The Audit Committee reviewed the half yearly and full year consolidated financial statements, including the Group's adopted accounting principles and practices, risk management and internal control systems with internal audit function and financial reporting matters (in conjunction with the external auditors for the annual results). The Audit Committee endorsed the accounting treatments adopted by the Company and, to the best of its ability assured itself that the disclosures of the financial information in this report comply with the applicable accounting standards and Appendix 16 of the Listing Rules.

I. AUDITORS' REMUNERATION

An analysis of remuneration in respect of audit and non-audit services provided by East Asia Sentinel Limited for the year ended 31 March 2017 is as follows:

		HK\$'000
		千港元
Audit services	審核服務	760

H. 審核委員會(續)

審核委員會之現有成員為方林虎先生(主席)、薛京倫先生及金松女士。截至二零一七年三月三十一日止年度，曾舉行三次會議，各董事之出席率載列如下：

審核委員會已審閱半年度及全年綜合財務報表，包括本集團所採納之會計原則及慣例、風險管理及內部監控制度(設有內部審核功能)及財務報告事宜，並就年度業績聯同外聘核數師一同審閱。審核委員會贊同本公司所採取之會計處理方法，並已盡力確保本報告披露之財務資料符合適用之會計準則及上市規則附錄十六。

I. 核數師酬金

截至二零一七年三月三十一日止年度，就衛亞會計師事務所有限公司提供審核及非審核服務之酬金分析如下：

J. FINANCIAL REPORTING

The directors of the Company acknowledged their responsibility for preparing the consolidated financial statements of the Group in accordance with the requirements of the Listing Rules and applicable statutory requirements and accounting standards. The Group had adopted the going concern basis in preparing its financial statements.

A statement by the auditors of the Company about their reporting responsibilities is set out in the “Independent Auditors’ Report” on pages 53 to 56 of this annual report.

K. RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for overseeing on an ongoing basis and ensuring that sound and effective risk management and internal control systems are maintained within the Group in order to safeguard the Group’s assets and the interests of the Company’s shareholders. These systems are designed under the framework of a defined management structure with specified limits of authority and control responsibilities to manage rather than to eliminate the risk of failure to achieve business objectives and help to provide reasonable assurance against material misstatement or loss.

The Audit Committee is delegated with authorities to assist the Board to fulfill its oversight role over the systems by reviewing and evaluating on a regular basis the effectiveness and adequacy of the Company’s financial controls, risk management and internal control systems (the “Systems”). During the year ended 31 March 2017, the Audit Committee, after taking into consideration the size of the Group’s activities and operations, had adopted a risk-based approach in identifying the scope for review for its business units. The review was conducted by the Group’s risk management and internal audit function independent of the business unit, which covered appraisal of the Systems by conducting physical counts of assets, walkthroughs and tests on operating procedures. Audit findings and recommendations were reported to the Audit Committee and the senior management. The Audit Committee and the Board satisfied the result of the review and concluded that the key areas of the Systems are reasonably and adequately implemented to their satisfaction.

J. 財務報告

本公司董事確認彼等按照上市規則規定及根據適用法定要求及會計準則編製本集團綜合財務報表之責任。本集團已採納持續經營基準編製其財務報表。

本公司核數師就其報告責任所作出聲明載於本年報第53至56頁之「獨立核數師報告」。

K. 風險管理及內部監控

董事會負責持續監督及確保於本集團內維持一個健全且有效之風險管理及內部監控制度，以保障本集團之資產及本公司股東之利益。該等制度乃於界定管理架構框架下設計，具備特定的職權範圍及監控職責，旨在管理而非消除未能實現業務目標的風險並協助提供針對重大錯誤闡述或缺失的合理保證。

審核委員會獲授權力透過定期審閱及評估本公司之財務監控、風險管理及內部監控制度（「該等制度」）是否有效及足夠以協助董事會履行其對該等制度之監管角色。截至二零一七年三月三十一日止年度，經考慮本集團業務及營運之規模後，審核委員會已採納風險為本法以確定其業務單位的審閱範疇。有關審閱乃由本集團獨立於業務單位的風險管理及內部審核職能進行，其中涵蓋透過實地清點資產、對經營流程進行的走查及測試評估該等制度。審核發現及推薦建議向審核委員會及高級管理層匯報。審核委員會及董事會信納審閱結果，並總結該等制度的主要領域獲合理及充分執行。

K. RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

With respect to handling and dissemination of inside information (the "Information"), the Group is aware of its obligations under the Listing Rules, the Securities and Futures Ordinance and the guiding principle that when the Information comes to the Group's attention it should be properly disclosed as soon as practicable. In this regard, the Group has adopted an inside information disclosure policy (the "Policy") in 2013 with the aim of preventing the disclosure of premature Information and ensuring shareholders and the public are provided with full, accurate and timely Information about the activities, performance and financial condition of the Group. The Policy covers the procedures as to (i) maintain the confidentiality of Information, such as identification of project by using code name, dissemination on a need-to-know basis and (ii) identify, assess and monitor the dissemination of Information. The Audit Committee and the Board consider that the procedures are effective in discharging the Group's obligations in respect of the Information.

K. 風險管理及內部監控(續)

就處理及發佈內幕消息(「資料」)而言，本集團知悉其於上市規則、證券及期貨條例及指引原則項下的責任，即倘本集團知悉資料，應在實際可行情況下盡快妥為披露有關資料。就此而言，本集團已於二零一三年採納內幕消息披露政策(「該政策」)，旨在防止資料遭提前披露及確保股東及公眾就本集團活動、表現及財務狀況獲提供完整、準確和及時的資料。該政策涵蓋有關以下各項的程序：(i)保持資料機密性，如使用代號識別項目、按須知基準發佈及(ii)識別、評估及監察資料分發。審核委員會及董事會認為該等程序在本集團履行有關資料的責任方面屬有效。

L. DIRECTORS' CONTINUOUS TRAINING AND DEVELOPMENT

Directors are encouraged to participate in continuous professional development in order 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 ended 31 March 2017, the directors were briefed and updated with written materials on the latest development regarding the Listing Rules and other applicable legal and regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices. In addition, the Company had organised an in-house training seminar for the directors, which was conducted by qualified professional covering topics of regulatory development and directors' responsibilities with training materials provided. Directors are also encouraged to attend outside seminars and talks organised by professional bodies to enrich their knowledge in discharging their duties as a director. All directors have participated in continuous professional development by attending training courses and/or referring materials on the topics related to corporate governance and regulations:

An induction including briefings on the Group's operations and corporate governance practices, company policies and procedures, was provided for Mr. Lu Zhiqiang, the newly appointed director.

Executive Directors

Dr. Xie Yi	Attending in-house training course and self-study
Dr. Lou Yi	Attending in-house training course and self-study
Mr. Cheng Yong	Attending in-house training course and self-study
Ms. Wong Sau Kuen	Attending in-house training course and outside seminars/talks conducted by professional bodies and self-study
Mr. Liu Kwok Wah	Attending in-house training course and outside seminars/talks conducted by professional bodies and self-study
Mr. Lu Zhiqiang	Attending in-house training course and self-study

L. 董事的持續培訓及發展

本公司鼓勵董事進行持續的專業進修，以發展及更新彼等的知識及技能。此舉能確保彼等繼續在掌握全面資訊及切合所需的情況下向董事會作出貢獻。

截至二零一七年三月三十一日止年度，董事獲得有關上市規則及其他不時適用的法律及監管規定最新發展的簡報及最新書面資料，以確保彼等遵守及更為注意到良好的企業管治常規。此外，本公司亦為董事舉辦內部培訓研討會，該研討會由合資格專業人士進行，涵蓋法規發展及董事責任，並向參加者提供培訓材料。本公司亦鼓勵董事參加由專業組織舉辦的外界研討會及講座，以增加彼等在履行董事職務方面的知識。所有董事已透過參加培訓課程及／或參考有關企業管治及法規的資料進行持續的專業進修：

本公司已向新委任董事盧志強先生提供入職培訓，包括就本集團營運及企業管治常規、公司政策及程序作簡報。

執行董事

謝毅博士	參加內部培訓課程及自修
樓屹博士	參加內部培訓課程及自修
程勇先生	參加內部培訓課程及自修
王秀娟女士	參加內部培訓課程及由專業組織舉辦的外界研討會／講座及自修
廖國華先生	參加內部培訓課程及由專業組織舉辦的外界研討會／講座及自修
盧志強先生	參加內部培訓課程及自修

L. DIRECTORS' CONTINUOUS TRAINING AND DEVELOPMENT (Continued)**Independent Non-executive Directors**

Mr. Fang Lin Hu	Attending in-house training course and self-study
Mr. Xue Jing Lun	Attending in-house training course and self-study
Ms. Jin Song	Self-study

M. JOINT COMPANY SECRETARIES

Mr. Liu Kwok Wah and Ms. Wong Sau Kuen are joint company secretaries of the Company and each has taken no less than 15 hours of relevant professional training during the year ended 31 March 2017.

N. Communication with Shareholders

The Company believes the value of maintaining open communication with and providing current and relevant information to its shareholders, and uses a number of channels to disseminate information to shareholders through:

- (1) the Stock Exchange's website (www.hkexnews.hk)
- (2) the Company's website (www.extrawell.com.hk)
- (3) corporate information in printed forms such as annual and interim reports, circulars and explanatory materials
- (4) annual general meeting
- (5) the Company's Hong Kong Branch Share Registrar, Tricor Tengis Limited in respect of share registration and related matters

L. 董事的持續培訓及發展(續)**獨立非執行董事**

方林虎先生	參加內部培訓課程及自修
薛京倫先生	參加內部培訓課程及自修
金松女士	自修

M. 聯席公司秘書

廖國華先生及王秀娟女士為本公司聯席公司秘書，並各自確認於截至二零一七年三月三十一日止年度已參與不少於15小時的相關專業培訓。

N. 與股東之溝通

本公司相信保持與其股東公開溝通以及向彼等提供現有及相關資料的價值，並透過利用以下多個溝通渠道以向股東傳達資料：

- (1) 聯交所網站(www.hkexnews.hk)
- (2) 本公司網站(www.extrawell.com.hk)
- (3) 公司資料印刷本(例如年度及中期報告、通函及說明資料)
- (4) 股東週年大會
- (5) 本公司之股份登記處香港分處卓佳登捷時有限公司，處理股份登記及相關事宜

N. COMMUNICATION WITH SHAREHOLDERS (Continued)

The annual general meeting of the Company provides a useful forum for shareholders to exchange views with the Board. The Board members, in particular, Chairman of the Board as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee (or their delegates) will make themselves available at the annual general meetings to meet shareholders and answer their enquiries.

O. SHAREHOLDERS' RIGHTS

Convening a Special General Meeting

Section 74 of the Companies Act 1981 of Bermuda stipulates that the directors shall, on the requisition of shareholders holding not less than one-tenth of such of the paid-up capital of the Company, forthwith proceed duly to convene a special general meeting of the Company. The requisition must state the purposes of the meeting, and must be signed by the relevant requisitionists and deposited at the registered office of the Company. If the directors do not within twenty-one days from the date of the 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 months from the said date.

Putting forward Proposals at General Meetings

Section 79 of the Companies Act 1981 of Bermuda stipulates that the Company shall, on the requisition in writing by either any number of shareholders representing not less than one-twentieth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company or not less than 100 shareholders, (a) give to shareholders entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting, and (b) circulate to these shareholders a written 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 that meeting.

N. 與股東之溝通(續)

本公司之股東週年大會為股東提供一個與董事會交流意見之有效平台。董事會成員，特別是董事會主席以及提名委員會、薪酬委員會和審核委員會的主席(或其代表)將出席股東週年大會，與股東見面並回答彼等的詢問。

O. 股東權利

召開股東特別大會

百慕達《一九八一年公司法》第74條規定董事應按持有不少於本公司已繳足股本十分之一的股東請求書的請求，立刻安排召開本公司股東特別大會。請求書須列明會議目的，並須由相關呈請人簽署及遞交至本公司註冊辦事處。倘董事在請求書遞呈日期起計二十一日期內，未有妥為安排召開大會，則該等呈請人或任何佔全體呈請人總投票權一半以上之呈請人，則可自行召開大會，惟任何如此召開之大會均不能於上述日期起計三個月屆滿後舉行。

於股東大會上提呈決議案

百慕達《一九八一年公司法》第79條規定本公司應按持有有權於本公司股東大會投票之本公司繳足股本不少於二十分之一之任何數目股東，或不少於100名股東的書面要求：(a)向有權接收下一屆股東週年大會通告之股東發出通知，以告知任何可能於該大會上正式動議及擬於會上動議之決議案，及(b)向該等股東傳閱不超過1,000字之書面陳述書，以告知於該大會上提呈之決議案所述事宜或將處理之事項。

O. SHAREHOLDERS' RIGHTS (Continued)**Putting forward Proposals at General Meetings (Continued)**

Section 80 of the Companies Act 1981 of Bermuda stipulates that the written requisition as signed by the requisitionists must be deposited at the registered office of the Company with a sum reasonably sufficient to meet the Company's expenses in giving effect thereto not less than six weeks before the meeting in case of a requisition requiring notice of a resolution and not less than one week before the meeting in case of any other requisition.

Enquiries to the Board

Shareholders may send their enquiries and suggestions to the Board by mail to the Company's principal place of business at Suites 2206-08, 22/F, Devon House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong.

P. CONSTITUTIONAL DOCUMENTS

There were no changes in the Company's constitutional documents during the year ended 31 March 2017.

O. 股東權利(續)**於股東大會上提呈決議案(續)**

百慕達《一九八一年公司法》第80條規定由呈請人簽署之書面呈請須送交本公司註冊辦事處，且呈請須在不少於(倘為須發送決議案通知之呈請)大會舉行前至少六星期或(倘為任何其他呈請)大會舉行前至少一星期遞交，並須支付足以合理彌補本公司開支之款項。

向董事會提交查詢

股東如有任何查詢及建議，可致函本公司主要營業地點予董事會，地址為香港鰂魚涌英皇道979號太古坊德宏大廈22樓2206-08室。

P. 組織章程文件

截至二零一七年三月三十一日止年度，本公司之組織章程文件概無任何變動。

Environmental, Social and Governance Report

環境、社會及管治報告

1. INTRODUCTION

As a member of the global business community, the Group recognises the importance of sustainable development. This first Environmental, Social and Governance Report (the “ESG”), covering the period from 1 April 2016 to 31 March 2017 (the “Period”), has been prepared in accordance with the “Environmental, Social and Governance Reporting Guide” under Appendix 27 of the Listing Rules. The ESG report herein sets out the practices and various works of the Group in environmental and social aspects, and the governance is separately reported on pages 34 to 41.

2. ENVIRONMENTAL ASPECTS

The Group recognises the importance of environmental sustainability and is committed to regularly reviewing, implementing and monitoring its environmental practices and measures from time to time with the aim of operating effectively and responsibly to protect the environment. Each business segment manages the environmental impacts of emissions caused by its activities and complies with the applicable environmental laws, prevention and control regulations in which it operates.

2.1 Emissions

The Group’s major lines of business are trading and manufacturing segments. The trading segment engages in the marketing and distribution of imported pharmaceutical products, which does not have material impact on the environment in term of emissions.

As to the manufacturing segment with a factory in Changchun, China, the Group has established an “Environmental Protection, Occupational Health and Safety Management Committee” (the “Committee”) to lead the management of environmental protection as well as to foster a safe and healthy work environment. The Committee includes staff members who are professionally qualified with relevant permits recognised by the authorities to administrate and monitor the works.

1. 緒言

作為全球商業界的一員，本集團認同可持續發展的重要性。涵蓋二零一六年四月一日至二零一七年三月三十一日期間（「本期間」）的首份環境、社會及管治（「環境、社會及管治」）報告乃根據上市規則附錄27項下的「環境、社會及管治報告指引」編製。本年報內的環境、社會及管治報告載列本集團在環境及社會方面的常規及各項工作，而相關管治則單獨呈報於第34頁至第41頁。

2. 環境方面

本集團認同環境可持續性的重要性，並致力於定期審閱、執行及監察其不時之環境常規及措施，旨在有效及負責任地經營，藉以保護環境。各業務分部管理因其活動產生的排放對環境影響並遵守其經營所在地區的適用環境法律、預防及監控法規。

2.1 排放

本集團的主要業務線為貿易及製造分類。貿易分類從事推廣及分銷進口醫藥產品，在排放方面對環境並無重大影響。

對於中國長春的製造分類，本集團已成立「環境保護、職業健康及安全管理委員會」（「委員會」）以領導環境保護管理以及營造安全及健康的工作環境。委員會包括員工成員，彼等具備專業資格並具由獲相關部門認可的許可以管理及監察有關工作。

2. ENVIRONMENTAL ASPECTS (Continued)

2.1 Emissions (Continued)

The Committee has formulated policies to ensure its strict compliance with the environmental requirements under the relevant laws and regulations such as the Environmental Protection Law (《環境保護法》), the Water Pollution Prevention and Control (《水污染防治法》) and Prevention and Control of Air Pollution (《大氣污染防治法》). During the Period, the factory handled its major emissions in the following manner:

2.1(a) Solid waste management

The factory has implemented procedures to ensure proper storage and disposal of various hazardous wastes generated from the production process, which are handled in accordance with the requirements of relevant rules and regulations. In particular, the factory has engaged waste management services provided by contractors as designated by Jilin Province Environmental Protection Office for hazardous waste disposal.

2.1(b) Wastewater management

The factory has built its own waste water treatment facilities with daily capacity of 400 tons to treat the wastewater from its production processes before discharge. To monitor and control the discharge, the factory has worked jointly with local environmental monitoring stations and third-party inspection units to ensure wastewater emission has complied with the standards.

2.1(c) Waste gas emission management

During the year, the factory installed a desulfurisation tower to ensure levels of emission including sulfur dioxide, nitrogen oxides, flue gas and others are in compliance with the standards. The tower is functioning well and levels of emission are significantly lower than the lower limit of the national emission requirements.

During the Period, the factory did not breach the above laws and regulations in relation to the emissions.

2. 環境方面(續)

2.1 排放(續)

委員會制定政策以保證嚴格遵守相關法律及法規(如《環境保護法》、《水污染防治法》及《大氣污染防治法》)項下的環保規定。於本期間，工廠乃按以下方式處理主要排放物：

2.1(a) 固體廢棄物管理

工廠已執行相關程序以妥為儲存及處理生產過程中產生的各類有害廢棄物，其乃根據相關規則及法規的規定進行處理。尤其是，工廠已委聘吉林省環保廳指定的承包商提供的廢棄物管理服務進行有害廢棄物處理。

2.1(b) 廢水管理

工廠已建立自身日處理量為400噸的廢水處理設施用以於排放前處理其生產過程產生的廢水。為監察及監控有關排放，工廠已與當地的環境監察站及第三方檢測單位合作以確保廢水排放符合標準。

2.1(c) 廢氣排放管理

於年內，工廠安裝了脫硫塔以確保排放水平(包括二氧化硫、一氧化氮、廢氣及其他)符合標準。脫硫塔運行良好及排放標準顯著低於國家排放規定的下限。

於本期間，工廠並無違反上述有關排放的法律及法規。

2. ENVIRONMENTAL ASPECTS (Continued)

2.2 Use of Resources

The Group's manufacturing activities consume mainly water, electricity and coal. It is the Group's policy to ensure effective and efficient use of resources in the production process with the aim of minimising wastes and reducing consumption of the resources. Measures being implemented include avoiding procurement of high-energy consumption materials, regular monitoring performance of the production equipment, upgrading and phasing out non eco-friendly machines to raise the utilisation of energy and resources.

As to the Group's office operations, it is the Group's policy to encourage all staff to be environmentally friendly at work to reduce the consumption of papers, water and electricity and effective use of the resources. Measures being implemented include double-sided printing and copying, disseminating information in digital format, waste papers recycling, turning off power consuming devices when not in use.

2.3 The Environment and Natural Resources

The Group is dedicated to reducing the adverse effect of its activities that could result in environmental damages, controlling the level of consumption of natural resources and promoting environmental awareness among our employees at workplaces. In production, the Group has regularly inspected and monitored the production process to ensure strict compliance with relevant laws and regulations on emissions. In office, management has persistently reminded colleagues to protect our environment by recycling papers and plastic, turning off unused electricity devices. Management has also kept colleagues abreast of various environmental issues and encouraged colleagues to participate in activities like tree planting.

2. 環境方面(續)

2.2 資源使用

本集團生產活動主要消耗水、電力及煤炭。本集團的政策為在生產過程中確保資源的高效使用，以盡量減少廢棄物及降低資源消耗。所實行的措施包括避免採購高耗能材料、定期監察生產設備的性能、升級及淘汰非環保機器以提升對能源及資源的使用。

就本集團的辦公室運作而言，本集團的政策為鼓勵全體員工在工作中保護環境以減少紙張、水及電力的消耗並高效使用資源。所實行的措施包括雙面打印及影印、以數碼形式傳播資料、回收廢紙、於不使用時關閉用電設備。

2.3 環境及自然資源

本集團致力於減少能夠導致環境破壞的活動的不利影響，控制自然資源的消耗水平及提升僱員在工作場所的環保意識。就生產而言，本集團已嚴格遵守相關排放的法律及法規定期檢查及監控生產流程。就辦公室而言，管理層不斷提醒同事透過回收紙張及塑料、關閉不使用的設備以保護環境。管理層亦向同事更新各類環境問題並鼓勵同事參與植樹等活動。

3. SOCIAL ASPECTS

3.1 Employment

The Group employs about 238 employees, who are valuable asset to the Group's success and sustainable development. It is the Group's policy to attract and retain high caliber people for our business operations.

The Group recruits people on the basis of job requirements without discrimination on grounds of age, gender, ethnic, politics or religion, trains and grows their capabilities, rewards and makes promotion based on their contributions. The Group remunerates its employees based on industry practices. The Group arranges working hours, rest periods, benefits and welfare including medicals and retirement protection in accordance with prevailing labor laws of its operating units in which they operate. The Group is committed to ensuring that all applicable legal requirements are observed in dealing with dismissal of any employee who violates Group's regulations or persistently performs below job requirements.

During the Period, the Group did not breach any employment laws and regulations in the PRC, Hong Kong and Malaysia.

3.2 Health and Safety

The Group is committed to providing and maintaining a safe and healthy working environment for all its employees.

For the Group's factory in China, management has persistently upheld the principle of safe production. There is no allowance of any personal consideration but strict compliance of the requirements under the GMP standards and the relevant laws and regulations. We have regularly conducted safety examinations for production equipment, conducted drills and provided training to employees in order to increase their awareness and involvement in accident prevention.

3. 社會層面

3.1 僱傭

本集團共聘有約238名僱員，該等僱員乃本集團成功及可持續發展的寶貴資產。為本集團之經營業務吸引及挽留優秀人才亦是本集團之政策。

本集團以崗位要求為基準招募人才，不因年齡、性別、種族、政治或宗教等理由而歧視僱員；本集團培訓及培養各僱員的辦事能力，並根據彼等之貢獻作出獎勵及安排晉升。本集團員工之薪酬乃根據行業慣例確定。本集團按照其經營所在經營單位的現行勞工法律安排工作時間、休息時間、利益及福利(包括醫療及退休保障)。本集團致力確保解僱任何違反本集團規例或長時間未能符合工作要求的僱員時遵守一切適用法律規定。

於本期間內，本集團並無違反中國、香港及馬來西亞的任何僱傭法律及法規。

3.2 健康與安全

本集團致力為其全體僱員提供及維持安全、健康的工作環境。

就本集團於中國的工廠而言，管理層一貫堅持安全生產的原則，要求嚴格遵守GMP準則及相關法律及法規，不允許個人存在僥倖心理。我們已定期對生產設備進行安全檢驗、進行操作演練及向僱員提供培訓，以提高彼等的事務防範意識及參與程度。

3. SOCIAL ASPECTS (Continued)

3.2 Health and Safety (Continued)

For the Group's office operations, management strives to maintain smoke-free, healthy and safe working environment. All employees are encouraged to participate regularly emergency drills held by the office building management.

During the Period, the Group did not breach any laws and regulations in relation to occupational health and safety.

3.3 Development and Training

The Group organises and provides on-the-job training to develop our employees' potential in order to support the Group's sustainable development. Employees are encouraged to equip themselves with relevant academic and professional qualifications by attending external training programs for future career development.

3.4 Labour Standards

All employees of the Group are employed in accordance with the relevant laws and regulations on employment including, inter alia, working hours, rest periods and staff benefits. The Group does not employ forced or child labour and requires all newly recruited staff to provide true and accurate personal information for records and checking purpose. The Group will take immediate action to terminate the employment of anyone who provides false information or in breach of the Group's regulations.

3. 社會層面(續)

3.2 健康與安全(續)

就本集團的辦公室運營而言，管理層致力營造無煙、健康及安全的工作環境。我們鼓勵全體僱員定期參加辦公樓管理處舉行的應急演習。

於本期間內，本集團並無就職業健康及安全違反任何法律法規。

3.3 發展與培訓

本集團組織及提供在職培訓，以發展僱員潛能支持本集團的可持續性發展。我們鼓勵僱員參加有關未來職業發展的外部培訓課程，充實自身的相關學術及專業資格。

3.4 勞工準則

本集團全體僱員均按相關僱傭法律法規聘用，涵蓋(其中包括)工作時間、休息時間及僱員福利等多個方面。本集團並無僱用強制勞工或童工，並要求所有新招募員工提供真實及準確的個人信息以作記錄及核查。倘發現有僱員提供虛假信息或違反本集團規例，本集團將即時採取措施終止僱傭關係。

4. OPERATING PRACTICES

4.1 Supply Chain Management

The Group relies on a wide range of vendors to supply goods; from raw materials to finished goods for the Group's manufacturing and trading activities. In order to fulfill the Group's mission to provide quality products, it is imperative for our pursuit of quality goods from the vendors.

Our GMP plants in China have established a quality management system to regulate the production and quality management of drugs. Since all procurement is conducted locally, we have clearly notified our vendors to comply with our quality standards and provide necessary permits if so required by the relevant laws and regulations for the goods supplied. Specific procedures have been implemented in quality control and inventory management in order to ensure our products are consistently manufactured in accordance with the registration requirements. The aim of our management system is to minimise the risks of contamination, detect, monitor and rectify errors in production process. During the Period, the Group did not breach any laws and regulations.

As to our trading segment for China market, all drugs are sourced from GMP manufacturers in Europe and Latin America, and we have worked closely with and provided supports to our customers for quality control in compliance with the stringent testing conducted by the PRC drug authorities. During the Period, all imported drugs had passed the testing and complied with the relevant import requirements of the PRC laws and regulations.

4. 營運慣例

4.1 供應鏈管理

本集團的製造及貿易活動從原材料到製成品各個環節均倚賴廣泛的供應商之貨品。為達成本集團提供優質產品的使命，向供應商採購優質貨品至關重要。

我們的中國GMP廠房設有質量管理系統規管藥品的生產及質量管理。由於所有採購乃於當地進行，我們已明確知會我們的供應商遵循我們的質量準則及於相關法律法規要求時就所供應之貨品提供必要的許可證明。質控及存貨管理流程亦執行特定程序，以確保我們的產品乃一致地按照註冊要求而製造。我們的管理系統旨在最大程度地降低生產過程中的污染風險，並探測、監控及糾正各類錯誤。於本期間內，本集團並無違反任何法律法規。

就我們的中國市場貿易分部而言，所有藥品均採購自歐洲及拉丁美洲的GMP製造商，且我們已就質量控制與我們的客戶密切協作並向其提供支持，以符合中國藥監部門主導的嚴格檢測。於本期間內，所有進口藥品均已通過檢測及符合中國法律法規的相關進口規定。

4. OPERATING PRACTICES (Continued)

4.2 Product Responsibility

The Group places great emphasis on maintaining and improving the quality of its products. All products manufactured, purchased and sold by the Group to our customers in China have met the GMP production standards and complied with the registration requirements with the China Food and Drug Administration. The Group has implemented a comprehensive quality control and inspection procedures to ensure product quality and safety from procurement of raw materials, packaging materials and finished products.

On distribution side, all products distributed by the Group have clear instructions and specifications as to its composition, quality and safety use for end-user protection purpose, which are in compliance with the laws and requirements, such as the Advertisement Law and the Drug Administration Law in China.

The Group has also worked closely with customers to deal with products and services complaints in order to ensure product quality and competitiveness and has put top priority to ensure privacy of customer's information.

During the Period, the Group did not recall and receive return of drugs due to health and safety issues.

4.3 Anti-corruption

The Company understands the importance of good business ethics, which along with good corporate governance are essential foundation to success. The Company has established ethics code to promote integrity and accountability, which requires all group companies and employees to strictly comply with the local laws and regulations. The code contains, inter alia, provisions for bribery, extortion, fraud, money laundering and whistleblowing procedures.

During the Period, the Group did not breach any laws and regulations relating to anti-corruptions or receive any reports in relation thereof in China, Malaysia, and Hong Kong.

4. 營運慣例(續)

4.2 產品責任

本集團高度重視維持及提高其產品品質。本集團為中國客戶製造、採購及向其出售的所有產品均已符合GMP生產標準及符合國家食品藥品監督管理總局註冊標準。本集團已落實全面的質控及檢驗程序，確保產品從原料採購、包裝材料到製成品各個方面的質量及安全。

分銷方面，本集團分銷的所有產品均就其成分、質量及安全使用附有具清晰的使用說明及藥品規格以保護終端用戶，此做法符合中國廣告法及藥品管理法等法律法規。

本集團亦與客戶密切合作處理產品及服務投訴，確保產品的質量及競爭力；並將保護客戶隱私資料作為第一要務。

於本期間內，本集團並無因健康及安全問題發生藥品召回或藥品退貨事件。

4.3 反貪污

本公司深明良好商業道德的重要性，其與良好的企業管治一起構成成功的重要基礎。本公司已制定誠信守則倡導誠信及加強問責，要求所有集團公司及全體僱員嚴格遵守當地法律法規。守則載有(其中包括)賄賂、敲詐、欺詐、洗錢及檢舉程序多方面條文。

於本期間內，就中國、馬來西亞及香港三地而言，本集團並無違反任何有關反貪污的法律法規或接獲任何舉報。

5. COMMUNITY INVESTMENT

As a socially responsible corporation, the Company is committed to leverage its resources to facilitate the community development and strongly encourages all staff members to participate in volunteering and charitable activities, such as “Dress Casual Day” and “Blood Donation”.

5. 社區投資

作為一個具社會責任感的企業，本公司致力利用其資源促進社區發展並積極鼓勵其全體僱員參與「公益金便服日」及「愛心捐血日」等志願及慈善活動。

Report of the Directors

董事會報告

The directors present their annual report and the audited consolidated financial statements of Extrawell Pharmaceutical Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding and the activities of its principal subsidiaries and an associate are set out in notes 39 and 22 to the consolidated financial statements respectively.

The business review of the Group and the discussion and analysis of the Group's performance for the year ended 31 March 2017 are set out in the sections "Chairman's Statement" and "Management Discussion and Analysis" on pages 4 to 6 and pages 7 to 13 of this annual report respectively, which form part of this report.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 March 2017 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 57 to 58.

The directors do not recommend the payment of dividend in respect of the year.

FIVE YEARS' FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 172.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group during the year are set out in note 16 to the consolidated financial statements.

董事會謹此提呈精優藥業控股有限公司（「本公司」）及其附屬公司（統稱「本集團」）截至二零一七年三月三十一日止年度之年報及經審核綜合財務報表。

主要業務及業務回顧

本公司之主要業務為投資控股，其主要附屬公司和一間聯營公司之業務分別載於綜合財務報表附註39及22。

本集團截至二零一七年三月三十一日止年度之業務回顧及本集團表現之討論及分析分別載於本年報第4至6頁及第7至13頁之「主席報告」及「管理層討論及分析」各節，該等內容組成本報告之一部分。

業績及股息

本集團截至二零一七年三月三十一日止年度之業績載於第57至58頁之綜合損益及其他全面收益表。

董事不建議就本年度派發股息。

五年財務概要

本集團過去五個財政年度之業績、資產、負債及非控股權益概要載於第172頁。

投資物業

本集團之投資物業於年內之變動詳情載於綜合財務報表附註16。

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 35 to the consolidated financial statements.

EQUITY-LINKED ARRANGEMENT

No equity-linked agreement which may result in the Company issuing shares was entered into during the financial year.

Details of the convertible bonds of the Company with principal amount of HK\$577,170,000 outstanding are disclosed in note 33 to the consolidated financial statements.

SHARE OPTIONS

On 24 August 2012, the shareholders of the Company approved the adoption of a new share option scheme (the "Scheme"), as the share option scheme adopted by the Company on 8 August 2002 expired on 14 August 2012. The Scheme became effective on 29 August 2012 after obtaining approval from the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. Information about share options and the Scheme is set out in note 13 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2017, the reserves of the Company available for cash distribution and/or distribution in specie amounted to HK\$120,267,000 which was computed in accordance with the Bermuda Companies Act. In addition, the Company's share premium account with a balance of HK\$191,738,000 as at 31 March 2017 may be distributed in the form of fully paid bonus shares.

物業、廠房及設備

本集團之物業、廠房及設備於年內之變動詳情載於綜合財務報表附註17。

股本

有關本公司股本於年內之變動詳情載於綜合財務報表附註35。

股票掛鈎安排

於財政年度內並無訂立可能導致本公司發行股份的股票掛鈎安排。

有關本公司未償還本金額為577,170,000港元之可換股債券之詳情於綜合財務報表附註33內披露。

購股權

由於本公司於二零零二年八月八日採納之購股權計劃於二零一二年八月十四日屆滿，於二零一二年八月二十四日，本公司股東批准採納新購股權計劃（「該計劃」）。於獲得香港聯合交易所有限公司（「聯交所」）上市委員會批准後，該計劃已於二零一二年八月二十九日生效，除非以其他方式取消或修訂，否則將自該日起計十年內一直有效。有關購股權及該計劃之資料載於綜合財務報表附註13。

可供分派儲備

於二零一七年三月三十一日，依據百慕達公司法計算，本公司可供作現金分派及／或實物分派之儲備金額為120,267,000港元。此外，於二零一七年三月三十一日，本公司可供以繳足股本之紅股方式作分派之股份溢價賬餘額為191,738,000港元。

RELATIONSHIP WITH EMPLOYEES

During the year, the Group had not experienced any significant problems with its employees or disruption to its operations due to labour disputes nor had it experienced any difficulties in the recruitment. The directors consider that the Group has maintained good working relationship with its employees.

MAJOR CUSTOMERS AND SUPPLIERS

The Group understands the importance of maintaining good relationships with its customers and suppliers to the overall development of its business. During the year, there were no disputes between the Group and its customers and/or suppliers which would have caused significant adverse impact to the Group's business.

For the year ended 31 March 2017, revenue attributable to the Group's five largest customers accounted for approximately 68% of the Group's revenue, and revenue attributable to the Group's largest customer accounted for approximately 37% of the Group's revenue.

For the year ended 31 March 2017, purchases attributable to the Group's five largest suppliers accounted for approximately 88% of the Group's purchases and purchases attributable to the Group's largest supplier accounted for approximately 42% of the Group's purchases.

None of the directors, their close associates or any shareholders (which to the knowledge of the directors owned more than 5% of the Company's issued share capital) had any interests in the Group's five largest customers and the suppliers.

與僱員之關係

於年內，本集團並無與其僱員出現任何重大問題或因勞工糾紛而令其業務中斷，且其在招聘員工方面並無面臨任何困難。董事認為本集團與其僱員維持良好的工作關係。

主要客戶及供應商

本集團深明與其客戶及供應商維持良好關係對其業務的整體發展十分重要。年內，本集團與其客戶及／或供應商並無會對本集團業務造成重大不利影響的糾紛。

截至二零一七年三月三十一日止年度，本集團五大客戶應佔之收益額佔本集團收益額約68%，而本集團最大客戶應佔之收益額佔本集團收益額約37%。

截至二零一七年三月三十一日止年度，本集團五大供應商應佔之採購額佔本集團採購額約88%，而本集團最大供應商應佔之採購額佔本集團採購額約42%。

各董事、彼等之緊密聯繫人或任何股東（就董事所知擁有本公司已發行股本5%以上者）概無於本集團五大客戶及供應商中擁有任何權益。

DIRECTORS

The directors of the Company during the year and up to the date of this report are:

Executive directors:

Xie Yi
Lou Yi
Cheng Yong
Wong Sau Kuen
Liu Kwok Wah
Lu Zhiqiang (appointed on 27 January 2017)

Dr. Xie Yi, Dr. Lou Yi, Ms. Wong Sau Kuen and Mr. Liu Kwok Wah are also directors in certain subsidiaries of the Company.

Independent non-executive directors:

Fang Lin Hu
Xue Jing Lun
Jin Song

In accordance with the Company's bye-law 111, other than the Chairman, the directors of the Company, including the independent non-executive directors ("INEDs"), are subject to retirement by rotation and re-election at the annual general meeting of the Company, and in accordance with the provisions of the Company's bye-laws, Mr. Cheng Yong, Ms. Wong Sau Kuen, Mr. Liu Kwok Wah and Mr. Lu Zhiqiang will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

The Company has received annual confirmations of independence from Messrs. Fang Lin Hu, Xue Jing Lun and Jin Song pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and still considers them to be independent.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory obligation.

董事

本年度內及截至本報告日期在任之本公司董事如下：

執行董事：

謝毅
樓屹
程勇
王秀娟
廖國華
盧志強(於二零一七年一月二十七日獲委任)

謝毅博士、樓屹博士、王秀娟女士及廖國華先生亦為本公司若干附屬公司之董事。

獨立非執行董事：

方林虎
薛京倫
金松

根據本公司之公司細則第111條之規定，除主席外，本公司董事(包括獨立非執行董事(「獨立非執董」))須輪值退任，並於本公司之股東週年大會上重選連任。根據本公司之公司細則條文，程勇先生、王秀娟女士、廖國華先生及盧志強先生將於本公司應屆股東週年大會上輪值退任，惟彼等符合資格並將膺選連任。

本公司已收到方林虎先生、薛京倫先生及金松女士根據聯交所證券上市規則(「上市規則」)第3.13條就彼等之獨立性發出之年度確認，並認為彼等仍為獨立。

董事之服務合約

擬於應屆股東週年大會上重選連任之董事概無與本公司訂立不可由本公司於一年內免付賠償(法定責任除外)而終止之服務合約。

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the consolidated financial statements, no director had material interests, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, no directors or their close associates 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.

PERMITTED INDEMNITY

Pursuant to 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.

董事薪酬

董事袍金須於股東大會上獲得股東批准。其他酬金乃由本公司董事會參考董事之職務、職責及表現以及本集團之業績而釐定。

董事之合約利益

除綜合財務報表所披露者外，概無董事於本公司或其任何附屬公司於年內所訂立對本集團業務具重大影響之任何合約中，直接或間接擁有重大利益。

董事於競爭業務之權益

年內，概無董事或彼等之緊密聯繫人被視為於與本集團業務構成或可能構成直接或間接競爭之業務中擁有權益。

獲准許彌償

根據本公司之公司細則，本公司各董事或其他高級人員有權就履行其職務或在其他有關方面可能蒙受或產生或相關之所有虧損或負債自本公司之資產中獲得彌償。此外，本公司已為本集團董事及高級人員安排適當的責任保險保障。

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 31 March 2017, the interests and short positions of the directors in the shares, underlying shares or debentures of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long positions in the ordinary shares of the Company

Name of director	Notes	Capacity and nature of interest	Number of ordinary shares of HK\$0.01 each held 所持每股 面值0.01港元之 普通股數目	Approximate percentage of interests held 所持之權益 概約百分比
董事姓名	附註	身份及權益性質		
Xie Yi 謝毅	(a)	Through controlled corporations 透過受控制公司	80,000,000	3.35%
Cheng Yong 程勇		Directly beneficially owned 直接實益擁有	830,000	0.03%
	(b)	Through a controlled corporation 透過受控制公司	1,060,000	0.05%
		Held by spouse 由配偶持有	5,090,000	0.21%
			6,980,000	0.29%

Notes:

- (a) The entire issued share capital of JNJ Investments Ltd is owned by Biowindow Gene Development (Hong Kong) Limited ("HK Biowindow"), and the entire issued share capital of HK Biowindow is owned by United Gene Group Ltd (a company incorporated in the British Virgin Islands). The issued share capital of United Gene Group Ltd is owned as to 33% by Ease Gold Investments Limited, which is wholly owned by Dr. Xie Yi.
- (b) The shares are held by Merchandise Holdings Limited (a company incorporated in the British Virgin Islands) which is wholly owned by Mr. Cheng Yong.

董事於股份、相關股份及債權證之權益及淡倉

於二零一七年三月三十一日，董事於本公司或其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份或債權證中，擁有登記入本公司根據證券及期貨條例第352條須存置之登記冊之權益及淡倉，或根據上市發行人董事進行證券交易之標準守則(「標準守則」)須知會本公司及聯交所之權益及淡倉如下：

於本公司普通股之好倉

Name of director	Notes	Capacity and nature of interest	Number of ordinary shares of HK\$0.01 each held 所持每股 面值0.01港元之 普通股數目	Approximate percentage of interests held 所持之權益 概約百分比
董事姓名	附註	身份及權益性質		
Xie Yi 謝毅	(a)	Through controlled corporations 透過受控制公司	80,000,000	3.35%
Cheng Yong 程勇		Directly beneficially owned 直接實益擁有	830,000	0.03%
	(b)	Through a controlled corporation 透過受控制公司	1,060,000	0.05%
		Held by spouse 由配偶持有	5,090,000	0.21%
			6,980,000	0.29%

附註：

- (a) JNJ Investments Ltd之全部已發行股本由香港博德基因開發有限公司(「香港博德」)擁有，而香港博德之全部已發行股本由United Gene Group Ltd(一家於英屬處女群島註冊成立之公司)擁有。United Gene Group Ltd之已發行股本由謝毅博士全資擁有之Ease Gold Investments Limited擁有33%。
- (b) 該等股份由Merchandise Holdings Limited(一家於英屬處女群島註冊成立之公司)持有，該公司由程勇先生全資擁有。

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

Long positions in the ordinary shares of the Company (Continued)

Save as disclosed above, as at 31 March 2017, none of the directors had registered an interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate granted to any directors or their respective spouses or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the directors, their respective spouses or minor children to acquire such rights in any other body corporate.

董事於股份、相關股份及債權證之權益及淡倉 (續)

於本公司普通股之好倉 (續)

除上文所披露者外，於二零一七年三月三十一日，概無任何董事於本公司或其任何相聯法團之股份、相關股份及債權證中，登記擁有根據證券及期貨條例第352條須予記錄之權益或淡倉，或根據標準守則須知會本公司及聯交所之權益或淡倉。

董事購入股份及債權證之權利

於年內任何時間，任何董事或彼等各自之配偶或未成年子女概無獲授可藉購入本公司或任何其他法團股份或債權證而獲益之權利，或彼等並無行使任何該等權利；本公司或其任何附屬公司亦無訂立任何安排，致使董事、彼等各自之配偶或未成年子女可於任何其他法團獲得該等權利。

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

主要股東及其他人士於股份、相關股份及債權證之權益及淡倉

At 31 March 2017, the following interests and short positions of 5% or more of the shares and underlying shares of the Company were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

於二零一七年三月三十一日，根據本公司按照證券及期貨條例第336條須予保存之登記冊所記錄，登記擁有本公司股份及相關股份5%或以上權益及淡倉之人士如下。

Name of substantial shareholder	Capacity and nature of interest	Number of ordinary shares held/entitled 所持/有權持有之普通股數目	Long (L) or Short (S) position 好倉(L)或淡倉(S)	Approximate percentage of interest held 所持權益概約百分比
Innovative Pharmaceutical Biotech Limited ("Innovative Pharm") (formerly known as United Gene High-Tech Group Limited) 領航醫藥及生物科技有限公司 (「領航醫藥」)(前稱聯合基因科技集團有限公司)	Directly beneficially owned (Note) 直接實益擁有 (附註)	1,357,510,000	L	56.80%

Note: Innovative Pharm is a listed company on the Main Board of the Stock Exchange and its interest in 1,357,510,000 shares of the Company represents (i) 457,510,000 shares or 19.14% of the Company's shares in issue and (ii) 900,000,000 conversion shares to be allotted and issued to Innovative Pharm upon exercise in full by Innovative Pharm of the conversion rights at conversion price of HK\$0.6413 per share under the Company's 20-year zero coupon convertible bonds issued on 16 July 2013 with principal amount of HK\$577,170,000 outstanding. At 31 March 2017, there was a total of 2,390,000,000 shares issued by the Company, and assuming the exercise in full of the conversion rights attaching to the Company's convertible bonds, Innovative Pharm will hold approximately 41.26% of the enlarged share capital of the Company.

附註：領航醫藥為一家於聯交所主板上市的公司，而其於本公司1,357,510,000股股份之權益相當於(i)457,510,000股或19.14%之本公司已發行股份及(ii)根據本公司於二零一三年七月十六日發行之20年零息可換股債券(尚未償還之本金額為577,170,000港元)，於領航醫藥按換股價每股股份0.6413港元悉數行使換股權後，將向領航醫藥配發及發行之900,000,000股換股股份。於二零一七年三月三十一日，本公司已發行股份合共為2,390,000,000股。假設悉數行使附於本公司之可換股債券之換股權，領航醫藥將持有本公司經擴大股本約41.26%。

Save as disclosed above, as at 31 March 2017, the register as maintained by the Company pursuant to Section 336 of the SFO recorded no other interests or short positions in the shares or underlying shares of the Company.

除上文所披露者外，於二零一七年三月三十一日，本公司根據證券及期貨條例第336條存置的登記冊並無記錄於本公司股份或相關股份中的其他權益或淡倉。

MATERIAL RELATED PARTY TRANSACTIONS

Details of the material related party transactions entered into by the Group which do not constitute connected transactions under the Listing Rules for the year are set out in note 38 to the consolidated financial statements.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in “Material Related Party Transactions” above, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

EVENTS AFTER THE REPORTING PERIOD

On 2 June and 11 May 2017, Extrawell Enterprises Limited (the “Subscriber”), an indirect wholly-owned subsidiary of the Company, entered into the subscription agreement with KKC Capital SPC, a segregated portfolio company incorporated in the Cayman Islands (the “Fund”), and pursuant to which the Subscriber agreed to subscribe for 30,000 and 50,000 participating shares in the Fund attributable to the segregated portfolio at aggregate consideration of HK\$30,000,000 and HK\$50,000,000 respectively on the respective dates, which were both funded by the internal resources of the Group. Details in relation to the subscriptions are disclosed in the announcements dated 2 June and 11 May 2017.

Save as disclosed above, there is no other material subsequent event occurred after 31 March 2017 and up to the date of this report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the latest practicable date prior to the date of this report.

重大關聯方交易

有關本集團於本年度訂立而根據上市規則並不構成關連交易之重大關聯方交易，詳情載於綜合財務報表附註38。

重大合約

除上文「重大關聯方交易」所披露者外，於本年度完結時或本年度內任何時間並無存在本公司或其任何附屬公司參與訂立而本公司董事於當中直接或間接擁有重大利益之任何重大合約。

報告期後事項

於二零一七年六月二日及五月十一日，精優企業有限公司（「認購方」）（本公司之間接全資附屬公司）與KKC Capital SPC（一間於開曼群島註冊成立之隔離投資組合公司）（「該基金」）訂立認購協議，據此，認購方已同意於各日期分別認購該基金之隔離投資組合之30,000股及50,000股參與股份，總代價分別為30,000,000港元及50,000,000港元，均由本集團內部資源撥付。有關該等認購之詳情披露於日期為二零一七年六月二日及五月十一日之公告內。

除上文所披露者外，於二零一七年三月三十一日後及直至本報告日期，本集團並無其他重大期後事項。

充足公眾持股量

根據本公司於公開可得之資料及就董事所知，於本報告刊發日期前之最後實際可行日期，公眾人士持有本公司已發行股本總數最少25%。

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the directors, the directors have complied with the required standard set out in the Model Code throughout the year ended 31 March 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

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 is incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

AUDIT COMMITTEE

The Company has established an Audit Committee (the "Committee"), with written terms of reference, in compliance with Rule 3.21 of the Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and risk management and internal control system of the Group. The Committee comprises three INEDs. The Group's financial statements for the year ended 31 March 2017 have been reviewed by the Committee. The Committee is of the opinion that such financial statements comply with the applicable accounting standards, and Stock Exchange's and legal requirements, and that adequate disclosures have been made.

董事之證券交易標準守則

本公司已採納上市規則附錄十所載之標準守則作為本公司董事買賣本公司證券之操守守則。經向董事作出特定查詢後確認，董事於截至二零一七年三月三十一日止年度一直遵照標準守則所載之規定準則。

購買、出售或贖回本公司上市證券

本公司或其任何附屬公司於年內概無購買、出售或贖回本公司任何上市證券。

優先購股權

本公司之公司細則或百慕達(即本公司註冊成立所在之司法權區)法例概無規定本公司須按比例向現有股東發售新股份之優先購股權之條文。

審核委員會

為檢討及監察本集團之財務匯報程序及風險管理及內部監控系統，本公司已遵照上市規則第3.21條成立審核委員會(「委員會」)，並以書面列出其職權範圍。委員會由三名獨立非執董組成。本集團截至二零一七年三月三十一日止年度之財務報表已由委員會審閱。委員會認為該等財務報表已符合適用之會計準則及聯交所及法例規定，並已提供足夠披露。

Auditors

The financial statements for the year were audited by East Asia Sentinel Limited, who will retire and, being eligible, offer themselves for re-appointment as auditors of the Company at the forthcoming annual general meeting.

On behalf of the Board

Dr. Xie Yi

Chairman

Hong Kong, 29 June 2017

核數師

本年度之財務報表已由衛亞會計師事務所有限公司審核，該行將退任，並符合資格及願意於應屆股東週年大會上接受續聘為本公司之核數師。

代表董事會

主席

謝毅博士

香港，二零一七年六月二十九日

Independent Auditors' Report

獨立核數師報告



East Asia Sentinel Limited 衛亞會計師事務所有限公司

Certified Public Accountants

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TO THE MEMBERS OF EXTRAWELL PHARMACEUTICAL HOLDINGS LIMITED

致精優藥業控股有限公司全體股東

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Extrawell Pharmaceutical Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 57 to 171, which comprise the consolidated statement of financial position as at 31 March 2017, 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 the notes to the consolidated financial statements, which include a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide the basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

不發表意見

本行已獲委聘審核第57至171頁所載精優藥業控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)之綜合財務報表，其內容包括於二零一七年三月三十一日之綜合財務狀況表及截至該日止年度之綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及貴集團綜合財務報表附註(包括重大會計政策概要)。

本行並未就貴集團之綜合財務報表發表意見。基於本報告「不發表意見之基礎」一節所述事項的重要性，本行未能獲得充足適當的審核憑證以作為提供該等綜合財務報表審核意見的基礎。於所有其他方面，本行認為，綜合財務報表已根據香港公司條例之披露規定妥為編製。

BASIS FOR DISCLAIMER OF OPINION

Impairment for interest in an associate, Smart Ascent Limited and its subsidiaries ("Smart Ascent Group")

As disclosed in note 22 to the consolidated financial statements, the major asset held by the associate is the intangible asset in relation to an in-process research and development project ("In-process R&D") involving an oral insulin product ("Product"). The carrying amount of the In-process R&D is determined based on the management's key assumptions which are made with high degree of estimation uncertainties. This carrying amount is highly dependent upon further research and development work that is required to be carried out, results of clinical trials, successful launching of the Product and key assumptions to be applied in preparing a cash flow projection for the sales of the Product.

One of the major assumptions relied on in assessing the carrying amount is the directors' opinion that the Smart Ascent Group would be successful in obtaining the regulatory approvals from the relevant government bodies and launching the Product by the end of 2019. These assumptions are the fundamental factors upon which the entire valuation exercise as to the recoverable amount of the In-process R&D is based.

However, we are unable to obtain sufficient appropriate audit evidence to support the probability of the Smart Ascent Group successfully launching the Product, that is, specifically, the likelihood and timing in obtaining the regulatory approvals from the relevant government bodies to launch the Product by the end of 2019. In the absence of sufficient audit evidence for these fundamental assumptions, we are unable to ascertain the reasonableness of the key assumptions relied on by the management in assessing the recoverable amount of the intangible asset as at 31 March 2017.

Consequently, we are unable to satisfy ourselves as to whether the carrying amount of the Group's interest in the associate approximately HK\$330,969,000 as included in the Group's consolidated statement of financial position as at 31 March 2017 was fairly stated, and whether any impairment on the interest in an associate should be recognised.

Any further adjustments to the interest in the associate would affect the amount of net assets reported by the Group as at 31 March 2017 and of its financial performance for the year then ended, and the related disclosures thereof in the consolidated financial statements.

不發表意見之基礎

於一間聯營公司(進生有限公司及其附屬公司(「進生集團」))權益之減值

誠如綜合財務報表附註22所披露，該聯營公司持有之主要資產為有關涉及口服胰島素產品(「產品」)之進行中之研發項目(「進行中之研發」)的無形資產。進行中之研發之賬面值乃基於管理層關鍵假設釐定，而作出該等假設涉及高度之估計的不確定性。該賬面值高度視乎須進行之進一步研發工作、產品之臨床測試結果、能否成功推出及編製產品銷售之現金流量預測時將應用之主要假設。

評估賬面值時所依賴的其中一項主要假設是董事認為，進生集團將會成功取得有關政府監管部門批准及於二零一九年年底前推出產品。該等假設乃進行中之研發可收回金額之整個估值過程中所依據的主要因素。

然而，本行無法獲得充足適當的審核憑證以支持進生集團成功推出產品的機率(具體而言，即就於二零一九年年底前取得有關政府監管部門批准以推出產品的可能性及時機)。在未獲得有關該等主要假設充足審核憑證的情況下，本行無法確定管理層於評估無形資產於二零一七年三月三十一日的可收回金額時所依賴之關鍵假設的合理性。

因此，本行未能信納 貴集團於二零一七年三月三十一日之綜合財務狀況表內所載 貴集團於聯營公司之權益之賬面值約330,969,000港元是否已公平呈列，及於聯營公司權益之任何減值是否應予以確認。

倘聯營公司權益有任何進一步的調整將會對於二零一七年三月三十一日 貴集團於綜合財務報表內所呈報資產淨值金額、其截至該日止年度之財務表現及其相關披露產生影響。

BASIS FOR DISCLAIMER OF OPINION (Continued)**Impairment for interest in an associate, Smart Ascent Limited and its subsidiaries ("Smart Ascent Group") (Continued)**

In addition, included in the interests in subsidiaries as shown in note 36 to the consolidated financial statements, the Company has equity interest in Extrawell (BVI) Limited ("EBVI") amounting to HK\$624,604,000 as at 31 March 2017.

The Smart Ascent Group, is also an associated company in relation to the Company's subsidiary, EBVI, as at 31 March 2017. In the absence of sufficient audit evidence supporting that the carrying amount of interest in the Smart Ascent Group was fairly stated, we are similarly unable to satisfy ourselves as to whether the carrying amount of the Company's equity interest in EBVI amounting to approximately HK\$624,604,000 as included in the Company's statement of financial position as at 31 March 2017 as set out in note 36 of these consolidated financial statements was fairly stated, and whether any impairment on the interest in the subsidiary should be recognised.

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

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

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

不發表意見之基礎(續)**於一間聯營公司(進生有限公司及其附屬公司(「進生集團」))權益之減值(續)**

此外，於 貴公司之綜合財務報表附註36載有於附屬公司之權益，貴公司於二零一七年三月三十一日於Extrawell (BVI) Limited(「EBVI」)之權益為624,604,000港元。

於二零一七年三月三十一日，進生集團亦為有關 貴公司附屬公司EBVI的一間聯營公司。在未獲得充足審核憑證以支持於進生集團權益之賬面值已公平呈列的情況下，本行同樣未能信納該等綜合財務報表附註36所載 貴公司於二零一七年三月三十一日之財務狀況表內所載 貴公司於EBVI股本權益約624,604,000港元是否已公平呈列，及於該附屬公司權益之任何減值是否應予以確認。

董事及治理層就綜合財務報表須承擔之責任

董事有責任根據香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則(「香港財務報告準則」)及香港公司條例之披露規定，編撰並真實公平地呈列綜合財務報表，以及作出董事認為就編撰綜合財務報表而言屬必需之內部監控，致使綜合財務報表之編撰並無重大錯誤陳述(不論由欺詐或錯誤引致)。

於編製綜合財務報表時，董事負責評估 貴集團的持續經營能力、披露(如適用)與持續經營相關的事宜並採用持續經營基準的會計法，惟董事擬將 貴集團清盤或終止經營或除此之外並無其他切實可行的選擇則除外。

董事亦負責監督 貴集團的財務報告程序。審核委員會協助董事履行其於此方面之責任。

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue auditors' report in accordance with Section 90 of the Bermuda Companies Act. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

However, because of the matters described in the "Basis for Disclaimer of Opinion" section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

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.

East Asia Sentinel Limited

Yim Wing Yee

Director

Practising Certificate No. P05906

Hong Kong

29 June 2017

核數師就審核綜合財務報表須承擔之責任

本行有責任根據香港會計師公會頒佈之香港審計準則就之綜合財務報表進行審核並根據百慕達公司法第90條出具核數師報告。本報告僅向全體股東作出，除此以外別無其他目的。本行不會就本報告內容向任何其他人士負責或承擔任何責任。

然而，由於本報告「不發表意見之基礎」一節所述之事項，本行未能獲得充足適當的審核憑證以作為提供該等綜合財務報表審核意見的基礎。

根據香港會計師公會頒佈之專業會計師道德守則(「守則」)，本行乃獨立於貴集團，且本行已根據守則履行本行的其他道德責任。

衛亞會計師事務所有限公司

董事

嚴詠怡

執業證書號碼P05906

香港

二零一七年六月二十九日

Consolidated Statement of Profit or Loss and Other Comprehensive Income

綜合損益及其他全面收益表

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

		Notes 附註	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Revenue	收益	7	107,903	142,201
Cost of sales	銷售成本		(64,007)	(72,888)
Gross profit	毛利		43,896	69,313
Other income	其他收入	8	77,418	67,798
Other gains and losses, net	其他收益及虧損淨額	9	(35,034)	(33,606)
Selling and distribution expenses	銷售及分銷費用		(31,673)	(42,359)
Administrative expenses	行政費用		(27,231)	(27,368)
Share of results of an associate	應佔一間聯營公司業績	22	(2,897)	(1,600)
Effective interest expense on convertible bonds	可換股債券之實際利息開支	33	(5,552)	(4,688)
Profit before taxation	除稅前溢利	10	18,927	27,490
Taxation	稅項	11	(616)	(90)
Profit for the year	本年度溢利		18,311	27,400
Other comprehensive expense	其他全面開支			
<i>Item that may be reclassified subsequently to profit or loss</i>	<i>其後可能重新分類至損益的項目</i>			
Exchange differences arising on translation of foreign operations	換算海外業務產生之匯兌差額		(8,359)	(7,880)
Total comprehensive income for the year	本年度全面收入總額		9,952	19,520

Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

綜合損益及其他全面收益表(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

		Notes 附註	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Profit (loss) for the year attributable to:	以下人士應佔本年度溢利(虧損):			
Owners of the Company	本公司擁有人		20,796	32,781
Non-controlling interests	非控股權益		(2,485)	(5,381)
			18,311	27,400
Total comprehensive income (expense) attributable to:	以下人士應佔全面收入 (開支)總額:			
Owners of the Company	本公司擁有人		12,443	25,359
Non-controlling interests	非控股權益		(2,491)	(5,839)
			9,952	19,520
			HK cents 港仙	HK cents 港仙
Earnings per share for profit attributable to owners of the Company:	本公司擁有人應佔溢利 之每股盈利:	14		
— Basic	— 基本		0.87	1.37
— Diluted	— 攤薄		0.80	1.14

Consolidated Statement of Financial Position

綜合財務狀況表

At 31 March 2017 於二零一七年三月三十一日

		Notes 附註	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
NON-CURRENT ASSETS	非流動資產			
Investment properties	投資物業	16	1,497	1,556
Property, plant and equipment	物業、廠房及設備	17	145,839	161,911
Prepaid lease payments	預付租賃付款	18	9,299	10,155
Intangible assets	無形資產	19	1,807	1,807
Investments in convertible bonds	可換股債券投資	20	376,324	362,960
Available-for-sale investments	可供出售投資	21	—	—
Interest in an associate	於一間聯營公司之權益	22	330,969	333,866
Amount due from an associate	應收一間聯營公司款項	23	17,235	13,199
			882,970	885,454
CURRENT ASSETS	流動資產			
Inventories	存貨	24	7,607	5,924
Trade receivables	貿易應收賬款	25	37,417	57,019
Deposits, prepayments and other receivables	按金、預付款項及其他應收款項	26	4,972	8,393
Available-for-sale investments	可供出售投資	21	1,685	3,012
Pledged bank deposits	已抵押銀行存款	27	20,215	20,053
Bank balances and cash	銀行結餘及現金	28	217,803	180,998
			289,699	275,399
CURRENT LIABILITIES	流動負債			
Trade and bills payables	貿易應付賬款及應付票據	29	14,859	11,093
Accruals and other payables	預提費用及其他應付款項	30	59,501	68,614
Amount due to an associate	應付一間聯營公司款項	31	19,780	19,780
Deferred income on government grants	政府補助之遞延收入	34	63	—
Tax payable	應付稅項		14,587	15,695
			108,790	115,182
NET CURRENT ASSETS	流動資產淨值		180,909	160,217
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		1,063,879	1,045,671

Consolidated Statement of Financial Position (Continued)

綜合財務狀況表(續)

At 31 March 2017 於二零一七年三月三十一日

		Notes	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
		附註		
NON-CURRENT LIABILITIES	非流動負債			
Deferred tax liabilities	遞延稅項負債	32	102	102
Convertible bonds	可換股債券	33	35,222	29,670
Deferred income on government grants	政府補助之遞延收入	34	2,704	—
			38,028	29,772
NET ASSETS	資產淨值		1,025,851	1,015,899
CAPITAL AND RESERVES	資本及儲備			
Share capital	股本	35	23,900	23,900
Reserves	儲備		1,005,792	993,349
Equity attributable to owners of the Company	本公司擁有人應佔權益		1,029,692	1,017,249
Non-controlling interests	非控股權益		(3,841)	(1,350)
TOTAL EQUITY	權益總額		1,025,851	1,015,899

The consolidated financial statements on pages 57 to 171 were approved by the Board of Directors on 29 June 2017 and were signed on its behalf by:

第57至171頁之綜合財務報表已於二零一七年六月二十九日經董事會批准並由以下人士代表簽署：

Xie Yi
謝毅
DIRECTOR
董事

Wong Sau Kuen
王秀娟
DIRECTOR
董事

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

		Attributable to owners of the Company 本公司擁有人應佔									
		Share capital	Share premium	Capital reserve	Contributed surplus	Foreign currency translation reserve	Convertible bonds equity reserve	Accumulated profits	Total	Non-controlling interests	Total
		股本	股份溢價	資本儲備	繳入盈餘	匯兌儲備	可換股債券權益儲備	累計溢利	合計	非控股權益	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
			(Note a) (附註a)	(Note b) (附註b)	(Note c) (附註c)	(Note d) (附註d)	(Note e) (附註e)				
At 1 April 2015	於二零一五年四月一日	23,900	191,738	6,542	4,839	38,794	512,359	213,718	991,890	4,489	996,379
Profit(loss) for the year	本年度溢利(虧損)	—	—	—	—	—	—	32,781	32,781	(5,381)	27,400
Exchange differences on translation of foreign operations	換算海外業務產生之匯兌差額	—	—	—	—	(7,422)	—	—	(7,422)	(458)	(7,880)
Total comprehensive income (expense)	全面收入(開支)總額	—	—	—	—	(7,422)	—	32,781	25,359	(5,839)	19,520
At 31 March 2016	於二零一六年三月三十一日	23,900	191,738	6,542	4,839	31,372	512,359	246,499	1,017,249	(1,350)	1,015,899
Profit(loss) for the year	本年度溢利(虧損)	—	—	—	—	—	—	20,796	20,796	(2,485)	18,311
Exchange differences on translation of foreign operations	換算海外業務產生之匯兌差額	—	—	—	—	(8,353)	—	—	(8,353)	(6)	(8,359)
Total comprehensive income (expense)	全面收入(開支)總額	—	—	—	—	(8,353)	—	20,796	12,443	(2,491)	9,952
At 31 March 2017	於二零一七年三月三十一日	23,900	191,738	6,542	4,839	23,019	512,359	267,295	1,029,692	(3,841)	1,025,851

Notes:

- (a) The share premium account represents the amount subscribed for share capital in excess of nominal value.
- (b) In accordance with the relevant regulations in the People's Republic of China (the "PRC"), all of the Company's subsidiaries registered in the PRC are required to transfer part of their profit after tax to the capital reserve. Subject to certain restrictions set out in the relevant PRC regulations and the articles of association of these PRC subsidiaries, the capital reserve may be used to offset losses or for capitalisation as paid-up capital.
- (c) The contributed surplus of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired pursuant to the group reorganisation in 1999, over the nominal value of the share capital of the Company issued in exchange thereof.
- (d) Foreign currency translation reserve represents gains/losses arising on retranslating the net assets/liabilities of foreign operations into presentation currency.
- (e) Convertible bonds equity reserve represents the amount allocated to the equity component of convertible bonds issued by the Company recognised in accordance with the accounting policy adopted for convertible bonds in note 3 to the consolidated financial statements.

附註：

- (a) 股份溢價指認購股本金額超出面值之款項。
- (b) 根據中華人民共和國(「中國」)有關法例，本公司旗下所有於中國註冊之附屬公司須將其部分除稅後溢利轉撥至資本儲備。資本儲備可用作抵銷虧損或用作資本化為繳足股本，惟須受中國有關法例所載若干限制及該等中國附屬公司章程細則之規限。
- (c) 本集團之繳入盈餘為根據本集團於一九九九年進行重組而收購附屬公司股本之面值超過本公司作交換用途之已發行股本面值之差額。
- (d) 換算儲備指因海外業務之資產/負債淨額重新換算為呈列貨幣而產生之收益/虧損。
- (e) 可換股債券權益儲備指根據綜合財務報表附註3內就可換股債券所採納之會計政策確認之本公司發行可換股債券權益部分所獲分配之款項。

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
CASH FLOWS FROM OPERATING ACTIVITIES	經營活動之現金流量		
Profit before taxation	除稅前溢利	18,927	27,490
Adjustments for:	調整以下項目：		
Depreciation of investment properties	投資物業之折舊	59	59
Amortisation of prepaid lease payments	預付租賃付款之攤銷	228	243
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	6,427	6,235
Gain on disposal of property, plant and equipment, net	出售物業、廠房及設備之收益淨額	—	(68)
Gain on disposal of intangible assets	出售無形資產收益	(2,819)	—
Allowance for bad and doubtful debts, net	呆壞賬撥備淨額	4,456	9,004
Impairment on other receivables	其他應收款項減值	—	717
Allowance for inventories	存貨撥備	—	713
Share of results of an associate	應佔一間聯營公司業績	2,897	1,600
Change in fair value of derivative component of investments in convertible bonds	可換股債券投資衍生工具部分之公平值變動	33,397	23,953
Effective interest income on investments in convertible bonds	可換股債券投資之實際利息收入	(71,786)	(62,718)
Effective interest expense on convertible bonds	可換股債券之實際利息開支	5,552	4,688
Imputed interest income on amount due from an associate	應收一間聯營公司款項之估算利息收入	(4,036)	(3,091)
Interest income	利息收入	(1,299)	(831)
Amortisation of deferred income	遞延收入攤銷	(193)	—
Operating cash flows before movement in working capital	營運資金變動前之經營現金流量	(8,190)	7,994
(Increase) decrease in inventories	存貨(增加)減少	(1,683)	10,413
Decrease (increase) in trade receivables	貿易應收賬款減少(增加)	15,146	(8,455)
Decrease (increase) in deposits, prepayments and other receivables	按金、預付款項及其他應收款項減少(增加)	3,421	(2,308)
Increase (decrease) in trade and bills payables	貿易應付賬款及應付票據增加(減少)	5,543	(1,583)
(Decrease) increase in accruals and other payables	預提費用及其他應付款項(減少)增加	(8,114)	2,530
Cash generated from operations	營運產生之現金	6,123	8,591
Income tax paid	已付所得稅	(641)	(2,317)
NET CASH GENERATED FROM OPERATING ACTIVITIES	經營活動產生之現金淨額	5,482	6,274

Consolidated Statement of Cash Flows (Continued)

綜合現金流量表(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動產生之現金流量		
Interest income received from convertible bonds	可換股債券之已收利息收入	25,025	25,025
Interest income received	已收利息收入	1,299	831
Government grant received	已收政府補助	2,955	—
Proceeds from/(purchases of) available-for-sale financial assets	可供出售金融資產 所得款項/(之購置)	1,124	(3,012)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備 所得款項	—	71
Purchases of property, plant and equipment	購置物業、廠房及設備	(1,008)	(481)
Increase in pledged bank deposits	已抵押銀行存款增加	(162)	(82)
NET CASH GENERATED FROM INVESTING ACTIVITIES	投資活動產生之現金淨額	29,233	22,352
NET INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等值項目增加淨額	34,715	28,626
EFFECT ON FOREIGN EXCHANGE RATE CHANGES	外幣匯率變動之影響	2,090	145
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	年初之現金及現金等值項目	180,998	152,227
CASH AND CASH EQUIVALENTS AT END OF YEAR	年終之現金及現金等值項目		
— represented by bank balances and cash	— 以銀行結餘及現金列示	217,803	180,998

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in Bermuda whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The address of its principal place of business is Suites 2206–08, 22/F, Devon House, Taikoo Place, 979 King’s Road, Quarry Bay, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries and an associate are set out in notes 39 and 22 respectively to the consolidated financial statements.

The functional currency of the Company is Hong Kong dollar (“HK\$”), which is the same as the presentation currency of the consolidated financial statements.

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. They have been prepared under the historical cost convention, except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out below.

1. 一般資料

本公司乃於百慕達註冊成立之有限公司，其股份於香港聯合交易所有限公司（「聯交所」）主板上市。其註冊辦事處地址位於Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda。其主要營業地點位於香港鰂魚涌英皇道979號太古坊德宏大廈22樓2206–08室。

本公司為一間投資控股公司。本公司旗下附屬公司及一間聯營公司之主要業務分別載於綜合財務報表附註39及22。

本公司之功能貨幣為港元（「港元」），與綜合財務報表之呈列貨幣相同。

此等綜合財務報表乃遵照香港會計師公會（「香港會計師公會」）頒佈之香港財務報告準則（「香港財務報告準則」）（有關統稱包括所有適用之個別香港財務報告準則、香港會計準則（「香港會計準則」）及詮釋）、香港公認會計原則及香港公司條例之披露規定而編製。此等綜合財務報表亦符合聯交所證券上市規則之適用披露規定。其乃按歷史成本慣例編製，惟按公平值計量之若干金融工具除外，如載列於下述會計政策之解釋。

1. GENERAL INFORMATION (Continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of assets".

In addition, for financial reporting purpose, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

1. 一般資料(續)

公平值是於計量日期市場參與者間於有秩序交易中出售資產所收取或轉讓負債須支付之價格，而不論該價格為可直接觀察取得或可使用其他估值方法估計。於估計資產或負債之公平值時，本集團會考慮該等市場參與者於計量日期對資產或負債定價時所考慮之資產或負債之特點。於該等綜合財務報表中作計量及／或披露用途之公平值乃按此基準釐定，惟以下各項除外：屬於香港財務報告準則第2號「以股份為付款基礎」範圍內以股份為付款基礎之交易、屬於香港會計準則第17號「租賃」範圍內之租賃交易，以及其計量與公平值存在某些相似之處但並非公平值，例如香港會計準則第2號「存貨」之可變現淨值或香港會計準則第36號「資產減值」之使用價值。

此外，就財務報告而言，公平值計量乃根據公平值計量之輸入數據之可觀察程度及輸入數據對公平值計量整體之重要性而分為第一、二或三級，詳情如下：

- 第一級輸入數據是於計量日期實體可獲得之活躍市場上相同資產或負債之報價(不作調整)；
- 第二級輸入數據是第一級所包括報價以外，就資產或負債可直接或間接觀察之輸入數據；及
- 第三級輸入數據是就資產或負債之不可觀察輸入數據。

編製此等綜合財務報表時應用之主要會計政策載於下文。除另有說明外，該等政策在所呈報之所有年度內貫徹應用。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

1. GENERAL INFORMATION (Continued)

The preparation of consolidated financial statements in conformity with HKFRSs 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(i) New and revised HKFRSs adopted by the Group

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
HKFRS 14	Regulatory Deferral Accounts
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to a number of HKFRSs	Annual Improvements 2012–2014 Cycle

1. 一般資料(續)

編製符合香港財務報告準則之綜合財務報表須使用若干重大會計估計，亦需要管理層於應用本集團會計政策之過程中作出判斷。涉及高度判斷或複雜性的範疇，或對綜合財務報表屬重大的假設和估算之範疇於附註4披露。

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)

(i) 本集團已採納之新訂及經修訂香港財務報告準則

本集團已於本年度之財務報表內首次採納以下新訂及經修訂香港財務報告準則。

香港財務報告準則第10號、香港財務報告準則第12號及香港會計準則第28號修訂本	投資實體：應用綜合入賬的例外情況
香港財務報告準則第14號	監管遞延賬目
香港會計準則第1號修訂本	披露動議
香港會計準則第16號及香港會計準則第38號修訂本	澄清可接納折舊及攤銷之方法
香港會計準則第27號修訂本	個別財務報表之權益法
若干香港財務報告準則修訂本	二零一二年至二零一四年週期之年度改進

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(i) New and revised HKFRSs adopted by the Group (Continued)

(a) Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in consolidated financial statements. The amendments clarify:

- the materiality requirements in HKAS 1;
- that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
- that entities have flexibility as to the order in which they present the notes to financial statements; and
- that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

(i) 本集團已採納之新訂及經修訂香港財務報告準則(續)

(a) 香港會計準則第1號修訂本載有對綜合財務報表的呈列及披露範疇內具針對性的改善。該等修訂釐清：

- 香港會計準則第1號內之重大規定；
- 損益表及財務狀況表內之特定項目可予細分；
- 實體就彼等呈列財務報表附註的順序擁有靈活性；及
- 使用權益法入賬的應佔聯營公司及合營公司的其他全面收益必須作為單獨項目匯總呈列，並且在將會或不會於其後重新分類至損益的該等項目間進行歸類。

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(i) New and revised HKFRSs adopted by the Group (Continued)

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The amendments have had no significant impact on the Group’s consolidated financial statements.

- (b) Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

(i) 本集團已採納之新訂及經修訂香港財務報告準則(續)

此外，該等修訂釐清於財務狀況表及損益表內呈列額外小計時適用的規定。該等修訂並無對本集團的綜合財務報表產生重大影響。

- (b) 香港會計準則第16號及香港會計準則第38號修訂本原則上澄清收益反映自經營一項業務(當中該資產組成其一部分)所產生的經濟利益模式，而非通過使用有關資產所耗用的經濟利益。因此，以收益為基礎的方法不可用作物業、廠房及設備之折舊，且僅可在極為有限的情況下攤銷無形資產。該等修訂將於日後應用。由於本集團並非使用以收益為基礎的方法計算其非流動資產折舊，該等修訂不會對本集團之財務狀況或表現造成任何影響。

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(i) New and revised HKFRSs adopted by the Group (Continued)

- (c) Annual Improvements to HKFRSs 2012-2014 Cycle issued in October 2014 sets out amendments to a number of HKFRSs. Details of the amendments are as follows:

HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Clarifies that changes to a plan of sale or a plan of distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. Accordingly, there is no change in the application of the requirements in HKFRS 5. The amendments also clarify that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The amendments are applied prospectively. The amendments have had no impact on the Group as the Group did not have any change in the plan of sale or disposal method in respect of the disposal group held for sale during the year.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

(i) 本集團已採納之新訂及經修訂香港財務報告準則(續)

- (c) 於二零一四年十月頒佈之香港財務報告準則二零一二年至二零一四年週期之年度改進載有若干香港財務報告準則之修訂。有關修訂的詳情如下：

香港財務報告準則第5號持作出售之非流動資產及終止經營業務：釐清向擁有人進行出售或作出分派的計劃的變動不應被視為一項新的出售計劃，而應被視為原計劃的延續。因此，應用香港財務報告準則第5號的規定並無變動。該等修訂亦釐清變更處置方式不會改變持作出售之非流動資產或出售組別的分類日期。該等修訂將於日後應用。由於本集團於年內並無改變出售計劃或持作出售之出售組別之處置方式，故該等修訂對本集團並無任何影響。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(ii) New and revised HKFRSs that have been issued but not yet effective

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

Amendments to HKAS 7	Statement of Cash Flows: Disclosure Initiative ¹
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ¹
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ²
HKFRS 9 (2014)	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers ²
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers ²
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration ²
Amendments to HKAS 40	Transfers of Investment Property ²
HKFRS 16	Leases ³
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle ⁵

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

(ii) 已頒佈但尚未生效之新訂及經修訂香港財務報告準則

本集團並無於該等財務報表內提早採納以下已頒佈但尚未生效之新訂及經修訂香港財務報告準則。

香港會計準則第7號修訂本	現金流量表：披露動議 ¹
香港會計準則第12號修訂本	就未變現虧損確認遞延稅項資產 ¹
香港財務報告準則第2號修訂本	以股份為基礎付款的交易的分類及計量 ²
香港財務報告準則第9號(二零一四年)	金融工具 ²
香港財務報告準則第15號	來自客戶合約之收益 ²
香港財務報告準則第15號修訂本	澄清香港財務報告準則第15號來自客戶合約之收益 ²
香港(國際財務報告詮釋委員)一詮釋第22號	外幣交易與墊付代價 ²
香港會計準則第40號修訂本	投資物業之轉移 ²
香港財務報告準則第16號	租賃 ³
香港財務報告準則第10號及香港會計準則第28號修訂本(二零一一年)	投資者與其聯營公司或合營企業間的資產出售或注資 ⁴
香港財務報告準則修訂本	香港財務報告準則二零一四年至二零一六年週期之年度改進 ⁵

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(ii) New and revised HKFRSs that have been issued but not yet effective (Continued)

- 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
- ⁵ Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

The Group has already commenced an assessment of the impact of adopting the above new and revised HKFRSs to the Group. The Group is not yet in a position to state whether these pronouncements will result in substantial changes to the Group’s accounting policies and financial statements.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

(ii) 已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

- ¹ 於二零一七年一月一日或之後開始的年度期間生效
- ² 於二零一八年一月一日或之後開始的年度期間生效
- ³ 於二零一九年一月一日或之後開始的年度期間生效
- ⁴ 沒有確定強制生效日期，但可供採用
- ⁵ 於二零一七年一月一日或二零一八年一月一日(視情況而定)或之後開始的年度期間生效

本集團已開始評估採納上述新訂及經修訂香港財務報告準則對本集團產生之影響。本集團尚無法說明該等頒佈是否會導致本集團之會計政策及財務報表發生重大變動。

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(ii) New and revised HKFRSs that have been issued but not yet effective (Continued)

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

The HKICPA issued amendments to HKFRS 2 in August 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 April 2018. The amendments are not expected to have any significant impact on the Group’s consolidated financial statements.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

(ii) 已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

預期將適用於本集團的該等香港財務報告準則的進一步資料如下：

香港會計師公會於二零一六年八月發佈了對香港財務報告準則第2號的修訂，涉及三個主要領域：可行權條件對現金結算以股份為付款基礎之交易計量的影響；對具有淨額結算特徵的以股份為付款基礎之交易扣除一定數額以達致僱員與股份支付有關的納稅義務的分類；以及對以股份為付款基礎之交易中條款和條件的修改導致其分類從現金結算變更為權益結算的會計處理。修訂澄清，在衡量以權益結算的股份支付時用於計算可行權條件的方法也適用於現金結算的股份支付。修訂還引進了一項例外規定，在滿足某些條件下，將以股份為付款基礎之交易中因扣除一定數額以滿足僱員的納稅義務而具有淨額結算特徵的以股份為付款基礎之交易，可完全分類為股權結算以股份為付款基礎之交易進行會計處理。此外，修訂澄清，如果現金結算以股份為付款基礎之交易的條款和條件修改後變更為以權益結算以股份為付款基礎之交易，則該交易自修改之日起作為權益結算的交易進行會計處理。本集團預期於二零一八年四月一日起採用該等修訂。該等修訂預期不會對本集團的綜合財務報表產生重大影響。

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(ii) New and revised HKFRSs that have been issued but not yet effective (Continued)

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 Financial Instruments Recognition and Measurement and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 April 2018. The Group is currently assessing the impact of the standard upon adoption and expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. The Group is currently assessing the impact of the standard.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) 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 HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 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.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

(ii) 已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

於二零一四年九月，香港會計師公會發佈了香港財務報告準則第9號的最終版，將金融工具項目的所有階段集於一起，替代了香港會計準則第39號金融工具確認及計量及香港財務報告準則第9號的全部先前版本。該準則引進了對分類及計量、減值和對沖會計處理的新要求。本集團預計於二零一八年四月一日起開始採納香港財務報告準則第9號。本集團目前正評估該準則於採納後之影響，並預期採納香港財務報告準則第9號將對本集團之金融資產的分類及計量產生影響。本公司目前正在評估該準則之影響。

香港財務報告準則第10號及香港會計準則第28號(二零一一年)修訂本針對香港財務報告準則第10號與香港會計準則第28號(二零一一年)對處理投資者與其聯營公司或合營企業間的資產出售或注資兩者規定之不一致的情況。該修訂要求當投資者與其聯營公司或合營企業間進行資產出售或者注資構成一項業務時，應全額確認收益或損失。當涉及資產的交易不構成一項業務時，由該交易產生之收益或虧損於該投資者之損益內確認，惟僅以不相關投資者於該聯營公司或合營企業之權益為限。該修訂將於未來應用。於二零一六年一月，香港會計師公會取消了之前香港財務報告準則第10號和香港會計準則第28號(二零一一年)修訂本的強制生效日期，並將在完成對聯營公司和合營企業的會計準則的覆核後決定新的強制生效日期。然而，目前該等修訂可供提前採用。

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(ii) New and revised HKFRSs that have been issued but not yet effective (Continued)

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 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 HKFRS 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 requirements under HKFRSs. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licenses of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group expects to adopt HKFRS 15 on 1 April 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

(ii) 已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

香港財務報告準則第15號建立一個新的五步模式，將應用於自客戶合約產生之收益。根據香港財務報告準則第15號，收益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之代價金額確認。香港財務報告準則第15號之原則為計量及確認收益提供更加結構化之方法。該準則亦引入廣泛之定性及定量披露規定，包括分拆收益總額，關於履行責任、不同期間之間合約資產及負債賬目結餘之變動以及主要判斷及估計之資料。該準則將取代香港財務報告準則項下所有現時收益確認之規定。於二零一六年六月，香港會計師公會頒佈香港財務報告準則第15號修訂，以處理識別履約責任、主事人與代理人之應用指引及知識產權許可以及過渡之實施問題。該等修訂亦擬協助確保實體於採納香港財務報告準則第15號時能更一致地應用及降低應用有關準則之成本及複雜程度。本集團預期於二零一八年四月一日採納香港財務報告準則第15號，目前正評估於採納香港財務報告準則第15號後的影響。

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(ii) New and revised HKFRSs that have been issued but not yet effective (Continued)

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases — Incentives and HK(SIC)-Int 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 (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). 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 HKAS 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 HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. The Group expects to adopt HKFRS 16 on 1 April 2019 and is currently assessing the impact of HKFRS 16 upon adoption.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

(ii) 已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號取代了香港會計準則17號「租賃」，香港(國際財務報告詮釋委員會)第4條詮釋「確定一項安排是否包含一項租賃」，香港準則詮釋委員會第15條詮釋「經營租賃—獎勵」及香港準則詮釋委員會第27條詮釋「評估法律形式為租賃之交易實質」。該準則規定了租賃確認、計量、列報和披露的原則，並要求承租人除低價值資產租賃和短期租賃兩類可選擇豁免確認租賃資產和負債的情形外，均應確認租賃資產和負債。在租賃開始日，承租人將支付租金的義務(即租賃責任)確認為一項負債，並確認一項資產代表在租賃期內使用標的資產的權利(即使用權資產)。除該使用權資產符合香港會計準則第40號投資物業的規定外，使用權資產應採用成本減累計折舊和任何減值虧損進行後續計量。租賃負債的後續變動，如增加將分別反映租賃利息，而減少則反映租賃款項的支付。承租人需要單獨確認租賃負債的利息費用和使用權資產的折舊費用。承租人還需要在某些事件發生時重新計算租賃負債，例如租賃期限的變化以及由於用於確定這些付款的指數或利率的變化而導致的未來租賃付款的變化。承租人通常會將租賃負債的重新計量金額視為對使用權資產的調整。香港財務報告準則第16號下出租人的會計處理與香港會計準則第17號實質上沒有改變。出租人將繼續使用與香港會計準則第17號相同的分類原則對所有租賃進行分類，並區分經營租賃和融資租賃。本集團預期於二零一九年四月一日採用香港財務報告準則第16號，目前正評估採納該準則的影響。

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(ii) New and revised HKFRSs that have been issued but not yet effective (Continued)

Amendments to HKAS 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 April 2017.

Amendments to HKAS 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 April 2017.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

(ii) 已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

香港會計準則第7號修訂本規定實體須披露資訊，供財務報表使用者評估企業由包括現金及非現金變動在內的融資活動引起的負債變動所用。該等修訂將會增加財務報表的披露。本集團預期於二零一七年四月一日採用該等修訂。

香港會計準則第12號修訂本是為了解決以公平值計量的債務工具相關的未實現虧損確認遞延所得稅資產的問題，儘管它們也廣泛應用於其他情況。該等修訂澄清了當評估是否可以利用可抵扣暫時性差異的應納稅溢利時，實體需要考慮稅法是否限制可抵扣暫時性差額轉回的應課稅溢利的來源。此外，修訂本提供了實體如何確定未來應課稅溢利的指引，並解釋了應課稅溢利可能包括一些資產的回收金額超過其賬面金額的情況。本集團預期於二零一七年四月一日起採用該等修訂。

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries and an associate made up to 31 March.

(i) Subsidiaries

Subsidiaries are all entities (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.

The Group applies the acquisition method of accounting 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. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

3. 主要會計政策

編製此等綜合財務報表時應用之主要會計政策載於下文。除另有說明外，該等政策在所呈報之所有年度內貫徹應用。

(a) 綜合賬目

綜合財務報表包括本公司及其附屬公司及一間聯營公司截至三月三十一日止之財務報表。

(i) 附屬公司

附屬公司指本集團有控制權之所有實體(包括一個結構實體)。當本集團承受或享有參與實體所得之可變回報，且有能力透過其對實體之權力影響該等回報時，則本集團控制該實體。附屬公司自控制權轉移至本集團之日起綜合入賬。附屬公司自控制權終止之日起終止綜合入賬。

本集團採用收購會計法為業務合併列賬。收購附屬公司之轉讓代價為所轉讓資產、被收購方前擁有人所產生負債及本集團所發行股本權益之公平值。轉讓代價包括或然代價安排產生之任何資產或負債之公平值。收購相關成本於產生時列為開支。在業務合併中所收購之可識別資產以及所承擔之負債及或然負債，初步按其於收購當日之公平值計量。本集團按公平值或非控股權益應佔被收購方資產淨值之比例逐項收購確認被收購方之非控股權益。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Consolidation (Continued)

(i) Subsidiaries (Continued)

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

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

Inter-company transactions, balances, and unrealised gains or losses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, the investments in subsidiaries are stated at cost less provision for impairment losses. 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.

3. 主要會計政策(續)

(a) 綜合賬目(續)

(i) 附屬公司(續)

收購相關成本於產生時列為開支。

若業務合併分階段進行，則收購方先前所持被收購方權益於收購日期的公平值按收購日期公平值透過損益重新計量。

本集團所轉讓的任何或然代價於收購日期按公平值確認。或然代價(視作一項資產或負債)公平值的其後變動將根據香港會計準則第39號於綜合損益及其他全面收益表確認。倘或然代價歸類為權益，則毋須重新計量，而其後結算在權益中入賬。

公司間的交易、集團公司間的交易結餘及未變現收益或虧損均作對銷。已於資產確認的公司間交易所產生的損益亦作對銷。附屬公司的會計政策已在有需要時作出改變，以確保與本集團採納的政策一致。

於本公司的財務狀況表內，於附屬公司之投資乃按成本扣除減值虧損撥備列賬。成本包括投資的直接歸屬成本。本公司將附屬公司之業績按已收及應收股息入賬。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(a) Consolidation (Continued)****(i) Subsidiaries (Continued)**

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

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

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

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, 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.

3. 主要會計政策(續)**(a) 綜合賬目(續)****(i) 附屬公司(續)**

倘自附屬公司收取之股息超出宣派股息期間該附屬公司之全面收入總額，或倘獨立財務報表之投資賬面值超出綜合財務報表所示被投資公司之資產淨值(包括商譽)之賬面值，則須對該等附屬公司之投資進行減值測試。

(ii) 控制權無變動下附屬公司擁有權益變動

不導致失去控制權的非控股權益交易入賬列作權益交易——即以彼等為擁有人的身分與擁有人進行交易。已付任何代價的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入賬。向非控股權益的出售的盈虧亦於權益入賬。

(iii) 出售附屬公司

當本集團不再擁有控制權，在實體的任何保留權益重新計量至其公平值，賬面值的變動在損益中確認。公平值為就作為聯營公司、合營企業或金融資產保留權益的後續入賬而言的初始賬面值。此外，之前就該實體在其他全面收益中確認的任何數額按猶如本集團已直接出售相關資產或負債進行入賬。這可能表示之前在其他全面收益中確認的數額重新分類至損益。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in an associate is accounted for in the consolidated financial statements by the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in an associate includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

The Group's share of an associate's post-acquisition profits or losses is recognised in the consolidated statement of profit or loss and other comprehensive income, and its share of the post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of results of an associate" in the consolidated statement of profit or loss and other comprehensive income.

3. 主要會計政策(續)

(b) 聯營公司

聯營公司乃指本集團對其有重大影響力而無控制權的實體，通常附帶有20%至50%投票權的股權。於一間聯營公司之投資乃以權益會計法計入綜合財務報表。根據權益法，投資最初以成本確認，而賬面值則增加或減少以確認投資者於收購日期後於被投資方所佔之損益。本集團於一間聯營公司之投資包括收購時已識別的商譽。

倘在一間聯營公司之所有權益減少，但仍保留重大影響力，在適當情況下，只有以往在其他全面收益中確認的金額的比例份額被重新分類至損益。

本集團應佔一間聯營公司收購後的盈虧於綜合損益及其他全面收益表內確認，而應佔收購後其他全面收益的變動則於其他全面收益中確認，相對地調整投資之賬面值。如本集團應佔一家聯營公司之虧損等同或超過其在該聯營公司之權益，包括任何其他未抵押應收款項，除非本集團已代該聯營公司承擔法律上或推定的責任或作出付款，本集團不會確認進一步虧損。

本集團於每個報告日期釐定是否有任何客觀證據證明於聯營公司的投資已減值。如投資已減值，本集團計算減值的金額乃聯營公司可收回金額與其賬面值的差額，並在綜合損益及其他全面收益表內確認及列示於「應佔一間聯營公司之業績」旁。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(b) Associates (Continued)**

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains and losses on dilution of equity interest in an associate are recognised in the consolidated statement of profit or loss and other comprehensive income.

(c) 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 board of directors that makes strategic decisions.

(d) Foreign currency translation**(i) Functional and presentation currency**

Items included in the consolidated 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 Hong Kong dollars, which is the Company's functional and the Group's presentation currency.

3. 主要會計政策(續)**(b) 聯營公司(續)**

本集團與其聯營公司之間的上游和下游交易的溢利和虧損乃於本集團的綜合財務報表確認，但僅限於無關連投資者在聯營公司的權益。除非交易提供證據顯示所轉讓之資產已減值，否則未實現虧損予以對銷。聯營公司的會計政策已按需要作出改變，以確保與本集團採用的政策貫徹一致。

於一間聯營公司之股權攤薄的收益及虧損於綜合損益及其他全面收益表確認。

(c) 分類報告

營運分類按照向首席營運決策者提供之內部報告貫徹一致之方式報告。負責分配資源及評估營運分類表現的首席營運決策者已被識別為作出戰略決策的董事會。

(d) 外幣換算**(i) 功能和呈列貨幣**

本集團每個實體之綜合財務報表所列項目均以實體經營所在之主要經濟環境之貨幣(「功能貨幣」)計量。綜合財務報表以本公司之功能貨幣及本集團之呈列貨幣港元呈列。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Foreign currency translation (Continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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.

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

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

3. 主要會計政策(續)

(d) 外幣換算(續)

(ii) 交易及結餘

外幣交易採用交易當日通行匯率換算為功能貨幣。結算此等交易產生之匯兌收益和虧損以及將外幣計值之貨幣資產和負債以年終匯率折算產生之匯兌收益和虧損於綜合損益及其他全面收益表確認。

以外幣計值且分類為可供出售之貨幣證券之公平值變動在證券已攤銷成本轉變產生之匯兌差額與證券賬面值之其他變動間進行分析。與攤銷成本變動相關之換算差額於損益確認，而賬面值之其他變動則於其他全面收益確認。

非貨幣金融資產或負債(如按公平值計入損益持有之股本投資)的換算差額於損益確認作為公平值收益或虧損之一部分。非貨幣金融資產(如分類為可供出售之股本投資)的換算差額計入其他全面收益。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(d) Foreign currency translation (Continued)****(iii) Group entities**

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:

- assets and liabilities for each reporting period presented are translated at the closing rate at the end of the reporting period;
- income and expenses for each consolidated statement of profit or loss and other comprehensive income presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

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 at the date of that transaction.

3. 主要會計政策(續)**(d) 外幣換算(續)****(iii) 集團實體**

其功能貨幣與呈列貨幣不同之所有本集團內之實體(當中並無惡性通脹經濟之貨幣)之業績和財務狀況按如下方法換算為呈列貨幣:

- 於各報告期間呈列之資產和負債按該報告期末之收市匯率換算;
- 於各綜合損益及其他全面收益表內呈列之收入和開支按平均匯率換算(除非此平均匯率並非交易當日通行匯率之累計影響之合理約數;在此情況下,收支項目按交易當日之匯率換算);及
- 所有由此產生之匯兌差額確認為權益之單獨組成部分。

購買境外實體產生之商譽及公平值調整視為該境外實體之資產和負債,並按交易日期之收市匯率換算。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Foreign currency translation (Continued)

(iv) Disposal of foreign operation and partial disposal

On disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

(e) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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. All other repairs and maintenance are charged in the consolidated statement of profit or loss and other comprehensive income during the period in which they are incurred.

3. 主要會計政策(續)

(d) 外幣換算(續)

(iv) 出售海外業務及部分出售

於出售海外業務(即出售本集團於海外業務之全部權益或導致喪失對某一包含海外業務附屬公司控制權之出售、導致喪失對某一包含海外業務合營公司共同控制權之出售、或導致喪失對某一包含海外業務聯營公司重大影響力之出售)時,與該業務相關並歸屬於本公司擁有人之所有於權益中累計貨幣換算差額均重新分類至損益。

(e) 物業、廠房及設備

物業、廠房及設備乃以歷史成本減累計折舊及減值虧損(如有)列賬。歷史成本包括收購該等項目直接產生之開支。僅在與項目相關之日後經濟收益有可能流入本集團及能可靠計算項目成本之情況下,其後成本方會計入資產賬面值或確認為獨立資產(如適用)。所有其他維修及保養於其產生期間在綜合損益及其他全面收益表扣除。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(e) Property, plant and equipment (Continued)**

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost or revalued amounts less their residual values over the estimated useful lives on a straight-line basis at the following rates per annum.

Buildings	Over the lease terms of the relevant leasehold land and 50 years if shorter
Plant and machinery	6.67%–20%
Furniture, fixtures and equipment	10%–30%
Motor vehicles	20%

Construction in progress represents buildings, plant and machinery under construction or pending installation and is stated at cost less impairment, if any. Cost includes the costs of construction of buildings and costs of plant and machinery. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

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.

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

3. 主要會計政策(續)**(e) 物業、廠房及設備(續)**

物業、廠房及設備之折舊乃就其估計可使用年期，使用直線法按足以撇銷其成本或重新估值之金額減其剩餘價值之比率計算，主要折舊年率如下。

樓宇	有關租賃土地之租期及50年(以較短者為準)
廠房及機器	6.67%–20%
傢俬、固定裝置及設備	10%–30%
汽車	20%

在建工程指在建或有待安裝的樓宇、廠房及機器，並按成本減減值(如有)列示。成本包括樓宇建築成本以及廠房及機器成本。在建工程並不作出折舊撥備，直至有關資產完成並可作擬定用途為止。當有關資產投入使用後，成本將轉撥至物業、廠房及設備，並且根據上述政策折舊。

於各報告期末就資產的剩餘價值和可使用年期檢討，並作出適當的調整。

倘資產的賬面值高於其估計可收回金額，則即時將資產的賬面值撇減至其可收回金額。

出售之收益及虧損乃按所得款項與賬面值的差額釐定，並於綜合損益及其他全面收益表內之其他收益及虧損淨額中確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Investment properties

Investment property is defined as property (land or a building — or part of a building — or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for: (a) use in the production of supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business.

The land component of leasehold investment property is accounted for as a prepaid land lease payment.

The building component of investment properties is initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses (if any). Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of 30.25 years.

The residual values and useful lives of investment properties are reviewed, and adjusted as appropriate, at each financial year end. The effects of any revision are included in the statement of profit or loss when the changes arise.

(g) Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3. 主要會計政策(續)

(f) 投資物業

投資物業界定為持有(由擁有人或由承租人根據融資租賃持有)以賺取租金或資本增值或達成兩種目的之物業(土地或樓宇 — 或樓宇部分 — 或兩者), 而並非:(a)用於生產供應貨品或服務或行政用途; 或(b)於日常業務過程中出售之物業。

租賃投資物業之土地部分按預付土地租賃款項入賬。

投資物業之樓宇部分初始按成本確認, 其後按成本減累計折舊及累計減值虧損(如有)列賬。折舊使用直線法計算, 於估計可使用年期30.25年內將可折舊金額分攤。

於各財政年度結算日就投資物業之剩餘價值及可使用年期檢討, 並作出適當的調整。任何修訂之影響於發生變動時計入損益表內。

(g) 無形資產

個別收購的無形資產

個別收購且具有限可使用年期的無形資產乃按成本減累計攤銷及任何累計減值虧損列賬。具有限可使用年期的無形資產之攤銷乃按直線法於其估計可使用年期內確認。估計可使用年期及攤銷方法於各報告期末檢討, 而估計之任何變動影響按預期基準入賬。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(g) Intangible assets (Continued)****Intangible assets acquired separately (Continued)**

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Internally-generated intangible assets — research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

3. 主要會計政策(續)**(g) 無形資產(續)****個別收購的無形資產(續)**

個別收購的具無限可使用年期的無形資產乃按成本減任何其後累計減值虧損列賬(見下文有關有形及無形資產減值虧損之會計政策)。

內部產生無形資產—研發開支

研究活動開支於產生期間確認為開支。僅於以下各項獲達成時，方可確認因開發活動(或內部項目的開發階段)產生的內部產生無形資產：

- 完成無形資產至可供使用或出售具技術可行性；
- 具完成無形資產的意向以作使用或出售；
- 能使用或出售無形資產；
- 無形資產於日後可能產生經濟利益的方式；
- 具備完成開發並使用或出售無形資產的充足技術、財務及其他資源；及
- 能可靠地計量無形資產於開發期間應佔的開支。

就內部產生無形資產初始確認的金額為自無形資產首次符合上述確認標準當日起產生的開支總額。倘未能確認任何內部產生無形資產，則開發支出於其產生期間內在損益中確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Intangible assets (Continued)

Internally-generated intangible assets — research and development expenditure (Continued)

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Intangible assets, which comprise rights to technological know-how and rights to commercially exploit certain gene inventions and goodwill, are stated at cost less accumulated amortisation and impairment losses. The categories of intangible assets are summarised as follows:

(i) *Technological know-how*

This category consists of rights to technological know-how for the development and production of general pharmaceutical products which are amortised on a straight-line basis over the estimated economic lives from seven to fourteen years commencing in the year when the rights are available for use.

(ii) *Gene invention rights*

The cost of gene invention rights is amortised over the lives of the rights granted for the invention of a period up to a maximum of twenty years.

(iii) *Goodwill*

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any, and is recognised in the consolidated statement of financial position as “intangible assets”.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

3. 主要會計政策(續)

(g) 無形資產(續)

內部產生無形資產 — 研發開支(續)

於初始確認後，內部產生無形資產按與單獨收購的無形資產相同的基準，以成本減累計攤銷及累計減值虧損(如有)呈報。

無形資產包括技術專業知識之權利及以商業形式利用若干基因發明之權利及商譽，乃按成本減累計攤銷及減值虧損列賬。無形資產之類別概述如下：

(i) *技術專業知識*

該類別包括用於開發及生產一般藥品之技術專業知識權利，乃以直線基準自該權利可供使用之年起計，按其估計經濟年期以七至十四年攤銷。

(ii) *基因發明權*

開發基因發明權之成本，乃自授出基因發明權起，最長分二十年攤銷。

(iii) *商譽*

收購業務所產生商譽，乃按收購業務當日(見上文會計政策)確定之成本減累計減值虧損(如有)列賬，並於綜合財務狀況表內確認為「無形資產」。

為進行減值檢測，商譽會被分配至預期因合併之協同效應而得益之本集團各個現金產生單位(或現金產生單位組別)。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Intangible assets (Continued)

Internally-generated intangible assets — research and development expenditure (Continued)

(iii) Goodwill (Continued)

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

3. 主要會計政策(續)

(g) 無形資產(續)

內部產生無形資產—研發開支(續)

(iii) 商譽(續)

獲分配商譽之現金產生單位會每年或於出現可能減值之跡象時更頻密地進行減值檢測。就於報告期內因收購產生之商譽而言，獲分配商譽之現金產生單位於該報告期末前進行減值檢測。倘現金產生單位之可收回金額少於其賬面值，則減值虧損會先分配以扣減獲分配至該單位任何商譽之賬面值，其後按單位內各資產之賬面值之比例扣減該單位之其他資產。商譽之任何減值虧損直接於損益確認。已就商譽確認之減值虧損不會於往後期間撥回。

出售有關現金產生單位時，商譽之應佔金額於釐定出售盈虧時計算在內。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Impairment on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

3. 主要會計政策(續)

(h) 有形及無形資產(商譽除外)之減值(見上文有關商譽之會計政策)

於報告期末，本集團審閱其具有限可使用年期的有形及無形資產之賬面值，以釐定是否有任何跡象顯示該等資產出現減值虧損。倘出現任何有關跡象，則估計該資產之可收回金額，以釐定減值虧損(如有)程度。倘無法估計個別資產之可收回金額，本集團會估計該資產所屬現金產生單位之可收回金額。倘可識別合理及貫徹之分配基準，則企業資產亦會分配至個別現金產生單位，否則會分配至可識別合理及貫徹分配基準之最小現金產生單位組別。

具無限可使用年期之無形資產及尚未可供使用之無形資產至少每年及於有跡象顯示資產可能出現減值時進行減值檢測。

可收回金額為公平值減出售成本與使用價值兩者中之較高者。評估使用價值時，採用除稅前貼現率將估計未來現金流量折現至其現值，該貼現率反映目前市場對貨幣時間值及資產特定風險之評估，而當中並未對估計未來現金流量作出調整。

倘估計資產(或現金產生單位)之可收回金額低於其賬面值，則將資產(或現金產生單位)之賬面值下調至可收回金額。減值虧損即時於損益確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(h) Impairment on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above) (Continued)**

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(i) 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 raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(j) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. 主要會計政策(續)**(h) 有形及無形資產(商譽除外)之減值(見上文有關商譽之會計政策)(續)**

倘其後撥回減值虧損，則將資產(或現金產生單位)之賬面值上調至其經修訂之估計可收回金額，惟經上調後之賬面值不得超過假設該資產(或現金產生單位)於過往年度並無確認減值虧損而釐定之賬面值。撥回之減值虧損即時於損益中確認。

(i) 存貨

存貨按成本與可變現淨值兩者中之較低者列賬。成本按加權平均法釐定。製成品及在製品成本包括原材料、直接勞工、其他直接成本及相關生產間接費用(基於一般經營能力)。可變現淨值指存貨之估計售價減完成之全部估計成本及進行銷售之必需成本。

(j) 金融工具

當集團實體成為工具合約條文之訂約方時，則確認金融資產及金融負債。

金融資產及金融負債初步按公平值計量。收購或發行金融資產及金融負債(按公平值計入損益之金融資產或金融負債除外)直接應佔之交易成本，於初始確認時計入金融資產或金融負債之公平值或從中扣減(如適用)。收購按公平值計入損益之金融資產或金融負債直接應佔之交易成本即時於損益內確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

(i) Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss (“FVTPL”), held-to-maturity investments, available-for-sale (“AFS”) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in the ‘other gains or losses’ line item.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

3. 主要會計政策(續)

(j) 金融工具(續)

(i) 金融資產

金融資產乃分為以下具體類別：按公平值計入損益(「按公平值計入損益」)的金融資產、持有至到期投資、可供出售(「可供出售」)金融資產以及貸款及應收款項。分類取決於金融資產之性質及目的，並於初始確認時釐定。

實際利率法

實際利率法為計算債務工具之攤銷成本以及在有關期間內分配利息收入之方法。實際利率為於債務工具預計年期或(倘適用)較短期間內將估計未來現金收入(包括所有構成實際利率整體部分之已付或已收費用及基點、交易成本及其他溢價或折讓)準確折現至初始確認之賬面淨值之利率。

除分類為按公平值計入損益的金融資產的利息收入計入「其他收益或虧損」項下外，債務工具之利息收入按實際利率基準確認。

按公平值計入損益的金融資產

倘金融資產為持作買賣或指定為按公平值計入損益，該等金融資產被分類為按公平值計入損益。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

(i) Financial assets (Continued)

Financial assets at FVTPL (Continued)

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 6.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

3. 主要會計政策(續)

(j) 金融工具(續)

(i) 金融資產(續)

按公平值計入損益的金融資產(續)

倘屬以下情況，金融資產被分類為持作買賣：

- 其主要為於不久將來出售而購買；或
- 在初始確認時，其為本集團所集中管理，並擁有短期獲利之近期實際模式之已識別金融工具組合的一部分；或
- 其為並非指定及有效作對沖工具的衍生工具。

按公平值計入損益的金融資產乃按公平值列賬，而重新計量產生之任何收益或虧損於損益中確認。於損益確認的淨收益或虧損包括金融資產所賺取的任何股息或利息及計入「其他收益及虧損」項目中。公平值按附註6所述之方式釐定。

嵌入式衍生工具

非衍生主合約中嵌入之衍生工具，倘其符合衍生工具之定義、其風險與特性並非與主合約之風險與特性緊密關連，且主合約並非以按公平值計入損益之方式計量，則有關衍生工具會被當作獨立的衍生工具處理。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

(i) Financial assets (Continued)

Investments in convertible bonds

The component parts of the convertible bonds are classified separately as debt component and conversion option derivative.

At the date of acquisition of the convertible bonds, the debt and derivative components are recognised at fair value. In subsequent periods, the debt component of the convertible bonds is carried at amortised cost using the effective interest method. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the acquisition of the convertible bonds are allocated to the debt and derivative components in proportion to their relative fair values. Transaction costs relating to the derivative components are charged to profit or loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the debt portion and amortised over the tenor of the convertible bonds using the effective interest method.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL. The Group designated unlisted investments in 龍脈(上海)健康管理服務有限公司 (“Shanghai Longmark”) as AFS financial assets on initial recognition of those items.

3. 主要會計政策(續)

(j) 金融工具(續)

(i) 金融資產(續)

可換股債券投資

可換股債券的組成部分單獨分類為債務部分及換股權衍生工具。

於收購可換股債券的日期，債務及衍生工具部分均按公平值確認。於隨後期間，可換股債券的債務部分乃以實際利率法按攤銷成本列賬。換股權衍生工具乃按公平值計量，而公平值的變動乃於損益內確認。

有關收購可換股債券的交易成本按其公平值相關比例分配到債務及衍生工具部分。有關衍生工具部分的交易成本即時於損益扣除。有關債務部分的交易成本計入債務部分的賬面值，並採用實際利率法於可換股債券的年期內攤銷。

可供出售金融資產

可供出售金融資產乃指定為可供出售或未有劃分為(a)貸款及應收款項、(b)持有至到期投資或(c)按公平值計入損益的金融資產之非衍生工具。本集團將於龍脈(上海)健康管理服務有限公司(「上海龍脈」)之非上市投資於初始確認該等項目時指定為可供出售金融資產。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(j) Financial instruments (Continued)****(i) Financial assets (Continued)*****AFS financial assets (Continued)***

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, pledged bank deposits, bank balances and amount due from an associate) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

3. 主要會計政策(續)**(j) 金融工具(續)****(i) 金融資產(續)*****可供出售金融資產(續)***

當本集團收取股息的權利確立時，可供出售股本工具的股息於損益確認。

並無活躍市場之市價報價及其公平值未能可靠地計量之可供出售股本投資及與該等無報價的股本投資連結及必須以交收該等無報價的股本工具作結算之衍生工具，於各報告期末以成本減任何已識別減值虧損計算(見下文有關金融資產減值虧損之會計政策)。

貸款及應收款項

貸款及應收款項乃並無於活躍市場報價之固定或可釐定付款之非衍生金融資產。於初始確認後，貸款及應收款項(包括貿易應收賬款、其他應收款項、已抵押銀行存款、銀行結餘及應收一間聯營公司款項)採用實際利率法按攤銷成本扣除任何已識別之減值虧損計量(見下文有關金融資產減值之會計政策)。

利息收入透過使用實際利率確認，惟利息確認並不重大的短期應收款項除外。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

(i) Financial assets (Continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 120 to 180 days, observable changes in national or local economic conditions that correlate with default on receivables.

3. 主要會計政策(續)

(j) 金融工具(續)

(i) 金融資產(續)

金融資產之減值

金融資產(除按公平值計入損益的金融資產)於各報告期末評定是否有減值跡象。金融資產於有客觀證據顯示該金融資產因於首次確認後出現的一項或多項事件而導致其估計未來現金流量受到影響時，被認為出現減值。

就所有其他金融資產而言，減值之客觀證據可包括：

- 發行人或交易對方出現重大財政困難；或
- 違反合約，如無法或拖欠支付利息或本金；或
- 借款人有可能陷於破產或進行財務重組。

貿易應收賬款及資產等被評估為非個別減值之若干金融資產類別，額外按整體基準進行減值評估。

應收款項組合之客觀減值證據可包括本集團之過往收款經驗、組合內延遲還款至超逾平均信貸期120至180日之次數增加，以及與應收款項逾期有關之全國或地方經濟狀況明顯改變。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(j) Financial instruments (Continued)****(i) Financial assets (Continued)*****Impairment of financial assets (Continued)***

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

For financial assets measured at amortised cost, 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, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. 主要會計政策(續)**(j) 金融工具(續)****(i) 金融資產(續)*****金融資產之減值(續)***

就按攤銷成本列賬之金融資產而言，減值虧損金額按該資產之賬面值與按金融資產之原實際利率折現之估計未來現金流量之現值之間的差額確認。

所有金融資產之減值虧損會直接於金融資產之賬面值中作出扣減，惟貿易應收賬款除外，其賬面值乃透過撥備賬作出扣減。撥備賬內之賬面值變動會於損益中確認。倘貿易應收賬款被視為不可收回，則於撥備賬內撇銷。其後收回先前已撇銷之金額將計入損益。

就按成本列賬之金融資產而言，減值虧損金額乃按資產賬面值與估計未來現金流量以類似金融資產現時市場回報率貼現之現值之間的差額計量。有關減值虧損不會於隨後期間撥回。

就按攤銷成本計量之金融資產而言，倘減值虧損之金額於往後期間有所減少，而有關減少在客觀上與確認減值後發生之事件有關，則先前已確認之減值虧損將透過損益予以撥回，惟該投資於減值被撥回當日之賬面值不得超過未確認減值時之已攤銷成本。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

(ii) Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities including trade and bills payables, accruals and other payables and amount due to an associate are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

3. 主要會計政策(續)

(j) 金融工具(續)

(ii) 金融負債及股本工具

集團實體發行之債務及股本工具乃根據合約安排之內容與金融負債及股本工具之定義分類為金融負債或股本。

股本工具

股本工具乃證明在實體於扣減所有負債後之資產中擁有剩餘權益之任何合同。本公司發行之股本工具按收取之所得款項扣除直接發行成本確認。

其他金融負債

其他金融負債(包括貿易應付賬款及應付票據、預提費用及其他應付款項以及應付一間聯營公司款項)其後使用實際利率法按攤銷成本計量。

實際利率法

實際利率法乃計算金融負債之攤銷成本及在有關期間內攤分利息支出之方法。實際利率乃於金融負債之預計年期或(倘適用)較短期間內將估計未來現金付款(包括所有構成實際利率整體部分之已付或已收費用及基點、交易成本及其他溢價或折讓)準確折現至初始確認之賬面淨值之利率。利息開支乃按實際利率基準確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

(ii) Financial liabilities and equity instruments (Continued)

Convertible bonds containing liability and equity components

Convertible bonds issued by the Company that contain both liability and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

On initial recognition of convertible bonds issued by the Company, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the convertible bonds into equity, is included in equity (convertible bonds equity reserve).

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds equity reserve until the embedded option is exercised (in which case the balance stated in convertible bonds equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible bonds equity reserve will be released to the accumulated profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

3. 主要會計政策(續)

(j) 金融工具(續)

(ii) 金融負債及股本工具(續)

包含負債及權益部分之可換股債券

本公司所發行包含負債及換股權部分的可換股債券，乃於初始確認時根據合約安排內容以及金融負債及股本工具的定義，獨立分類為相關項目。將以固定金額現金或另一項金融資產交換本公司本身固定數目的股本工具方式結清的可換股權乃股本工具。

初始確認本公司發行之可換股債券時，負債部分的公平值乃按類似不可轉換債務的現行市場利率釐定。發行可換股債券的所得款項總額與撥往負債部分的公平值的差額(指讓持有人將可換股債券轉換為權益的換股權)列入權益(可換股債券權益儲備)內。

於隨後期間，可換股債券的負債部分乃以實際利率法按攤銷成本列賬。權益部分(指可將負債部分轉換為本公司普通股的換股權)將保留於可換股債券權益儲備內，直至該嵌入式換股權獲行使為止(於此情況下，可換股債券權益儲備的結餘將轉撥至股份溢價)。倘換股權於到期日尚未行使，可換股債券權益儲備的結餘將解除至累計溢利。換股權獲轉換或到期後不會於損益中確認任何收益或虧損。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

(ii) Financial liabilities and equity instruments (Continued)

Convertible bonds containing liability and equity components (Continued)

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. 主要會計政策(續)

(j) 金融工具(續)

(ii) 金融負債及股本工具(續)

包含負債及權益部分之可換股債券(續)

發行可換股債券的交易成本，按所得款項總額分配比例撥往負債及權益部分。權益部分的交易成本於權益中直接扣除。與負債部分有關的交易成本計入負債部分的賬面值，並以實際利率法於可換股債券期限內攤銷。

終止確認

僅在獲取金融資產所產生現金流量的合約權利到期，或在將金融資產及該資產擁有權的幾乎所有風險和回報轉移予另一個實體的情況下，本集團才終止確認一項金融資產。

於終止確認整項金融資產時，資產賬面值與已收及應收代價金額之間的差額以及已於其他全面收入確認並於權益累計的累計收益或虧損於損益中確認。

僅在本集團的義務已經履行、解除或到期時，本集團才終止確認金融負債。終止確認的金融負債的賬面值與已付及應付代價之間的差額於損益中確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(k) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

(m) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated 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.

Fee paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

3. 主要會計政策(續)**(k) 現金及現金等值項目**

現金及現金等值項目包括手頭現金、銀行活期存款以及原到期日為三個月或以下之其他短期高度流動投資。

(l) 撥備

當本集團因過往事件而導致現時的責任(法律或推定)，而本集團可能將須結清該責任，並可對該責任的金額作出可靠估計，則確認撥備。撥備按於報告期末結清該現時責任所需的代價的最佳估計，並考慮有關責任的風險及不確定性進行計量。當撥備按履行現時責任估計所需之現金流量計量時，其賬面值為有關現金流量之現值(如貨幣時間價值之影響重大)。

(m) 借款

借款初步按公平值扣除所產生交易成本確認。借款其後按攤銷成本列示；所得款項(扣除交易成本)與贖回價值兩者間之任何差額，乃以實際利率法於借貸期間在綜合損益及其他全面收益表予以確認。

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

除非本集團具有無條件權利將負債的結算遞延至報告期末後最少12個月，否則借貸歸類為流動負債。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) 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 income on government grants and are 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.

(o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(p) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3. 主要會計政策(續)

(n) 政府補助

當能合理確定將收到政府的補助，而本集團將遵守所有附帶條件時，補助按其公平值確認。

有關成本的政府補助將被遞延，並於將有關補助與其擬定補償的成本配對所需的期間內在綜合損益及其他全面收益表予以確認。

有關物業、廠房及設備的政府補助被納入非流動負債列為有關政府補助之遞延收入，並於有關資產的預期年限內按直線基準計入綜合損益及其他全面收益表。

(o) 借貸成本

收購、建造或生產合資格資產(需大量時間方能達致可供擬定使用或出售用途的資產)直接應佔的借貸成本，乃加入該等資產的成本，直至該等資產大致可供擬定使用或出售用途為止。

所有其他借貸成本乃於其產生期間於損益中確認。

(p) 稅項

所得稅支出指即期應付稅項及遞延稅項總額。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(p) Taxation (Continued)**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. 主要會計政策(續)**(p) 稅項(續)**

即期應付稅項乃按本年度應課稅溢利計算。應課稅溢利與綜合損益及其他全面收益表中的「除稅前溢利」不同，乃由於其不包括在其他年度應課稅或可扣稅收入或開支，亦不包括不用課稅或不可扣稅之項目。本集團之即期稅項負債乃按報告期末已實行或實際上已實行之稅率計算。

遞延稅項乃根據綜合財務報表內資產及負債賬面值與計算應課稅溢利相應稅基之暫時差額而確認。遞延稅項負債一般就所有應課稅暫時差額確認。遞延稅項資產一般則於很可能有應課稅溢利可使用可扣減暫時差額作抵銷時就全部可扣減暫時差額予以確認。倘若交易中由商譽或初始確認(業務合併除外)其他資產及負債而引致之暫時差額，並不影響應課稅溢利或會計溢利，該等資產及負債不予確認。

遞延稅項負債乃就於附屬公司及聯營公司投資所產生應課稅暫時差額予以確認，除本集團能夠控制暫時差額的撥回及此暫時差額在可預見的將來很可能不會撥回則作別論。與上述投資及權益相關的可扣減暫時差額產生之遞延稅項資產僅於很有可能足有應課稅溢利以使用暫時差額利益作抵銷及預期於可預見將來撥回情況下方予以確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(q) Retirement benefit costs and termination benefits

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

3. 主要會計政策(續)

(p) 稅項(續)

遞延稅項資產之賬面值乃於各報告期末進行檢討，並於不再可能有足夠應課稅溢利可供收回全部或部分資產時作調減。

遞延稅項資產及負債根據於報告期末已頒佈或實質已頒佈之稅率(及稅法)按預期適用於清償負債或變現資產期間之稅率計算。

遞延稅項負債及資產之計量反映本集團預期於報告期末收回或清償其資產及負債賬面值之方式會產生之稅務後果。

即期及遞延稅項於損益確認，惟與其他全面收益內或直接於權益中確認的項目有關者除外，在此情況下，即期及遞延稅項亦分別於其他全面收益或直接於權益內確認。就因對業務合併進行初始會計處理而產生的即期稅項或遞延稅項而言，稅務影響乃計入業務合併的會計處理內。

(q) 退休福利費用及終止福利

國家管理的退休福利計劃及強制性公積金計劃的供款於僱員提供服務而有權獲得供款時確認為開支。

終止福利在(及僅在)本集團可充分證明其終止僱用或因有周詳正式計劃(該計劃並不可能撤銷)自願裁員時予以確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(r) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of pharmaceutical products manufactured by the Group and trading of pharmaceutical products is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

3. 主要會計政策(續)**(r) 收益確認**

收益以已收或應收代價的公平值計量。收益經扣除估計客戶退貨、回扣及其他類似補貼。

銷售本集團所製造藥品及藥品貿易之收益於貨品付運及所有權移交而下列所有條件達成時予以確認：

- 本集團已將貨品擁有權之重大風險及回報轉移予買方；
- 本集團對已出售之貨品不再保留擁有權一般附帶之持續管理參與權，也不再具有有效的控制；
- 收益金額能可靠地計量；
- 交易附帶之經濟利益很可能流入本集團；及
- 交易已產生或將產生之成本能可靠地計量。

當經濟利益很可能將流向本集團及收入金額能夠可靠地計量時，金融資產利息收入予以確認。利息收入按時間基準並參考未償還本金及以適用實際利率累計，而實際利率為於金融資產預計年期內將估計日後現金收入準確貼現至該資產於初始確認時之賬面淨值之利率。

本集團確認經營租約產生之收益的會計政策，於下文有關租賃之會計政策載述。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

For consistency

(s) Leasing

(i) Operating leases (As a lessee)

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 in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease term.

(ii) Operating leases (As a lessor)

The Group leases investment properties under operating leases, the assets are included in the consolidated statement of financial position according to their nature and where applicable, are depreciated in accordance with the Group's depreciation policies, as set out in note 3(f) above. Revenue arising from assets leased out under operating leases is recognised when the assets are leased in accordance with the substance of the relevant lease agreements.

(iii) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease term.

The corresponding liability to the lessor is included in the statement of financial position as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3. 主要會計政策(續)

經營租約

(s) 租賃

(i) 經營租約(作為承租人)

擁有權之絕大部分風險及回報由出租方保留之租約乃分類為經營租約。根據經營租約所支付之款項(扣除出租方所給予之任何優惠後)於租期內以直線法自綜合損益及其他全面收益表扣除。

(ii) 經營租約(作為出租人)

本集團根據經營租約出租投資物業，資產按照其性質於綜合財務狀況表入賬，及(如適用)按照上文附註3(f)所載之本集團折舊政策進行折舊。當資產乃按照相關租賃協議的實質內容租賃時，則根據經營租約出租之資產所產生的收益會予以確認。

(iii) 融資租賃

融資租賃是指將擁有資產之風險及回報絕大部分轉讓予本集團之租賃。當租期開始時，融資租賃以租賃資產之公平值及最低租金現值(各自從租期開始起計)之較低者撥充資本。

出租人的相應負債於財務狀況表列作應付融資租賃。租賃付款於融資費用及尚未償還負債扣減之間作出分配。融資費用於租期內各期間分配，從而使負債尚未償還餘額利息的息率固定。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(s) Leasing (Continued)****(iii) Finance leases (Continued)**

Assets under finance leases are depreciated the same as owned assets over the shorter of the lease term and their estimated useful lives.

(iv) Lease of land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment. Unless it is clear that both elements are operating lease, in which case the entire lease is classified as an operating lease.

(t) 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 year in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3. 主要會計政策(續)**(s) 租賃(續)****(iii) 融資租賃(續)**

融資租賃項下之資產與自置資產同樣以租期及其估計可使用年期之較短者計算折舊。

(iv) 租賃土地及樓宇

當租賃包括土地及樓宇部分，本集團根據對附於各部分之擁有權之絕大部分風險及回報是否已轉移至本集團之評估，分別將各部分之分類評定為融資或經營租賃。具體而言，最低租賃付款(包括任何一整筆預付款項)於租賃初次訂立時按租賃土地部分及樓宇部分中的租賃權益相對公平值比例於土地與樓宇部分間分配。

倘租賃付款能夠可靠地分配，則入賬列作經營租約之租賃土地權益於綜合財務狀況表中列作「預付租賃付款」，初步按成本列賬，其後於租期內以直線法確認。倘租賃付款未能可靠地於土地及樓宇部分之間作出分配，則全部租賃付款計入土地及樓宇成本，作為物業、廠房及設備之融資租賃。除非兩個部分均明顯屬於經營租約，於該情況下，整項租賃會被分類為經營租約。

(t) 股息分派

本公司股東之股息分派於本集團及本公司之年內財務報表中被確認為負債，其中股息由本公司股東或董事(倘合適)批准。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Related parties

A related party is a person or entity that is related to the Group if:

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of the parent of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

3. 主要會計政策(續)

(u) 關聯方

以下與本集團有關之個人或實體屬關聯方：

- (a) 倘屬以下人士，則該人士或該人士之近親與本集團有關：
 - (i) 控制或共同控制本集團；
 - (ii) 對本集團有重大影響；或
 - (iii) 為本集團或本集團母公司之主要管理層成員。
- (b) 倘符合下列任何條件，則該實體與本集團有關：
 - (i) 該實體與本集團屬同一集團之成員公司(即各母公司、附屬公司及同系附屬公司彼此間有關)。
 - (ii) 一間實體為另一實體之聯營公司或合營企業(或另一實體為集團旗下成員公司之聯營公司或合營企業之成員公司)。
 - (iii) 兩間實體均為同一第三方之合營企業。
 - (iv) 一間實體為第三方實體之合營企業，而另一實體為該第三方實體之聯營公司。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(u) Related parties (Continued)**

- (b) An entity is related to the Group if any of the following conditions applies: (Continued)
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the Group.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3 to the consolidated financial statements, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

3. 主要會計政策(續)**(u) 關聯方(續)**

- (b) 倘符合下列任何條件，則該實體與本集團有關：(續)
- (v) 實體為報告實體或與報告實體有關之實體就僱員利益設立之離職福利計劃。倘報告實體本身屬有關計劃，提供資助之僱主亦與報告實體有關。
- (vi) 實體受(a)內識別人士控制或共同控制。
- (vii) (a)內識別人士對實體有重大影響力或屬該實體(或該實體之母公司)之主要管理層成員。
- (viii) 向報告實體或向本集團之母公司提供主要管理人員服務之實體或其所屬集團之任何成員公司。

4. 估計不確定因素的主要來源

在應用載述於綜合財務報表附註3的本集團會計政策時，本公司董事須對未能輕易地從其他來源確定的資產及負債賬面值作出判斷、估計及假設。該等估計及相關假設是根據過往經驗及被認為相關的其他因素而作出。實際結果或會與該等估計有所不同。

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of interest in an associate

The interest in an associate represents interest in Smart Ascent Limited and its subsidiaries (the "Smart Ascent Group"). The major asset held by the Smart Ascent Group is the intangible asset in relation to an in-process research and development project (the "In-process R&D") involving an oral insulin product (the "Product"). As at 31 March 2017, the carrying amount of interest in an associate is HK\$330,969,000 (2016: HK\$333,866,000), which is highly dependent upon further research and development work required to be carried out, results of the clinical trials, the successful launching of the Product and the appropriate key assumptions to be applied in preparing cash flow projections. In addition, the recoverable amount of the In-process R&D which is not yet available for use and is determined based on fair value calculation. These calculations require the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the fair value calculations. In addition, the management based on an assumption that Smart Ascent Group would be successful in obtaining the regulatory approvals from the relevant government bodies and launching the Product by the end of 2019.

4. 估計不確定因素的主要來源(續)

該等估計及相關假設會持續地檢討。若估計修訂只影響該期間，會計估計的修訂會於該期內確認；或如該估計修訂影響本期及未來期間，則會計估計的修訂會於修訂期內及未來期間確認。

下文載列於報告期末所作出有關未來之主要假設及估計不確定因素之其他主要來源，該等假設及來源有相當風險導致須於下個財政年度之內就資產及負債之賬面值作出重大調整。

於一間聯營公司之權益減值

於一間聯營公司之權益指於進生有限公司及其附屬公司(「進生集團」)之權益。進生集團所持之主要資產為有關進行之研究及開發項目(「進行之研發」)的無形資產，當中涉及口服胰島素產品(「產品」)。於二零一七年三月三十一日，於一間聯營公司之權益賬面值為330,969,000港元(二零一六年：333,866,000港元)，高度依賴須進行之進一步研發工作、產品之臨床測試結果、能否成功推出產品及就編製現金流量預測應用合適主要假設而定。此外，尚未可供使用的進行之研發的可收回金額乃基於公平值計算而釐定。該等計算須使用管理層就日後業務營運所作之估計及假設、除稅前貼現率以及其他計算公平值時所作出之相關假設。此外，管理層亦基於假設進生集團將於二零一九年年底成功取得有關政府監管部門批准並推出產品。

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment of interest in an associate (Continued)

Should the actual outcome of the clinical trials and the launching of the Product be unsuccessful, or the likelihood and timing in obtaining the regulatory approvals from the relevant government bodies to launch the Product to be unrealised or the key assumptions applied in preparing the cash flow projections from the Product in assessing impairment, including the discount rates or growth rate assumptions applied in the cash flow projections on the In-process R&D, turn out to be unrealised, it could materially affect the net present value in the impairment test and as a result affect the Group's interest in the associate. It will consequently have an adverse effect on the net assets and the results of the Group.

The directors of the Company performed an impairment assessment on the Group's interest in an associate as at 31 March 2017, with reference to the valuation report prepared by an independent qualified valuer, Roma Appraisals Limited, by using asset-based approach. The fair value of the Group's interest in an associate as at 31 March 2017 was valued at HK\$471,000,000 and the directors are of the view that no impairment loss is required.

Allowance for bad and doubtful debts

The allowance for bad and doubtful debts of the Group is estimated based on the evaluation of collectability and aging analysis of individual trade debts performed by the management. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Impairment of prepaid lease payments and buildings

As at 31 March 2017, the prepaid lease payments and buildings are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amounts have been determined based on value-in-use calculations or market valuations. These valuations require the use of judgements and estimates.

4. 估計不確定因素的主要來源 (續)

於一間聯營公司之權益減值(續)

倘產品之臨床測試實際結果及推出不成功，或取得有關政府監管部門批准以推出產品的可能性及時機或於評估減值時就編製產品之現金流量預測所應用之主要假設(包括進行中之研發之現金流量預測所應用的貼現率或增長率假設)並無實現，可能對減值測試之現值淨額造成重大影響，因而影響本集團於聯營公司之權益，而此將對本集團之資產淨值及業績造成不利影響。

本公司董事已採用資產法經參考獨立合資格估值師羅馬國際評估有限公司編製之估值報告，就本集團於二零一七年三月三十一日於聯營公司之權益進行減值評估。本集團於二零一七年三月三十一日於聯營公司之權益之公平值為471,000,000港元，董事認為毋須作出減值虧損。

呆壞賬撥備

本集團的呆壞賬撥備乃基於管理層作出的個別貿易債務的可收回性評估及賬齡分析而估計。於評估該等應收款項最終變現價值時，須作出大量判斷，包括各客戶現時的信譽及過往還款記錄。倘本集團客戶的財務狀況惡化，導致其還款能力下降，則或須作出額外撥備。

預付租賃付款及樓宇之減值

於二零一七年三月三十一日，預付租賃付款及樓宇於發生事件或環境出現改變，顯示該等資產之賬面值超過其可收回金額時，檢討是否有減值。可收回金額乃按使用價值計算或市場估值釐定。該等估值須使用判斷及估計。

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment of prepaid lease payments and buildings (Continued)

Management's judgement is required in the area of assets impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related assets value may not be recoverable; and (ii) whether the carrying amounts of assets can be supported by the recoverable amount, being the higher of fair value less costs of disposal or net present amounts future cash flows which are estimated based upon the continued use of the assets in the business. The management performed an impairment assessment on its prepaid lease payments and buildings as at 31 March 2017, with reference to the valuation report prepared by an independent qualified valuer using the depreciate replacement cost approach. The fair values of these assets were higher than their carrying amounts. Accordingly, no impairment loss is recognised for prepaid lease payments and buildings based on the impairment assessment performed by the management as at 31 March 2017 (2016: nil).

As at 31 March 2017, the carrying amounts of prepaid lease payments and buildings are approximately HK\$9,299,000 (2016: HK\$10,155,000) and HK\$116,728,000 (2016: HK\$127,965,000) respectively.

Allowance for slow-moving and obsolete inventories

Allowance for slow-moving and obsolete inventories is made based on the aging and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in market condition. The Group will reassess the estimates by the end of each reporting period.

4. 估計不確定因素的主要來源(續)

預付租賃付款及樓宇之減值(續)

管理層須於評估資產減值時作出判斷，尤其是評估：(i)是否已出現任何事件顯示有關資產值可能無法收回；及(ii)可收回金額(即公平值減出售成本或估計繼續在業務中使用資產所帶來的未來現金流量現值淨額兩者中的較高者)是否足以支持資產賬面值。於二零一七年三月三十一日，管理層採用折舊置換成本法經參考獨立合資格估值師編製之估值報告就其預付租賃付款及樓宇進行減值評估。該等資產之公平值高於其賬面值。因此，根據管理層於二零一七年三月三十一日進行之減值評估，概無就預付租賃付款及樓宇確認減值虧損(二零一六年：無)。

於二零一七年三月三十一日，預付租賃付款及樓宇之賬面值分別約為9,299,000港元(二零一六年：10,155,000港元)及116,728,000港元(二零一六年：127,965,000港元)。

滯銷及過期存貨撥備

滯銷及過期存貨乃根據存貨之賬齡及估計可變現淨值作出撥備。評估撥備數額涉及判斷及估計。倘日後實際結果與原先估計不同，則有關差額將會對有關估計作出變動之期間內之存貨賬面值及撥備列支/撥回產生影響。

可變現淨值乃存貨之估計售價減全部估計完成成本及進行出售所需成本。該等估計乃按照現行市況以及製造及銷售類似性質之產品的過往經驗作出。可變現淨值可因市況轉變而大幅變動。本集團將於各報告期末重新評估有關估計。

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Fair value of investments in convertible bonds

The fair value of embedded conversion option of convertible bonds invested by the Group is calculated using valuation techniques. Valuation techniques are certified by independent and recognised international business valuers before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Valuation models established by valuers make the maximum use of market inputs and rely as little as possible on the Group's specific data. The model involves estimates on time to expiration, risk free rate, share price, volatility, discount rate and others. As at 31 March 2017, the carrying amount of the embedded conversion option of convertible bonds invested by the Group is HK\$21,078,000 (2016: HK\$54,475,000).

Should any of the estimates be revised, especially the share price of the issuer, it may lead to a material change to the fair value of the investments in convertible bonds.

Fair value of the embedded option of the convertible bonds issued by the Company

On initial recognition of convertible bonds issued by the Company, the fair value of the embedded option of the convertible bonds was calculated using the valuation techniques. Valuation techniques were certified by an independent qualified valuer before being implemented for valuation and were calibrated to ensure that outputs reflect market conditions. Valuation models established by the valuer make the maximum use of market inputs and rely as little as possible on the Group's specific data. The model involved estimates on time to expiration, risk free rate, share price, volatility, discount rate and others.

Should any of the estimates be revised, it may lead to a material change to the fair value of the convertible bonds issued by the Company.

4. 估計不確定因素的主要來源 (續)

可換股債券投資之公平值

本集團投資之可換股債券之嵌入式換股權之公平值乃採用估值法計算。估值法經獨立及獲認可國際商業估值師於估值前核實並予以調整，以確保得出的數據反映市況。估值師確定之估值模式會充分利用市場輸入數據而盡量少依賴本集團之特定數據。該模式涉及對到期時間、無風險利率、股價、波動、貼現率及其他因素之估計。於二零一七年三月三十一日，本集團投資之可換股債券之嵌入式換股權之賬面值為21,078,000港元(二零一六年：54,475,000港元)。

倘估計出現任何修訂，尤其是發行人之股價，則可能導致可換股債券投資之公平值出現重大變動。

本公司發行之可換股債券嵌入式換股權的公平值

初始確認本公司發行之可換股債券時，可換股債券嵌入式換股權的公平值乃採用估值法計算。估值法經獨立合資格估值師於估值前核實並予以調整，以確保得出的數據反映市況。估值師確定之估值模式會充分利用市場輸入數據而盡量少依賴本集團之特定數據。該模式涉及對到期時間、無風險利率、股價、波動、貼現率及其他因素之估計。

倘估計出現任何修訂，則可能導致本公司發行之可換股債券之公平值出現重大變動。

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Income taxes

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

Impairment for available-for-sale financial assets

The Group follows the guidance of HKAS 39 to determine when available-for-sale financial assets are impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

5. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders through optimisation of capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from prior year.

The Group regularly reviews and manages its capital structure, and makes adjustments to it taking into account the changes in economic conditions, risk characteristics of the underlying assets, the Group's investment strategy and opportunities, projected operating cash flows and capital expenditures. To maintain or adjust the capital structure, the Group may adjust the level of borrowings, dividend payment to shareholders, issue new shares, or buy back its own shares.

4. 估計不確定因素的主要來源 (續)

所得稅

本集團須繳納數個司法權區的所得稅。在釐定所得稅撥備時，需要作出重大估計。多項交易及計算之最終稅項釐定於日常業務過程中均屬不明確。本集團按照額外稅項是否將會到期的估計確認有關預計稅項審計事宜的責任。倘該等事宜的最終稅務結果有別於最初記賬的金額，有關差異將會影響作出有關釐定期間的所得稅及遞延稅項撥備。

可供出售金融資產減值

本集團遵循香港會計準則第39號的指引釐定可供出售金融資產減值的時間。該項釐定需要重大判斷。在作出該判斷時，本集團會評核(其中包括)投資之公平值低於其成本的時間及幅度，以及被投資方的財務穩健性及短期業務前景，當中包括行業及界別表現、科技變動以及營運及融資現金流量等因素。

5. 資本風險管理

本集團管理資本之目標為保證本集團能夠持續經營，以便透過優化資本結構以減少資本成本，繼續為股東提供回報和為其他持份者帶來利益。本集團之整體策略與上年度維持不變。

本集團定期審閱及管理其資本結構，並於綜合考慮經濟狀況之變動、有關資產之風險特徵、本集團之投資策略及機遇、預測經營現金流以及資本開支後作出調整。為維持或調整資本結構，本集團可能調整借貸水平、支付予股東之股息、發行新股或購回自身股份。

5. CAPITAL RISK MANAGEMENT

The Group monitors its capital structure using debt to equity ratio; whereby debt comprises convertible bonds whilst equity means the total equity of the Group. During the year, the Group's strategy to maintain a healthy debt to equity ratio has remained unchanged, and the debt to equity ratio is 0.054 as at 31 March 2017 (2016: 0.049).

5. 資本風險管理

本集團使用負債權益比率監控其資本結構；其中負債包括可換股債券，而權益則指本集團之權益總額。於本年度，本集團維持穩健之負債權益比率之策略仍然不變，於二零一七年三月三十一日之負債權益比率為0.054（二零一六年：0.049）。

6. FINANCIAL INSTRUMENTS**Categories of financial instruments****6. 金融工具****金融工具類別**

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Financial assets	金融資產		
Financial assets at FVTPL	按公平值計入損益的金融資產	21,078	54,475
Available-for-sale investments	可供出售投資	1,685	3,012
Loans and receivables (including cash and cash equivalents)	貸款及應收款項(包括現金及現金等值項目)	652,328	587,533
Financial liabilities	金融負債		
Amortised costs	攤銷成本	121,541	119,612

Financial risk management objectives and policies

The Group's major financial instruments include investments in convertible bonds, trade receivables, deposits and other receivables, pledged bank deposits, bank balances, trade and bills payables, accruals and other payables, amount due from/to an associate and convertible bonds. Details of these financial instruments are disclosed in respective notes.

The Group's activities expose it to a variety of financial risks such as foreign currency risk, credit risk, liquidity risk and interest rate 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. The management monitors and manages the financial risks through internal risk assessment which analyses exposures by degree and magnitude of risks.

財務風險管理目標及政策

本集團之主要金融工具包括可換股債券投資、貿易應收賬款、按金及其他應收款項、已抵押銀行存款、銀行結餘、貿易應付賬款及應付票據、預提費用及其他應付款項、應收／應付一間聯營公司款項及可換股債券。該等金融工具之詳情於相關附註披露。

本集團之經營活動令本集團面臨多種金融風險，如外幣風險、信貸風險、流動資金風險及利率風險。本集團之整體風險管理計劃集中在金融市場之不可預測性，並尋求盡量減低對本集團財務表現之潛在不利影響。管理層通過內部風險評估，分析風險程度及廣度，監控及管理金融風險。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

6. FINANCIAL INSTRUMENTS (Continued)

Market risk

Foreign currency risk

Foreign exchange risk arises when commercial transactions, assets or liabilities are denominated in a currency that is not the functional currency of the group entities. The Group operates mainly in the PRC and Malaysia and is exposed to foreign currency exchange rate risk arising from various foreign currency exposures. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

As at end of the reporting period, the carrying amounts of the Group's monetary assets and liabilities that are denominated in currency other than functional currencies of the respective group entities are as follows:

	Euro 歐元		RMB 人民幣		United States Dollars ("US\$") 美元(「美元」)	
	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Bank balances and cash 銀行結餘及現金	2,002	3,235	1,873	1,585	85,726	66,990
Trade and bills payables 貿易應付賬款及應付票據	3,685	3,783	—	—	—	—

Sensitivity analysis

The bank balances and cash denominated in US\$ belong to the group entities in which the functional currency is HK\$. The directors are of the opinion that the HK\$ are reasonably stable with the US\$ under the Linked Exchange Rate System, and accordingly, no sensitivity analysis of US\$ with respect to HK\$ is performed.

6. 金融工具(續)

市場風險

外幣風險

外匯風險於非集團實體功能貨幣之貨幣列值之商業交易、資產或負債產生。本集團之業務主要於中國及馬來西亞經營，並面臨多種外幣產生之外幣匯率風險。本集團現時並無外幣對沖政策。然而，管理層會監察外匯風險，並將於必要時考慮對沖重大外匯風險。

於報告期末，按各集團實體的功能貨幣以外的貨幣計值的本集團貨幣資產及負債的賬面值如下：

敏感度分析

以美元計值之銀行結餘及現金屬於功能貨幣為港元之集團實體。董事認為，由於在聯繫匯率制度下，港元與美元相當穩定，因此，並無進行美元對港元之敏感度分析。

6. FINANCIAL INSTRUMENTS (Continued)**Market risk (Continued)****Foreign currency risk (Continued)****Sensitivity analysis (Continued)**

The following table details the Group's sensitivity to a 5% (2016: 5%) increase and decrease in the functional currency of the respective group entities against the relevant foreign currencies and all other variables were held constant as at 31 March 2017 and 2016. 5% (2016: 5%) is the sensitivity rate used which represents management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% (2016: 5%) change in foreign currency rates. The negative numbers below indicate decrease in post-tax profit for the year ended 31 March 2017 where the functional currency of the respective group entities strengthens 5% against the relevant foreign currencies. For a 5% (2016: 5%) weakening of the functional currency of the respective group entities against the relevant foreign currencies, there would be an equal and opposite impact on the result for the year.

		Euro 歐元		RMB 人民幣	
		2017 二零一七年	2016 二零一六年	2017 二零一七年	2016 二零一六年
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Profit or (loss)	溢利或(虧損)	70	23	(78)	(66)

Interest rate risk

The Group's fair value interest rate risk primarily relates to debt component of convertible bonds held by the Group and the liability component of convertible bonds issued by the Company as set out in notes 20 and 33 respectively.

6. 金融工具(續)**市場風險(續)****外幣風險(續)****敏感度分析(續)**

下表詳細載列於二零一七年及二零一六年三月三十一日本集團就各集團實體的功能貨幣兌相關外幣上升及下降5% (二零一六年: 5%) (而所有其他可變因素維持不變) 的敏感度。管理層對外幣匯率可能合理變動進行評估時採用的敏感度比率為5% (二零一六年: 5%)。敏感度分析僅包括以外幣計值的尚未償還的貨幣項目，於年終以外幣匯率5% (二零一六年: 5%) 的變動進行換算調整。下文所示負數即表示各集團實體的功能貨幣兌有關外幣升值5%時，截至二零一七年三月三十一日止年度除稅後溢利的減少。至於各集團實體的功能貨幣兌有關外幣貶值5% (二零一六年: 5%) 時，則可能對年度業績產生相等及相反影響。

利率風險

本集團之公平值利率風險主要與本集團持有之可換股債券之債務部分及本公司已發行之可換股債券之負債部分有關，分別載於附註20及33。

6. FINANCIAL INSTRUMENTS (Continued)

Market risk (Continued)

Interest rate risk (Continued)

The Group's cash flow interest rate risk primarily relates to variable-rate pledged bank deposits and bank balances (see notes 27 and 28 respectively for details). The Group currently does not have interest rate hedging policy. However, the management of the Group will consider hedging significant interest rate exposure should the need arise. The management considers the Group's exposure to future cash flow interest rate risk is minimal taking into account the minimal fluctuation on market interest rate. Accordingly, no sensitivity analysis is presented.

Price risk on embedded conversion option in convertible bonds held by the Group

The Group is required to estimate the fair value of the embedded conversion option in the convertible bonds held by the Group at the end of the reporting period with changes in fair value to be recognised in profit or loss as long as the convertible bonds are outstanding. The fair value adjustment will be affected either positively or negatively, amongst others, by the changes in share price and its volatility of the convertible bonds issuer.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to the change of share price and its volatility of the convertible bonds issuer at the reporting date.

If the share prices of the convertible bonds issuer had been 5% (2016: 5%) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2017 would increase/decrease by HK\$5,555,000 (2016: HK\$14,907,000)/HK\$1,158,000 (2016: HK\$4,550,000) as a result of changes in fair value of conversion option embedded in the convertible bonds held by the Group.

6. 金融工具(續)

市場風險(續)

利率風險(續)

本集團之現金流量利率風險主要與以浮動利率計息之已抵押銀行存款及銀行結餘(詳情分別見附註27及28)有關。本集團現時並無利率對沖政策。然而，本集團管理層將於必要時考慮對沖重大利率風險。鑒於市場利率的波動甚微，管理層認為本集團承受未來現金流量利率之風險甚微。因此，概無呈列敏感度分析。

本集團持有之可換股債券有關嵌入之換股權之價格風險

本集團須於報告期末估計本集團持有之可換股債券有關嵌入之換股權的公平值，只要可換股債券尚未兌換，公平值變動將於損益內確認。公平值調整將受(其中包括)可換股債券發行人之股價變動及其波幅的正面或負面影響。

敏感度分析

下述敏感度分析乃根據可換股債券發行人於報告日期所面臨的股價變動及其波幅釐定。

倘可換股債券發行人之股價上升/下降5%(二零一六年:5%)，而所有其他變量保持不變，本集團截至二零一七年三月三十一日止年度之稅後溢利將增加/減少5,555,000港元(二零一六年:14,907,000港元)/1,158,000港元(二零一六年:4,550,000港元)，乃由於本集團持有的可換股債券有關嵌入之換股權之公平值變動所致。

6. FINANCIAL INSTRUMENTS (Continued)**Price risk on conversion option embedded in convertible bonds held by the Group (Continued)****Sensitivity analysis (Continued)**

If the volatility of share prices of the convertible bonds issuer had been 5% (2016: 5%) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2017 would increase/decrease by HK\$7,847,000 (2016: HK\$17,022,000)/HK\$3,077,000 (2016: HK\$7,269,000), as a result of changes in fair value of conversion option embedded in the convertible bonds held by the Group.

In management's opinion, the sensitivity analyses are unrepresentative of the inherent market risk as the pricing model used in the fair value valuation of the conversion options embedded in the convertible bonds involves multiple variables and certain variables are interdependent.

Credit risk

The Group's credit risk is primarily attributable to investments in convertible bonds, trade and other receivables, amount due from an associate, pledged bank deposits and bank balances.

As at 31 March 2017, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, management of the Group has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, management reviews the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, management considers that the Group's credit risk is significantly reduced.

6. 金融工具(續)**本集團持有之可換股債券有關嵌入之換股權之價格風險(續)****敏感度分析(續)**

倘可換股債券發行人的股價波幅上升/下降5%(二零一六年:5%),而所有其他變量保持不變,本集團截至二零一七年三月三十一日止年度之稅後溢利將增加/減少7,847,000港元(二零一六年:17,022,000港元)/3,077,000港元(二零一六年:7,269,000港元),乃由於本集團持有的可換股債券有關嵌入之換股權之公平值變動所致。

管理層認為,由於可換股債券有關嵌入之換股權的公平值估值所用的定價模式涉及多項變數而若干變數相互依賴,因此,敏感度分析不能反映固有市場風險。

信貸風險

本集團之信貸風險主要來自可換股債券投資、貿易應收賬款及其他應收款項、應收一間聯營公司款項、已抵押銀行存款及銀行結餘。

於二零一七年三月三十一日,本集團所面對之最大信貸風險(會因交易對方未能履行責任而令本集團承擔財政損失)為綜合財務狀況表列載之各項已確認之金融資產之賬面值。

為盡量減低信貸風險,本集團管理層已委任專責釐定信貸限額、信貸批核及其他監察程序之團隊。此外,管理層會定期審閱各個別貿易債務之可收回金額,以確保就無法收回債務確認足夠減值虧損。有鑒於此,管理層認為本集團之信貸風險已大為減低。

6. FINANCIAL INSTRUMENTS (Continued)

Credit risk (Continued)

The investments in convertible bonds as at 31 March 2017 expose the Group to concentration of credit risk. At the end of the reporting period, the Group assessed the financial position and performance of the issuer of the convertible bonds of carrying amount HK\$376,324,000 (2016: HK\$362,960,000) and in view of sufficient net assets and significant bank balances and cash of the issuer, the management considers the default risk on the investments in convertible bonds is not significant.

The Group also has concentration of credit risk as 48% (2016: 60%) of the total trade receivables were due from the Group's major customers, which are privately owned PRC and Macau companies engaged in trading of pharmaceutical products. The directors of the Company considered that the credit risk of trade receivables is insignificant after considering the credit quality and financial ability of these customers. In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. These credit evaluations focus on the customers' past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group will make specific provision for those balances which cannot be recovered. Normally, the Group does not obtain collateral from customers. In the opinion of the directors, the default risk of the Group is considered to be low.

With respect to credit risk arising from other receivables and amount due from an associate, in the opinion of the directors, no significant credit risk is expected as there is no default repayment history.

The credit risk on the Group's pledged bank deposits and bank balances is limited because the counterparties are reputable and creditworthy banks with high credit ratings assigned by international credit-rating agencies.

6. 金融工具(續)

信貸風險(續)

於二零一七年三月三十一日之可換股債券投資令本集團信貸風險集中。於報告期末，本集團評估賬面值為376,324,000港元(二零一六年：362,960,000港元)的可換股債券發行人之財務狀況及表現，鑒於發行人擁有充足淨資產及大量銀行結餘及現金，管理層認為可換股債券投資之違約風險並不重大。

本集團信貸風險集中，因為貿易應收賬款總額中48%(二零一六年：60%)乃應收本集團之主要客戶，該等客戶為從事藥品貿易的中國及澳門私人公司。經考慮該等客戶的信貸質素及財政能力，本公司董事認為貿易應收賬款的信貸風險並不重大。就貿易應收賬款而言，對所有要求超過若干金額信貸之客戶進行獨立信貸評估。本集團訂有適當政策可確保銷售對象為信貸記錄良好之客戶。該等信貸評估著重評核客戶支付到期款項之過往記錄，以及目前之支付能力，並考慮客戶特定資料及有關客戶經營所在經濟環境之資料。本集團將會為該等不能收回之結餘作出特定撥備。一般而言，本集團並無向客戶收取抵押品。董事認為，本集團面對之違約風險為低。

就因其他應收款項及應收一間聯營公司款項而產生之信貸風險，董事認為由於並無拖欠還款紀錄，因而預期並無重大信貸風險。

由於交易對手為國際評級機構給予高信用評級的聲譽及信譽良好之銀行，故於本集團已抵押銀行存款及銀行結餘之信貸風險有限。

6. FINANCIAL INSTRUMENTS (Continued)**Credit risk (Continued)**

The maximum exposure to credit risk is represented by the carrying amount of each financial asset at the end of the reporting period.

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient cash and cash equivalents to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's contractual maturity for its non-derivative financial liabilities based on the agreed repayment dates. The table includes both interest and principal cash flows.

		Weighted average effective interest rate	Less than 1 year	Between 1 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount at 31 March 2017
		加權平均 實際利率	1年以內 HK\$'000 千港元	1至5年 HK\$'000 千港元	超過5年 HK\$'000 千港元	未貼現現金 流量總計 HK\$'000 千港元	於二零一七年 三月三十一日 之賬面值 HK\$'000 千港元
At 31 March 2017	於二零一七年 三月三十一日						
Trade and bills payables	貿易應付賬款 及應付票據	—	14,859	—	—	14,859	14,859
Accruals and other payables	預提費用及其他 應付款項	—	51,680	—	—	51,680	51,680
Amount due to an associate	應付一間聯營 公司款項	—	19,780	—	—	19,780	19,780
Convertible bonds	可換股債券	18.72	—	—	577,170	577,170	35,222
			86,319	—	577,170	663,489	121,541

6. 金融工具(續)**信貸風險(續)**

最大信貸風險來自報告期末每項金融資產之賬面值。

流動資金風險

本集團之政策為定期監察當期及預期之流動資金需求，並確保維持足夠現金及現金等值項目，為本集團之營運撥資及降低現金流量波動之影響。

下表詳列本集團之非衍生金融負債(根據協定還款日期之合約到期日)。下表包括利息及本金現金流量。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

6. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk (Continued)

	Weighted Average effective interest rate	Less than 1 year	Between 1 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount at 31 March 2016
	加權平均 實際利率	1年以內 HK\$'000 千港元	1至5年 HK\$'000 千港元	超過5年 HK\$'000 千港元	未貼現現金 流量總計 HK\$'000 千港元	於二零一六年 三月三十一日 之賬面值 HK\$'000 千港元
At 31 March 2016						
						於二零一六年 三月三十一日
Trade and bills payables						貿易應付賬款 及應付票據
	—	11,093	—	—	11,093	11,093
Accruals and other payables						預提費用及其他 應付款項
	—	59,069	—	—	59,069	59,069
Amount due to an associate						應付一間聯營 公司款項
	—	19,780	—	—	19,780	19,780
Convertible bonds	18.72	—	—	577,170	577,170	29,670
		89,942	—	577,170	667,112	119,612

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

根據經常性基準按公平值計量之本集團金融資產之公平值

本集團之若干金融資產乃於報告期末按公平值計量。下表列載有關釐定該等金融資產公平值之資料(尤其是所使用之估值技術及輸入數據),以及根據公平值計量輸入數據之可觀察程度將公平值計量分類之公平值層級(第1至第3級)之資料。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

6. FINANCIAL INSTRUMENTS (Continued)

6. 金融工具(續)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

根據經常性基準按公平值計量之本集團金融資產之公平值(續)

Financial assets	Fair value as at 31 March 2017 於二零一七年三月三十一日之公平值	Fair value hierarchy 公平值層級	Valuation technique and key inputs 估值技術及主要輸入數據	Significant unobservable inputs 重大不可觀察輸入數據	Relationship of unobservable inputs to fair value 不可觀察輸入數據與公平值之關係
Available-for-sale financial assets 可供出售金融資產	Assets — HK\$1,685,000 (2016: HK\$3,012,000) 資產—1,685,000港元 (二零一六年：3,012,000港元)	Level 2 第2級	Note 21(b) 附註21(b)	N/A 不適用	N/A 不適用
Conversion options embedded in investments in convertible bonds classified as financial asset at FVTPL in the consolidated statement of financial position.	Assets — HK\$21,078,000 (2016: HK\$54,475,000)	Level 3	Binominal model The fair value is estimated based on risk free rate for the life of the option and share price (from observable market data), expected volatility of the share price of Innovative Pharmaceutical Biotech Limited ("Innovative Pharm") (Note b), expected dividend yield on the shares and exercise price.	Expected volatility of the share price of Innovative Pharm, determined by reference to the historical share price of Innovative Pharm.	The higher the volatility of the share price of Innovative Pharm, the higher the fair value. (Note a)
於綜合財務狀況表內分類為按公平值計入損益的金融資產之可換股債券投資有關嵌入之換股權。	資產—21,078,000港元 (二零一六年：54,475,000港元)	第3級	二項式模式 公平值乃基於期權年期之無風險利率及股價(來自可觀察市場數據)、領航醫藥及生物科技公司(「領航醫藥」)(附註b)股價預期波幅、股份預期股息收益率及行使價估計。	領航醫藥之股價預期波幅乃經參考領航醫藥過往股價釐定。	領航醫藥股價波幅越大，公平值越高。(附註a)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

6. FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Notes:

- (a) A slight increase/decrease in the expected volatility of the share price of Innovative Pharm used in valuation would result in significant increase/decrease in the fair value measurement of the conversion options embedded in investments in convertible bonds. A 5% (2016: 5%) increase/decrease in the expected volatility of the share price of Innovative Pharm holding all other variables constant would increase/decrease the carrying amount of the conversion options embedded in the convertible bonds by HK\$7,847,000 (2016: HK\$17,022,000)/HK\$3,077,000 (2016: HK\$7,269,000).
- (b) Innovative Pharm is a listed company on the Main Board of the Stock Exchange and its interest in 1,357,510,000 shares of the Company represents (i) 457,510,000 shares or 19.14% of the Company's shares in issue and (ii) 900,000,000 conversion shares to be allotted and issued to Innovative Pharm upon exercise in full by Innovative Pharm of the conversion rights at conversion price of HK\$0.6413 per share under the Company's 20-year zero coupon convertible bonds issued on 16 July 2013 with principal amount of HK\$577,170,000 outstanding. At 31 March 2017, there was a total of 2,390,000,000 shares issued by the Company, and assuming the exercise in full of the conversion rights attaching to the Company's convertible bonds, Innovative Pharm will hold approximately 41.26% of the enlarged share capital of the Company.

6. 金融工具(續)

根據經常性基準按公平值計量之本集團金融資產之公平值(續)

附註：

- (a) 估值中所採用之領航醫藥股價預期波幅輕微上升/下跌，將導致於可換股債券投資有關嵌入之換股權公平值計量大增加/減少。領航醫藥股價預期波幅上升/下跌5%（二零一六年：5%），而所有其他可變因素保持不變，可換股債券有關嵌入之換股權賬面值將增加/減少7,847,000港元（二零一六年：17,022,000港元）/3,077,000港元（二零一六年：7,269,000港元）。
- (b) 領航醫藥為一家於聯交所主板上市的公司，而其於本公司1,357,510,000股股份之權益相當於(i)457,510,000股或19.14%之本公司已發行股份及(ii)根據本公司於二零一三年七月十六日發行之20年零息可換股債券（尚未償還之本金額為577,170,000港元），於領航醫藥按換股價每股股份0.6413港元悉數行使換股權後，將向領航醫藥配發及發行之900,000,000股換股股份。於二零一七年三月三十一日，本公司已發行股份合共為2,390,000,000股。假設悉數行使附於本公司之可換股債券之換股權，領航醫藥將持有本公司經擴大股本約41.26%。

6. FINANCIAL INSTRUMENTS (Continued)

There is no transfer between different levels of the fair value hierarchy for the years ended 31 March 2017 and 2016. The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Reconciliation of Level 3 fair value measurements of derivative financial instruments included in investments in convertible bonds

		HK\$'000 千港元
As at 1 April 2016	於二零一六年四月一日	54,475
Change in fair value loss in profit or loss	損益中之公平值變動虧損	(33,397)
As at 31 March 2017	於二零一七年三月三十一日	21,078

Loss from change in fair value recognised in profit or loss relates to the conversion option embedded in Innovative Pharm Bonds as defined in note 20 and is included "Other gains and losses, net".

Fair value measurements and valuation processes

The management of the Company is ultimately responsible for the determination of the appropriate valuation techniques and inputs for fair value measurements that the Company uses as its basis of valuations.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages independent qualified valuers to perform the valuation. The Company works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model and reports the findings to the board of directors of the Company every half year to explain the cause of fluctuations in the fair value of the financial instruments.

Information about the valuation techniques and inputs used in determining the fair value of the financial instruments are disclosed above.

6. 金融工具(續)

截至二零一七年及二零一六年三月三十一日止年度，不同公平值層級之間概無任何轉移。董事認為，按攤銷成本於綜合財務報表入賬之金融資產及金融負債之賬面值與其公平值相若。

計入可換股債券投資之衍生金融工具之第三級公平值計量之對賬表

		HK\$'000 千港元
As at 1 April 2016	於二零一六年四月一日	54,475
Change in fair value loss in profit or loss	損益中之公平值變動虧損	(33,397)
As at 31 March 2017	於二零一七年三月三十一日	21,078

於損益中確認之公平值變動虧損乃與領航醫藥債券有關嵌入之換股權(定義見附註20)相關，並計入「其他收益及虧損淨額」。

公平值計量及估值流程

本公司管理層對決定本公司用作估值基準的公平值計量之適當估值技術及輸入數據負最終責任。

於估計資產或負債之公平值時，本集團盡可能使用可觀察市場數據。在並無第1級輸入數據的情況下，本集團委聘獨立合資格估值師進行估值。本公司與合資格外聘估值師緊密合作，以設立模式適用之估值技術及輸入數據，並每半年向本公司董事會匯報結果以解釋導致金融工具公平值波動的原因。

有關釐定金融工具之公平值所用估值技術及輸入數據的資料於上文披露。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

7. REVENUE AND SEGMENT INFORMATION

Revenue for the year represents the fair value of amounts received and receivable for goods sold to external customers, less discounts and sales-related taxes for the year, and is analysed as follows:

	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Manufacturing of pharmaceutical products 製造藥品	44,477	42,893
Trading of pharmaceutical products 藥品貿易	63,426	99,308
	107,903	142,201

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products they provide. Each of the Group's operating segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other business segments. Summarised details of the reportable and operating segments are as follows:

- (a) the manufacturing segment engages in the development, manufacture and sales of pharmaceutical products;
- (b) the trading segment engages in the marketing and distribution of imported pharmaceutical products; and
- (c) the gene development segment engages in the commercial exploitation and development of genome-related technology.

7. 收益及分類資料

年內收益指向外間客戶出售貨品而已收及應收款項之公平值扣除年內之折扣及銷售相關稅項，分析如下：

本集團之經營業務乃按照其業務性質及所提供之產品獨立分類及管理。本集團各經營分類乃提供產品之策略性業務單位，各業務分類之風險及回報不盡相同。可呈報經營分類之概要詳情如下：

- (a) 製造分類從事開發、製造及銷售醫藥產品；
- (b) 貿易分類從事推廣及經銷進口醫藥產品；及
- (c) 基因開發分類從事基因相關技術之商業開發及研發。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results

The following is an analysis of the Group's revenue and results from operation by reportable and operating segments.

7. 收益及分類資料(續)

分類收益及業績

以下為按可呈報經營分類劃分之來自經營業務之本集團收益及業績分析。

		Manufacturing		Trading		Gene development		Total	
		製造		貿易		基因開發		合計	
		2017	2016	2017	2016	2017	2016	2017	2016
		二零一七年	二零一六年	二零一七年	二零一六年	二零一七年	二零一六年	二零一七年	二零一六年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Revenue	收益								
Sales to external customers	向外間客戶銷售	44,477	42,893	63,426	99,308	—	—	107,903	142,201
Segment results	分類業績	(12,044)	(20,218)	2,709	16,829	(83)	(81)	(9,418)	(3,470)
Unallocated other income	未分配之其他收入							77,418	67,798
Unallocated other gains and losses, net	未分配之其他收益及虧損淨額							(33,397)	(23,953)
Corporate expenses	企業開支							(7,227)	(6,597)
Effective interest expense on convertible bonds	可換股債券之實際利息開支							(5,552)	(4,688)
Share of results of an associate	應佔一間聯營公司業績							(2,897)	(1,600)
Profit before taxation	除稅前溢利							18,927	27,490
Taxation	稅項							(616)	(90)
Profit for the year	本年度溢利							18,311	27,400

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3 to the consolidated financial statements. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of interest income, effective interest income from investments in convertible bonds, other gains and losses, net, corporate expenses, share of results of an associate and effective interest expense on convertible bonds. This is the measure reported to the chief operating decision maker, being the board of directors, for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment.

		Manufacturing		Trading		Gene development		Total	
		製造		貿易		基因開發		合計	
		2017	2016	2017	2016	2017	2016	2017	2016
		二零一七年	二零一六年	二零一七年	二零一六年	二零一七年	二零一六年	二零一七年	二零一六年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Segment assets	分類資產								
Segment assets	分類資產	186,775	212,943	144,865	128,759	6	6	331,646	341,708
Investments in convertible bonds	可換股債券投資							376,324	362,960
Interest in an associate	於一間聯營公司之權益							330,969	333,866
Corporate and other assets	企業及其他資產							133,730	122,319
Total assets	資產總額							1,172,669	1,160,853
Segment liabilities	分類負債								
Segment liabilities	分類負債	77,121	83,260	13,992	11,845	64	64	91,177	95,169
Convertible bonds	可換股債券							35,222	29,670
Corporate and other liabilities	企業及其他負債							20,419	20,115
Total liabilities	負債總額							146,818	144,954

7. 收益及分類資料(續)

分類收益及業績(續)

經營分類之會計政策與綜合財務報表附註3所述本集團之會計政策相同。分類溢利(虧損)指在並無分配利息收入、可換股債券投資之實際利息收入、其他收益及虧損淨額、企業開支、應佔一間聯營公司業績及可換股債券之實際利息開支之情況下，各分類賺取之溢利(產生之虧損)。此計量為向主要經營決策者(即董事會)呈報以用作資源分配及表現評估。

分類資產及負債

以下為按可呈報經營分類劃分之本集團資產及負債分析。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than investments in convertible bonds, interest in an associate and corporate and other assets; and
- all liabilities are allocated to operating segments other than convertible bonds and corporate and other liabilities.

Other segment information

	Manufacturing 製造		Trading 貿易		Gene development 基因開發		Total 合計	
	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Amounts included in the measure of segment profit or loss:								
Depreciation and amortisation	6,483	6,323	99	103	—	—	6,582	6,426
Unallocated depreciation and amortisation							132	111
							6,714	6,537
Allowance for bad and doubtful debts, net	4,456	9,004	—	—	—	—	4,456	9,004
Impairment on other receivables	—	717	—	—	—	—	—	717
Gain on disposal of property, plant and equipment, net	—	(71)	—	3	—	—	—	(68)
Gain on disposal of intangible assets	(2,819)	—	—	—	—	—	(2,819)	—

7. 收益及分類資料(續)

分類資產及負債(續)

就監察分類表現及於分類間分配資源而言：

- 除可換股債券投資、於一間聯營公司之權益及企業及其他資產外，所有資產均分配至經營分類；及
- 除可換股債券及企業及其他負債外，所有負債均分配至經營分類。

其他分類資料

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

7. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations are located in the PRC and Malaysia.

Information about the Group's revenue from external customers is presented based on the location of the customers and distributors. Information about the Group's non-current assets is presented based on the geographical location of the assets.

7. 收益及分類資料(續)

地理資料

本集團之業務位於中國及馬來西亞。

有關來自外間客戶之本集團收益之資料乃按客戶及經銷商所在地呈列。有關本集團非流動資產之資料乃按資產所在地理位置呈列。

		Revenue from external customers 來自外間客戶之收益		Non-current assets 非流動資產	
		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元 (Note) (附註)	2016 二零一六年 HK\$'000 千港元 (Note) (附註)
Hong Kong	香港	—	—	564	658
The PRC	中國	84,434	114,030	156,071	172,964
Macau	澳門	23,469	28,171	—	—
		107,903	142,201	156,635	173,622

Note: Non-current assets excluded financial instruments, intangible assets and interest in an associate.

附註：非流動資產不包括金融工具、無形資產及於一間聯營公司之權益。

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue are as follows:

主要客戶資料

相關年度貢獻超過總收益10%客戶之收益如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Customer A	客戶甲	39,928	71,137
Customer B	客戶乙	23,469	28,171

Note: Revenue from customers A and B are generated from trading of pharmaceutical products.

附註：來自客戶甲及客戶乙之收益均由藥品貿易所產生。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

8. OTHER INCOME

8. 其他收入

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Interest income	利息收入	1,299	831
Rental income	租金收入	54	228
Sundry income	雜項收入	50	930
Government grants	政府補助	193	—
Effective interest income from investments in convertible bonds (note 20)	可換股債券投資之 實際利息收入(附註20)	71,786	62,718
Imputed interest income from amount due from an associate (note 23)	應收一間聯營公司款項之 估算利息收入(附註23)	4,036	3,091
		77,418	67,798

9. OTHER GAINS AND LOSSES, NET

9. 其他收益及虧損淨額

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Gain on disposal of property, plant and equipment, net	出售物業、廠房及設備之 收益淨額	—	68
Gain on disposal of intangible assets	出售無形資產之收益	2,819	—
Change in fair value of derivative component of investments in convertible bonds (note 20)	可換股債券投資之衍生工具部分 之公平值變動(附註20)	(33,397)	(23,953)
Allowance for bad and doubtful debts, net (note 25)	呆壞賬撥備淨額(附註25)	(4,456)	(9,004)
Impairment on other receivables	其他應收款項之減值	—	(717)
		(35,034)	(33,606)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

10. PROFIT BEFORE TAXATION

The Group's profit before taxation from operation has been arrived at after charging:

10. 除稅前溢利

本集團來自持續經營業務之除稅前溢利已扣除以下各項：

	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Amortisation of prepaid lease payments	228	243
Depreciation of investment properties	59	59
Depreciation of property, plant and equipment	6,427	6,235
Auditors' remuneration	760	728
Cost of inventories recognised as expenses	64,007	72,888
Including: Allowance for inventories (Note)	—	713
Operating lease charges in respect of land and buildings	1,792	1,925
Staff cost (including directors' emoluments)		
Salaries, bonus and allowances	23,581	19,428
Retirement benefits scheme contributions	3,172	3,203

Note: Allowance for inventories is reversed when the relevant inventory is utilised/sold.

附註：存貨撥備於有關存貨被動用／出售時撥回。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

11. TAXATION

11. 稅項

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Current tax:	即期稅項：		
Hong Kong	香港	56	70
PRC Enterprise Income Tax	中國企業所得稅	554	—
Other jurisdictions	其他司法權區	40	50
		650	120
(Over) provision in prior years	以往年度(超額)撥備		
Hong Kong	香港	(19)	(20)
Other jurisdictions	其他司法權區	(15)	(10)
		(34)	(30)
Taxation	稅項	616	90

Hong Kong Profits Tax has been provided at the rate of 16.5% (2016: 16.5%) of the estimated assessable profits for both years.

於該兩個年度，香港利得稅乃按估計應課稅溢利以稅率16.5%（二零一六年：16.5%）作出撥備。

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

根據中國企業所得稅法（「企業所得稅法」）及企業所得稅法實施條例，由二零零八年一月一日起中國附屬公司之稅率為25%。

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

於其他司法權區產生之稅項乃按有關司法權區現行稅率計算。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

11. TAXATION (Continued)

The tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

11. 稅項(續)

本年度稅項開支與綜合損益及其他全面收益表所列之除稅前溢利對賬如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Profit before taxation	除稅前溢利	18,927	27,490
Tax at the domestic income tax rates	按本地所得稅稅率計算之稅項	(4,717)	2,965
Tax effect of expenses not deductible	不可扣稅之開支之稅務影響	4,199	3,524
Tax effect of income not taxable	不應課稅之收入之稅務影響	(178)	(11,932)
Tax effect of temporary differences not recognised	未確認暫時差額之稅務影響	(477)	1,198
Tax effect of tax losses not recognised	未確認稅項虧損之稅務影響	1,804	4,365
Over provision in prior years	過往年度超額撥備	(15)	(30)
Taxation	稅項	616	90

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

12. 董事及最高行政人員酬金

Name of director 董事姓名	Fee 袍金		Salaries and other benefits 薪金及其他福利		Retirement benefit scheme contributions 退休福利計劃供款		Total 合計	
	2017	2016	2017	2016	2017	2016	2017	2016
	二零一七年	二零一六年	二零一七年	二零一六年	二零一七年	二零一六年	二零一七年	二零一六年
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Xie Yi 謝毅	70	60	1,316	1,316	—	—	1,386	1,376
Lou Yi 樓屹	70	60	487	487	—	—	557	547
Cheng Yong 程勇	70	60	487	487	—	—	557	547
Wong Sau Kuen 王秀娟	70	60	787	787	18	18	875	865
Liu Kwok Wah 廖國華	70	60	995	995	18	18	1,083	1,073
Lu Zhiqiang 盧志強	—	—	108	—	—	—	108	—
Fang Lin Hu 方林虎	70	60	—	—	—	—	70	60
Xue Jing Lun 薛京倫	70	60	—	—	—	—	70	60
Jin Song 金松	70	60	—	—	—	—	70	60
	560	480	4,180	4,072	36	36	4,776	4,588

Xie Yi is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

No emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office for both years. None of the directors has waived or agreed to waive any emoluments for both years.

謝毅亦為本公司最高行政人員，其上述披露酬金包括其作為最高行政人員所提供服務的酬金。

於該兩個年度內，本集團並無向任何董事支付酬金，作為加入本集團或入職時之誘勵或離職補償。於該兩個年度內，概無任何董事放棄或同意放棄收取任何酬金。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

13. EMPLOYEES' EMOLUMENTS

The five individuals whose emoluments were the highest in the Group for the year include three (2016: four) directors whose emoluments are shown in note 12. The emoluments paid to the two remaining individuals (2016: one) for the year ended 31 March 2017 were as follows:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Salaries and allowance	薪金及津貼	1,356	583
Retirement benefit scheme contributions	退休福利計劃供款	25	18
		1,381	601

13. 僱員酬金

本集團本年度之五位最高薪酬人士包括三名(二零一六年:四名)董事,彼等之酬金載於附註12。截至二零一七年三月三十一日止年度向其餘兩名(二零一六年:一名)人士支付之酬金如下:

		Number of individuals 人數	
		2017 二零一七年	2016 二零一六年
Their emoluments were within the following bands:	彼等之酬金介乎下列範圍內:		
nil to HK\$1,000,000	零至1,000,000港元	2	1

During both years, no emoluments were paid by the Group to the five highest paid individuals and directors as an inducement to join or upon joining the Group or as compensation for loss of office, and no highest paid individual has waived or, agreed to waive any emoluments.

於該兩個年度內,本集團並無向五位最高薪人士及董事支付酬金,作為加入本集團或入職時之誘勵或離職補償,及概無最高薪人士放棄或同意放棄任何酬金。

13. EMPLOYEES' EMOLUMENTS (Continued)

On 24 August 2012, the shareholders of the Company approved the adoption of a new share option scheme (the "Scheme"), as the share option scheme adopted by the Company on 8 August 2002 expired on 14 August 2012. The Scheme became effective on 29 August 2012 after obtaining approval from the Listing Committee of the Stock Exchange and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The Scheme provides incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors (including independent non-executive directors), other employees of the Group, suppliers of goods or services to the Group, customers of the Group, and any non-controlling interests in the Company's subsidiaries.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted in writing within 21 days from the date of the offer, upon payment of nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted shall be determined by the directors at their absolute discretion, but in any event shall not be more than 10 years from the date of the offer of the share options. The directors of the Company may at their absolute discretion impose any vesting period at the date of grant.

13. 僱員酬金(續)

於二零一二年八月二十四日，本公司股東批准採納新購股權計劃（「該計劃」），原因為本公司於二零零二年八月八日採納之購股權計劃已於二零一二年八月十四日屆滿。該計劃在取得聯交所上市委員會批准後於二零一二年八月二十九日生效，除非以其他方式取消或修訂，否則該計劃將自該日起計十年內一直有效。

該計劃旨在為對本集團營運成功作出貢獻之合資格參與者提供獎勵及回報。該計劃之合資格參與者包括本公司董事（包括獨立非執行董事）、本集團之其他僱員、本集團之貨品或服務供應商、本集團客戶及本公司附屬公司之任何非控股權益。

向本公司董事、行政總裁或主要股東或彼等之任何聯繫人授出購股權，須事先取得獨立非執行董事批准。此外，倘於任何12個月期間向本公司主要股東或獨立非執行董事或彼等之任何聯繫人授出之任何購股權，涉及超過本公司於任何時間已發行股份之0.1%，或總值（按照本公司股份於授出日期之價格計算）超過5,000,000港元，則須事先於股東大會上獲股東批准。

承授人可於建議日期起計21日內，於支付合共1港元之象徵式代價後，以書面接納授出購股權之建議。所授出購股權之行使期由董事全權酌情決定，惟無論如何不得遲於購股權建議日期起計10年。本公司董事可於授出日期全權酌情規定任何歸屬期。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

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13. EMPLOYEES' EMOLUMENTS (Continued)

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of grant; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares on the date of grant.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meeting.

From the effective date of the Scheme to 31 March 2017, no share options have been granted, exercised, cancelled or lapsed under the Scheme.

The Group has joined a mandatory provident fund scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Scheme Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme.

The retirement benefits cost of the MPF Scheme charged to the consolidated statement of profit or loss and other comprehensive income represents contributions payable to the fund by the Group at rates specified in the rules of the scheme.

The employees of the Group's subsidiaries in the PRC are members of the state-sponsored retirement benefit scheme organised by the relevant local government authority in the PRC. The subsidiaries are required to contribute, based on a certain percentage of the salaries of its employees, to the retirement benefit scheme and have no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions.

13. 僱員酬金(續)

購股權之行使價可由董事釐定，但不得低於以下三者中之最高者：(i)本公司股份於授出日期在聯交所日報表所報之收市價；(ii)本公司股份於緊接授出日期前五個營業日在聯交所日報表所報之平均收市價；及(iii)本公司股份於授出日期之面值。

購股權並不賦予持有人獲分派股息或於股東大會投票之權利。

自該計劃生效日期至二零一七年三月三十一日止期間，概無購股權根據該計劃獲授出、行使、註銷或失效。

本集團已參加為所有香港合資格僱員而設之強制性公積金計劃(「強積金計劃」)。強積金計劃乃根據強制性公積金計劃條例於強制性公積金計劃管理局登記。強積金計劃之資產與本集團之資產分開持有，於基金之資產由獨立受託人控制。根據強積金計劃之規則，僱主及其僱員分別須向計劃作出按規則指定之比率計算之供款。本集團有關強積金計劃之唯一責任為根據計劃作出規定供款。

於綜合損益及其他全面收益表中扣除之強積金計劃退休福利成本指本集團按計劃規則指定比率應付基金之供款。

本集團之中國附屬公司僱員為由中國有關地方政府機關組織之國家管理退休福利計劃成員。附屬公司須按其僱員薪金之若干百分比向退休福利計劃供款，除每年供款外，並無任何實際支付退休金或退休後福利之進一步責任。

14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

Earnings

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	用於計算每股基本盈利之盈利 (本公司擁有人應佔本年度溢利)	20,796	32,781
Effect of dilutive potential ordinary shares: Interest on convertible bonds	具攤薄效應之潛在普通股之影響： 可換股債券利息	5,552	4,688
Earnings for the purpose of diluted earnings per share	用於計算每股攤薄盈利之盈利	26,348	37,469

14. 每股盈利

本公司擁有人應佔每股基本及攤薄盈利乃按下列數據計算：

盈利

Number of shares

股份數目

		2017 二零一七年	2016 二零一六年
Weighted average number of ordinary shares for the purpose of basic earnings per share	用於計算每股基本盈利之普通股加權平均數	2,390,000,000	2,390,000,000
Effect of dilutive potential ordinary shares: Convertible bonds	具攤薄效應之潛在普通股之影響： 可換股債券	900,000,000	900,000,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	用於計算每股攤薄盈利之普通股加權平均數	3,290,000,000	3,290,000,000

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綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

15. DIVIDENDS

The directors do not recommend the payment of dividend for the year ended 31 March 2017 (2016: nil).

15. 股息

董事不建議就截至二零一七年三月三十一日止年度派發股息(二零一六年：無)。

16. INVESTMENT PROPERTIES

16. 投資物業

		HK\$'000 千港元
COST	成本	
At 1 April 2015, 31 March 2016 and 31 March 2017	於二零一五年四月一日、二零一六年三月三十一日及二零一七年三月三十一日	8,057
DEPRECIATION AND IMPAIRMENT	折舊及減值	
At 1 April 2015	於二零一五年四月一日	6,442
Charge for the year	本年度列支	59
At 31 March 2016	於二零一六年三月三十一日	6,501
Charge for the year	本年度列支	59
At 31 March 2017	於二零一七年三月三十一日	6,560
CARRYING VALUES	賬面值	
At 31 March 2017	於二零一七年三月三十一日	1,497
At 31 March 2016	於二零一六年三月三十一日	1,556

The above investment properties are depreciated using the straight line method, after taking into account their estimated residual value, over the lease terms of the leasehold land.

上述投資物業經考慮其估計剩餘價值後，於租賃土地之租期內以直線法折舊。

The Group's investment properties are located on land in the PRC with land use period from 1992 to 2042.

本集團之投資物業位於中國，其土地使用期自一九九二年起至二零四二年為止。

The fair value of the Group's investment properties at 31 March 2017 amounting to RMB3,200,000 (2016: RMB3,000,000) has been arrived at on the basis of valuation carried out for that date by Roma Appraisals Limited, an independent qualified valuer not connected with the Group. The valuation was arrived at by direct comparison approach with reference to market evidence of comparable transaction prices for similar properties as available in the relevant market.

於二零一七年三月三十一日，本集團之投資物業公平值為人民幣3,200,000元(二零一六年：人民幣3,000,000元)，金額乃按與本集團並無關連之獨立合資格估值師羅馬國際評估有限公司於該日進行之估值基準達致。估值乃經參考相關市場中可得的類似物業可資比較交易價格的市場憑證後按直接比較法達致。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

17. PROPERTY, PLANT AND EQUIPMENT

17. 物業、廠房及設備

		Buildings	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Total
		樓宇	廠房及機器	傢俬、固定裝置及設備	汽車	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
COST	成本					
At 1 April 2015	於二零一五年四月一日	145,886	38,622	6,840	5,868	197,216
Additions	添置	—	278	203	—	481
Disposals	出售	—	—	(31)	(1,121)	(1,152)
Exchange realignment	匯兌調整	(6,742)	(1,869)	(119)	(229)	(8,959)
At 31 March 2016	於二零一六年三月三十一日	139,144	37,031	6,893	4,518	187,586
Additions	添置	—	773	74	161	1,008
Disposals	出售	—	—	(4)	—	(4)
Exchange realignment	匯兌調整	(8,978)	(2,496)	(164)	(271)	(11,909)
At 31 March 2017	於二零一七年三月三十一日	130,166	35,308	6,799	4,408	176,681
DEPRECIATION AND IMPAIRMENT	折舊及減值					
At 1 April 2015	於二零一五年四月一日	8,482	2,611	5,113	5,080	21,286
Charge for the year	本年度列支	2,933	2,680	388	234	6,235
Disposals	出售	—	—	(28)	(1,121)	(1,149)
Exchange realignment	匯兌調整	(236)	(191)	(74)	(196)	(697)
At 31 March 2016	於二零一六年三月三十一日	11,179	5,100	5,399	3,997	25,675
Charge for the year	本年度列支	2,748	3,093	393	193	6,427
Disposals	出售	—	—	(4)	—	(4)
Exchange realignment	匯兌調整	(489)	(412)	(115)	(240)	(1,256)
At 31 March 2017	於二零一七年三月三十一日	13,438	7,781	5,673	3,950	30,842
CARRYING VALUES	賬面值					
At 31 March 2017	於二零一七年三月三十一日	116,728	27,527	1,126	458	145,839
At 31 March 2016	於二零一六年三月三十一日	127,965	31,931	1,494	521	161,911

Depreciation expenses of HK\$1,167,000 (2016: HK\$1,173,000) and HK\$5,260,000 (2016: HK\$5,062,000) have been charged in administrative expenses and cost of sales respectively.

折舊費用1,167,000港元(二零一六年: 1,173,000港元)及5,260,000港元(二零一六年: 5,062,000港元)已分別於行政費用及銷售成本中列支。

Notes to the Consolidated Financial Statements (Continued)

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For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

17. PROPERTY, PLANT AND EQUIPMENT (Continued) 17. 物業、廠房及設備(續)

The carrying value of buildings comprises properties located on:

樓宇之賬面值包括位於以下地區之物業：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Land outside Hong Kong: Medium-term leases	香港境外土地： 中期租約	116,728	127,965

18. PREPAID LEASE PAYMENTS

18. 預付租賃付款

		HK\$'000 千港元
COST	成本	
At 1 April 2015	於二零一五年四月一日	14,935
Exchange realignment	匯兌調整	(528)
At 31 March 2016	於二零一六年三月三十一日	14,407
Exchange realignment	匯兌調整	(703)
At 31 March 2017	於二零一七年三月三十一日	13,704
ACCUMULATED AMORTISATION AND IMPAIRMENT	累計攤銷及減值	
At 1 April 2015	於二零一五年四月一日	4,056
Charge for the year	本年度列支	243
Exchange realignment	匯兌調整	(47)
At 31 March 2016	於二零一六年三月三十一日	4,252
Charge for the year	本年度列支	228
Exchange realignment	匯兌調整	(75)
At 31 March 2017	於二零一七年三月三十一日	4,405
CARRYING VALUES	賬面值	
At 31 March 2017	於二零一七年三月三十一日	9,299
At 31 March 2016	於二零一六年三月三十一日	10,155

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

18. PREPAID LEASE PAYMENTS (Continued)

All land in Mainland China is state-owned and no individual land ownership rights exist. The Group acquires the right to use certain land and the considerations paid for such right are recorded as prepaid lease payments, which are amortised over the lease terms of 40 to 50 years using the straight-line method.

The carrying value of prepaid lease payments located on:

18. 預付租賃付款(續)

中國內地所有土地均為國有及不存在個別土地所有權。本集團收購若干土地使用權及支付有關權利之代價入賬列為預付租賃付款，按租期40至50年使用直線法攤銷。

預付租賃付款之賬面值包括於以下地區：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Land outside Hong Kong:	香港境外土地：		
Medium-term leases	中期租約	9,299	10,155

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

19. INTANGIBLE ASSETS

19. 無形資產

		Technological know-how 技術專業 知識 HK\$'000 千港元	Gene invention rights 基因 發明權 HK\$'000 千港元	Goodwill 商譽 HK\$'000 千港元 (Note) (附註)	Total 總計 HK\$'000 千港元
COST	成本				
At 1 April 2015 and 31 March 2016	於二零一五年四月一日及 二零一六年三月三十一日	11,444	95,000	1,807	108,251
Less : Disposal	減 : 出售	(11,444)	—	—	(11,444)
At 31 March 2017	於二零一七年三月三十一日	—	95,000	1,807	96,807
AMORTISATION AND IMPAIRMENT	攤銷及減值				
At 1 April 2015 and 31 March 2016	於二零一五年四月一日及 二零一六年三月三十一日	11,444	95,000	—	106,444
Less : Disposal	減 : 出售	(11,444)	—	—	(11,444)
At 31 March 2017	於二零一七年三月三十一日	—	95,000	—	95,000
CARRYING VALUES	賬面值				
At 31 March 2017	於二零一七年三月三十一日	—	—	1,807	1,807
At 31 March 2016	於二零一六年三月三十一日	—	—	1,807	1,807

20. INVESTMENTS IN CONVERTIBLE BONDS

20. 可換股債券投資

On 28 July 2014, the Group completed the disposal of 51% equity interest in Smart Asent Limited and received consideration with fair value of HK\$435,193,000 comprising (i) cash payment of HK\$65,000,000; and (ii) convertible bonds issued by Innovative Pharm on 28 July 2014 with principal amount of HK\$715,000,000 (the "Innovative Pharm Bonds") and fair value of HK\$370,193,000.

於二零一四年七月二十八日，本集團完成出售進生有限公司之51%股權，並收取公平值為435,193,000港元之代價，當中包括(i)現金付款65,000,000港元；及(ii)於二零一四年七月二十八日由領航醫藥發行本金額為715,000,000港元之可換股債券(「領航醫藥債券」)而公平值為370,193,000港元。

**20. INVESTMENTS IN CONVERTIBLE BONDS
(Continued)**

The Innovative Pharm Bonds bear interest at 3.5% per annum payable in arrears annually with maturity on the 7th anniversary of the date of issue of the Innovative Pharm Bonds (the "Maturity Date"). The Group has the right to convert the Innovative Pharm Bonds into shares of Innovative Pharm at any time from the date of issue to the Maturity Date at an initial conversion price of HK\$2.5 per share.

The fair values of the Innovative Pharm Bonds and its components on initial recognition and of the derivative component as at 31 March 2017 are determined based on the valuation conducted by an independent qualified valuer. The methods and assumptions applied for the valuation of the Innovative Pharm Bonds and its components are set out as below:

20. 可換股債券投資(續)

領航醫藥債券附帶年利率3.5%每年支付之利息，到期日為領航醫藥債券發行日期後第7個週年日(「到期日」)。本集團擁有於發行日期至到期日之任何時候將領航醫藥債券按初步換股價每股2.5港元轉換為領航醫藥股份之權利。

領航醫藥債券及其於初始確認時之組成部分以及衍生工具部分於二零一七年三月三十一日之公平值乃基於獨立合資格估值師進行之估值而釐定。對領航醫藥債券及其組成部分進行估值所應用之方法及假設載列如下：

		Debt component	Derivative component	Total
		債務部分	衍生 工具部分	總計
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
At 1 April 2015	於二零一五年四月一日	270,792	78,428	349,220
Effective interest income (note 8)	實際利息收入(附註8)	62,718	—	62,718
Interest income received	已收利息收入	(25,025)	—	(25,025)
Change in fair value (note 9)	公平值變動(附註9)	—	(23,953)	(23,953)
At 31 March 2016	於二零一六年三月三十一日	308,485	54,475	362,960
Effective interest income (note 8)	實際利息收入(附註8)	71,786	—	71,786
Interest income received	已收利息收入	(25,025)	—	(25,025)
Change in fair value (note 9)	公平值變動(附註9)	—	(33,397)	(33,397)
At 31 March 2017	於二零一七年三月三十一日	355,246	21,078	376,324

During the year ended 31 March 2017, the Company received interest of HK\$25,025,000 (2016: HK\$25,025,000) from the Innovative Pharm Bonds.

截至二零一七年三月三十一日止年度，本公司收取領航醫藥債券利息25,025,000港元(二零一六年：25,025,000港元)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

20. INVESTMENTS IN CONVERTIBLE BONDS (Continued)

The fair value of debt component of the Innovative Pharm Bonds on initial recognition is determined using the prevailing market interest rate of similar non-convertible debts and is carried at amortised cost subsequently. The effective interest rate is 24.67%. The fair value of the derivative component, which is the embedded conversion option in the Innovative Pharm Bonds is calculated using the Binomial Model. The inputs into the model at the respective dates are as follows:

		31 March 2017 二零一七年 三月三十一日	31 March 2016 二零一六年 三月三十一日
Stock price (HK\$)	股份價格(港元)	0.60	1.10
Conversion price (HK\$)	轉換價(港元)	2.50	2.50
Discount rate	貼現率	21.85%	25.11%
Risk free rate (Note a)	無風險利率(附註a)	1.225%	0.942%
Expected volatility (Note b)	預期波幅(附註b)	55.788%	65.913%
Expected dividend yield (Note c)	預期股息率(附註c)	0%	0%
Option life (Years)	期權期限(年期)	4.3	5.3

Any changes in the major inputs used in the model will result in changes in the fair value of the debt component.

Notes:

- (a) The rate was determined with reference to the yields of Hong Kong government bonds and treasury bills as at the date of valuation.
- (b) Based on the historical price volatility of Innovative Pharm for the period from 18 July 2008 up to the date of issuance of Innovative Pharm Bonds or up to the end of the reporting date.
- (c) Estimated with reference to the historical dividend payout of Innovative Pharm.

20. 可換股債券投資(續)

領航醫藥債券債務部分於初始確認時之公平值乃按類似不可轉換債務的現行市場利率釐定並隨後按攤銷成本列賬。實際利率為24.67%。衍生工具部分(領航醫藥債券的嵌入換股權)之公平值以二項式模式計算。該模式於各日期所用輸入數據如下：

該模式所用主要輸入數據之任何變動將導致債務部分之公平值變動。

附註：

- (a) 該利率乃參考香港政府債券及庫券於估值日期的孳息率釐定。
- (b) 基於領航醫藥於二零零八年七月十八日至領航醫藥債券發行日期或直至報告期末止期間的過往價格波幅得出。
- (c) 參考領航醫藥的過往股息派付估計。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

21. AVAILABLE-FOR-SALE INVESTMENTS

21. 可供出售投資

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
At 1 April	於四月一日	3,012	—
Additions	添置	—	3,012
Disposals	出售	(1,124)	—
Exchange realignment	匯兌調整	(203)	—
At 31 March	於三月三十一日	1,685	3,012
Analysed as:	分析為：		
Non-current assets (Note a)	非流動資產(附註a)	—	—
Current assets (Note b)	流動資產(附註b)	1,685	3,012
		1,685	3,012

Available-for-sale financial assets were denominated in Renminbi.

可供出售金融資產以人民幣計值。

The maximum exposure to credit risk at the reporting period end is the carrying value of the debt securities classified as available-for-sale.

於報告期末所面對之最大信貸風險乃分類為可供出售之債務證券之賬面值。

Notes:

附註：

- (a) On 13 January 2012, JECF, a wholly-owned subsidiary of the Company subscribed for Renminbi ("RMB") 2,500,000 of the registered capital of Shanghai Longmark by way of capital injection. Shanghai Longmark is a company incorporated in China and engaged in provision of health care management services. The subscription was completed in April 2012, and the enlarged registered capital of RMB12,500,000 of Shanghai Longmark was owned as to 20% by JECF and 80% by United Gene HealthCare Limited, Shanghai ("Shanghai United Gene"), which subsequently transferred its 80% interest in Shanghai Longmark to 東龍脈(上海)健康管理服務有限公司("東龍脈") in December 2012. Both Shanghai United Gene and 東龍脈 are indirect wholly-owned subsidiaries of Innovative Pharm. Shanghai Longmark was accounted for as an associate of the Group upon the completion of subscription.

- (a) 於二零一二年一月十三日，本公司之全資附屬公司吉林精優以注資方式認購人民幣(「人民幣」)2,500,000元之上海龍脈的註冊資本。上海龍脈為一家於中國註冊成立並從事提供健康管理服務的有限公司。認購事項於二零一二年四月完成，而上海龍脈之經擴大註冊資本人民幣12,500,000元分別由吉林精優擁有20%及聯合基因(上海)健康管理服務有限公司(「上海聯合基因」)擁有80%，上海聯合基因其後於二零一二年十二月轉讓其於上海龍脈的80%權益至東龍脈(上海)健康管理服務有限公司(「東龍脈」)。上海聯合基因及東龍脈均為領航醫藥的間接全資附屬公司。於認購事項完成後，上海龍脈作為本集團的聯營公司入賬。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

21. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

Notes:

(a) (Continued)

On 25 April 2013, JECF entered into a capital injection and subscription agreement with 東龍脈 and Xie Yi, a shareholder and director of the Company, in which Xie Yi agreed to subscribe for RMB7,490,000 (the "Subscription") of the registered capital of Shanghai Longmark. The Subscription was completed in August 2013, and the registered capital of Shanghai Longmark increased from RMB12,500,000 to RMB19,990,000. Accordingly, the Company's equity interest of Shanghai Longmark was diluted from 20% to 12.51%, and the respective shareholding of 東龍脈 and Xie Yi in Shanghai Longmark was 50.02% and 37.47% respectively. As a result of dilution, the Group considered it was no longer in a position to exercise significant influence over Shanghai Longmark and Shanghai Longmark ceased to be an associate of the Group. Shanghai Longmark is accounted for as unlisted available-for-sale investments as the Group has the intention to hold the investment for a continuing strategic and long-term purpose and is measured at cost less impairment. The investment cost was reduced to zero in prior years by share of loss of Shanghai Longmark.

(b) The amount represents short-term highly liquid investments placed in a PRC state-owned financial institution, which are readily convertible to cash. These investments are all denominated in Renminbi with non-determinable return rate. The fair value of these investments are based on estimated return of 2.8% (2016: 2.6%), and the credit quality of these investments can be assessed by reference to historical information or external credit ratings, if any. As at 31 March 2017, none of these investments is either past due or impaired and the Group's maximum exposure to credit risk as at that date is the carrying value of these investments.

The fair value of these investments 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.

21. 可供出售投資(續)

附註：

(a) (續)

於二零一三年四月二十五日，吉林精優與東龍脈及本公司股東兼董事謝毅訂立注資及認購協議，據此，謝毅同意認購上海龍脈的註冊資本人民幣7,490,000元(「認購事項」)。認購事項已於二零一三年八月完成，故上海龍脈的註冊資本由人民幣12,500,000元增加至人民幣19,990,000元。因此，本公司於上海龍脈的股權由20%攤薄至12.51%，而東龍脈及謝毅於上海龍脈的各自股權分別為50.02%及37.47%。由於股權攤薄，本集團認為其對上海龍脈不再具有重大影響力，而上海龍脈不再為本集團聯營公司。上海龍脈入賬為非上市可供出售投資，原因是本集團擬以持續策略及長期持有投資，且該投資乃按成本減去減值計算。投資成本因分攤上海龍脈的虧損而於過往年度調減至零。

(b) 該款項指存放於一間中國國有金融機構並可即時轉換為現金之短期高流通量投資。該等投資全部均以人民幣計值，而其回報率乃屬不可釐定。該等投資的公平值乃按2.8%（二零一六年：2.6%）的估計回報得出，而該等投資的信貸質素可經參考過往資料或外部信貸評級（如有）予以評估。於二零一七年三月三十一日，該等投資概未逾期或減值，而本集團於該日所面臨的最高信貸風險為該等投資的賬面值。

該等投資並非在活躍市場買賣，而其公平值乃使用估值技術釐定。於存在可觀察市場數據時，該等估值技術盡量運用有關數據，並盡可能減少依賴實體的特定估計。

22. INTEREST IN AN ASSOCIATE

22. 於一間聯營公司之權益

	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Cost of investment in an associate, unlisted 於一間聯營公司之投資成本，非上市	337,000	337,000
Share of post-acquisition losses and other comprehensive expense 應佔收購後虧損及其他全面開支	(6,031)	(3,134)
	330,969	333,866

Smart Ascent is a private company with no quoted market price available for its shares. The major asset held by the Smart Ascent Group is the intangible asset in relation to an in-process research and development project ("In-process R&D") involving an oral insulin product ("Product"). As at 31 March 2017, in view of the nature of the intangible asset in relation to the In-process R&D, the Group in making the assessments as to the recoverable amount of the In-process R&D, has engaged an independent qualified valuer, Roma Appraisals Limited in conducting a valuation as to the fair value of the interest in the associate.

The asset-based approach was adopted in the valuation of the fair value of the Group's interest in the associate in order to ascertain the recoverable amount of the In-process R&D. In preparing cash flow projections, certain key assumptions were adopted, in which the estimated cash inflows derived from budgeted sales and expected gross margin were based on the expectations for the market development. In addition, the fundamental assumption included the regulatory approvals from the relevant government bodies (in particular, the granting of the certificate of new medicine and pharmaceutical manufacturing permit for the Product by China Food and Drug Administration of the PRC) to launch the Product by end of 2019. The recoverable amount of the interest in the associate is determined based on share of the estimated fair value of the In-process R&D after taking into account the lack of control discount.

進生集團為一間私營公司，其股份並無市場報價。進生集團所持之主要資產為有關進行中之研發項目（「進行中之研發」）的無形資產，當中涉及口服胰島素產品（「產品」）。於二零一七年三月三十一日，鑒於有關進行中之研發的無形資產性質，本集團在就進行中之研發之可收回金額進行評估時已委聘一名獨立合資格估值師羅馬國際評估有限公司就於聯營公司之權益之公平值進行估值。

為確定進行中之研發之可收回金額，在就本集團於聯營公司權益之公平值進行估值時採納資產法。編製現金流量預測時須採納若干主要假設，其中根據預算銷售額及預期毛利率計算之估計現金流入乃基於對市場發展之預期。此外，基本假設包括於二零一九年年底前取得有關政府監管部門批准（尤其是中國食品藥品監督管理總局就產品授出新藥證書及藥品生產許可證）以推出產品。於聯營公司之權益之可收回金額乃經計及並無折讓控制後根據應佔進行中之研發之估計公平值釐定。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

22. INTEREST IN AN ASSOCIATE (Continued)

Particulars of the Smart Ascent Group at the end of the reporting period are as follows:

22. 於一間聯營公司之權益(續)

進生集團於報告期末之詳情如下：

Name of associate	Place of incorporation/ operations	Class of shares held	Proportion of voting power held by the Group/Smart Ascent	Proportion of nominal value of issued capital held by the Group/Smart Ascent	Principal activities	Measurement method
聯營公司名稱	註冊成立/ 營運地點	所持股份類別	本集團/ 進生所持 投票權比例	本集團/ 進生所持已 發行股本 面值比例	主要業務	計量方式
Smart Ascent 進生	Hong Kong 香港	Ordinary 普通	49%	49%	Investment holding 投資控股	Equity 股權
Subsidiaries of Smart Ascent						
進生之附屬公司						
Fosse Bio-Engineering Development Limited	Hong Kong/ China	Ordinary	51%	51%	Development and commercialisation of oral insulin products	Equity
福仕生物工程有限公 司	香港/中國	普通			開發及商品化口服 胰島素產品	股權
Welly Surplus Development Limited	Hong Kong	Ordinary	51%	51%	Inactive	Equity
瑞盈發展有限公司	香港	普通			暫無業務	股權
Nation Joy Industries Limited	British Virgin Islands ("BVI")	Ordinary	100%	100%	Inactive	Equity
國悅實業有限公司	英屬處女群島 (「英屬處女 群島」)	普通			暫無業務	股權

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

22. INTEREST IN AN ASSOCIATE (Continued)

The summarised consolidated financial information below represents amounts shown in the Smart Ascent Group's consolidated financial statements prepared in accordance with HKFRSs.

22. 於一間聯營公司之權益(續)

下列綜合財務資料概要為根據香港財務報告準則編製之進生集團綜合財務報表所列之金額。

		31 March 2017 HK\$'000 二零一七年 三月三十一日 千港元	31 March 2016 HK\$'000 二零一六年 三月三十一日 千港元
Current assets	流動資產	2,728	2,638
Non-current assets	非流動資產	294,638	299,285
Current liabilities	流動負債	(65,794)	(65,795)
Non-current liabilities	非流動負債	(10,801)	(8,234)
Non-controlling interests	非控股權益	(115,358)	(116,569)
Non-current assets include the following: Intangible assets — In-process R&D	非流動資產包括以下項目： 無形資產—進行中之研發	284,260	284,260
		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Revenue	收益	—	—
Loss and total comprehensive expense	虧損及全面開支總額	(5,912)	(3,266)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

22. INTEREST IN AN ASSOCIATE (Continued)

Reconciliation of the above summarised consolidated financial information to the carrying amount of the interest in Smart Ascent recognised in the consolidated financial statements:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Net assets of the Smart Ascent Group attributable to owners of Smart Ascent	進生擁有人應佔進生集團資產淨值	105,413	111,325
Proportion of the Group's ownership interest in Smart Ascent	本集團於進生之所有權益比例	49%	49%
Carrying amount of the Group's interest in Smart Ascent as an associate	本集團於進生(作為一間聯營公司)之權益之賬面值	51,652	54,549
Adjustment for remeasurement to fair value of the assets of the Smart Ascent Group on initial recognition	進生集團資產公平值於初始確認時之重新計量調整	279,317	279,317
		330,969	333,866

22. 於一間聯營公司之權益(續)

上述綜合財務資料概要與綜合財務報表內所確認之於進生之權益的賬面值之對賬：

23. AMOUNT DUE FROM AN ASSOCIATE

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Amount due from an associate Smart Ascent (Note)	應收一間聯營公司款項進生(附註)	17,235	13,199

Note: As at 31 March 2017, amount due from an associate is unsecured and interest-free. Principal amount of HK\$41,941,000 (2016: HK\$41,941,000) is expected to be repaid after 6 years from 28 July 2014. Accordingly, the balance is classified as non-current. Such non-current interest-free amount due from an associate is recognised at its fair value of HK\$8,455,000 upon the disposal of Smart Ascent at an effective interest rate of 26.99% per annum. During the reporting period, imputed interest income of HK\$4,036,000 (2016: HK\$3,091,000) is credited to profit or loss.

23. 應收一間聯營公司款項

附註：於二零一七年三月三十一日，應收一間聯營公司款項為無抵押及免息。本金額41,941,000港元(二零一六年：41,941,000港元)預期將於二零一四年七月二十八日起計六年後償還。因此，有關結餘被分類為非流動。有關應收一間聯營公司之非流動免息款項於出售進生時按其公平值8,455,000港元確認，實際年利率為26.99%。於報告期內，估算利息收入4,036,000港元(二零一六年：3,091,000港元)已計入損益。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

24. INVENTORIES

24. 存貨

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Raw materials	原材料	1,210	1,395
Work in progress	在製品	797	588
Finished goods	製成品	5,600	3,941
		7,607	5,924

25. TRADE RECEIVABLES

25. 貿易應收賬款

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Trade receivables	貿易應收賬款	72,370	89,827
Less: allowance for bad and doubtful debts	減：呆壞賬撥備	(34,953)	(32,808)
		37,417	57,019

The Group's trading terms with its customers are mainly based on credit, except for new customers, where payment in advance is normally required. The credit period is generally ranging from 120 to 180 days, extending up to one year for some major customers.

本集團客戶之貿易條款主要為賒銷，惟新客戶一般需要預先付款。一般情況下，客戶可獲得為期120日至180日之信貸期，而若干主要客戶可延期至最多一年。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

25. TRADE RECEIVABLES (Continued)

The following is an aged analysis of trade receivables, net of allowance for bad and doubtful debts presented based on the date of delivery of goods which approximated the respective dates on which revenue was recognised.

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
0-90 days	0-90日	14,352	19,467
91-180 days	91-180日	15,490	26,658
181-365 days	181-365日	7,575	10,894
		37,417	57,019

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK\$7,575,000 (2016: HK\$10,894,000) which are past due as at the reporting date for which the Group has not provided for impairment loss.

Ageing of trade receivables which are past due but not impaired

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
0-180 days	0-180日	7,575	10,894

25. 貿易應收賬款(續)

以下為貿易應收賬款的賬齡分析，已扣除呆壞賬撥備，並根據貨品交付日期(與確認收益的相關日期相若)呈列。

本集團貿易應收賬款結餘中賬面值合共為7,575,000港元(二零一六年：10,894,000港元)的應收賬款於報告日期已逾期，而本集團尚未就此作出減值虧損撥備。

已逾期但未減值之貿易應收賬款賬齡

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

25. TRADE RECEIVABLES (Continued)

The movements of allowance for bad and doubtful debts are as follows:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
At 1 April	於四月一日	32,808	26,745
Exchange realignment	匯兌調整	(2,311)	(1,836)
Allowance for bad and doubtful debts, net	呆壞賬撥備淨額	4,456	9,004
Amounts written off as uncollectible	撇銷作不可收回款項	—	(1,105)
At 31 March	於三月三十一日	34,953	32,808

25. 貿易應收賬款(續)

呆壞賬撥備變動如下：

26. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Deposits	按金	706	688
Other receivables	其他應收款項	1,579	4,008
Prepayments	預付款項	560	614
Trade deposits	貿易按金	2,127	3,083
		4,972	8,393

26. 按金、預付款項及其他應收款項

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

27. PLEDGED BANK DEPOSITS

Pledged bank deposits represent deposits pledged to a bank to secure short-term banking facilities granted to the Group and are therefore classified as current assets. The pledged bank deposits carry variable interest rates ranging from 0.94% to 1.34% (2016: 0.48% to 0.7%) per annum.

28. BANK BALANCES AND CASH

Bank balances carry variable interest rates of 0.001% to 3.6% (2016: 0.001% to 3.4%) per annum. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

27. 已抵押銀行存款

已抵押銀行存款指抵押予銀行以作為本集團獲授之短期銀行授信額度的擔保之存款，故分類為流動資產。已抵押銀行存款按浮動利率介乎每年0.94%至1.34%（二零一六年：0.48%至0.7%）計息。

28. 銀行結餘及現金

銀行結餘按浮動利率每年0.001%至3.6%（二零一六年：0.001%至3.4%）計息。人民幣兌換為外幣須遵守中國之外匯管理條例以及結匯、售匯及付匯管理規定。

現金及現金等值項目之賬面值乃按以下貨幣計值：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Euros	歐元	2,002	3,235
Hong Kong dollars	港元	47,573	56,283
Renminbi	人民幣	5,356	3,217
United States dollars	美元	162,872	118,263
		217,803	180,998

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

29. TRADE AND BILLS PAYABLES

The following is an aged analysis of trade and bills payables presented based on the invoice date at the end of the reporting period.

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
0–90 days	0–90日	8,968	8,725
91–180 days	91–180日	4,473	1,363
181–365 days	181–365日	756	156
1–2 years	1–2年	168	325
Over 2 years	2年以上	494	524
		14,859	11,093

29. 貿易應付賬款及應付票據

以下為於報告期末根據發票日期呈列之貿易應付賬款及應付票據賬齡分析。

30. ACCRUALS AND OTHER PAYABLES

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Accruals and other payables	預提費用及其他應付款項	59,501	65,481
Received in advance (Note)	預收款項(附註)	—	3,133
		59,501	68,614

30. 預提費用及其他應付款項

Note: On 21 September 2015, JECF entered into a transfer agreement with 吉林省康賽藥品經銷有限公司 for the transfer of the production technologies of certain pharmaceutical products and trademarks in the PRC at the consideration of RMB2,600,000 (equivalent to HK\$3,133,000) (the "Transfer"). The Transfer was completed during the reporting period and the relevant income was recognised in consolidated statement of profit or loss and other comprehensive income.

附註：於二零一五年九月二十一日，吉林精優與吉林省康賽藥品經銷有限公司就轉讓若干醫藥產品的生產技術及中國商標訂立轉讓協議，代價為人民幣2,600,000元(相等於3,133,000港元)(「轉讓事項」)。該轉讓事項於本報告期內已經完成，並於綜合損益及其他全面收益表內已確認有關收入。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

31. AMOUNT DUE TO AN ASSOCIATE

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Amount due to an associate — Smart Ascent	應付一間聯營公司款項 — 進生	19,780	19,780

The amount is unsecured, interest-free and repayable on demand.

該款項為無抵押、免息及須按要求償還。

32. DEFERRED TAX LIABILITIES

The deferred tax liabilities recognised arose from the accelerated tax depreciation.

At the end of the reporting period, the Group has unused tax losses arising in Hong Kong and the PRC of approximately HK\$6,223,000 (2016: HK\$6,223,000) and HK\$13,202,000 (2016: HK\$10,371,000) respectively available to offset against future taxable profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Tax losses arising in Hong Kong may be carried forward indefinitely. Tax losses arising in the PRC will expire in 5 years from the year of origination since 2015.

32. 遞延稅項負債

已確認遞延稅項負債乃由於加速稅項折舊產生。

於報告期末，本集團於香港及中國產生並可供抵銷未來應課稅溢利之未動用稅務虧損分別為約6,223,000港元(二零一六年：6,223,000港元)及13,202,000港元(二零一六年：10,371,000港元)。由於未來溢利趨勢不可預測，因此並無確認遞延稅項資產。於香港產生之稅務虧損可無限定期結轉。自二零一五年起，於中國產生之稅務虧損將自產生之年計5年內到期。

33. CONVERTIBLE BONDS

On 16 July 2013, the Company issued zero-coupon convertible bonds (the "Convertible Bonds") with principal amount in aggregate of HK\$641,300,000 at the conversion price of HK\$0.6413 for each new share of the Company, which, if fully converted, is equivalent to 1,000,000,000 new shares of the Company to Mr. Ong Cheng Heang ("Mr. Ong") and Mr. Mao Yumin ("Mr. Mao"), each of principal amount of HK\$320,650,000. Mr. Ong was the non-controlling shareholder and director of Smart Ascent prior to the completion of acquisition of the remaining 49% interest in Smart Ascent by the Group ("Acquisition") and Mr. Mao was a director of the Company until 5 December 2013, and is a shareholder of the Company in the current year and the prior years.

33. 可換股債券

於二零一三年七月十六日，本公司發行本金總額641,300,000港元之零息可換股債券(「可換股債券」)，換股價為每股本公司新股份0.6413港元，於悉數兌換後相當於1,000,000,000股本公司新股份，可換股債券乃分別發行予Ong Cheng Heang先生(「Ong先生」)及毛裕民先生(「毛先生」)，各人分別獲發行本金額320,650,000港元。於本集團完成收購進生之剩餘49%權益(「收購事項」)前，Ong先生為進生之非控股股東及董事，而毛先生曾擔任本公司董事直至二零一三年十二月五日為止，並於本年度及上年度為本公司股東。

33. CONVERTIBLE BONDS (Continued)

The Convertible Bonds are convertible at the option of the bondholders into ordinary shares of the Company at a conversion price of HK\$0.6413 per ordinary share on or before the seventh business day prior to the maturity date of 16 July 2033, subject to anti-dilutive clauses.

The Convertible Bonds are issued in HK\$. The fair value of the liability component of the Convertible Bonds was HK\$20,712,000, which has been determined by the discounted cashflow approach using the prevailing market interest rate of similar non-convertible bonds and taking into account the credit risk of the Company. The effective interest rate is 18.72%. The fair value of the conversion option of HK\$569,288,000 classified as equity component for the Convertible Bonds was calculated using the Binomial Model. The inputs into the model were as follows:

		Date of issuance 16 July 2013 發行日期 二零一三年 七月十六日
Stock price (HK\$)	股價(港元)	0.59
Exercise price (HK\$)	行使價(港元)	0.6413
Discount rate	貼現率	18.72%
Risk free rate (Note a)	無風險利率(附註a)	2.63%
Expected volatility (Note b)	預期波幅(附註b)	66.55%
Expected dividend yield (Note c)	預期股息收益率(附註c)	0%
Option life (Years)	期權期限(年期)	20

Any changes in the major inputs used in the model will result in changes in the fair value of the liability component.

Notes:

- (a) The rate was determined with reference to the yields of Hong Kong government bonds and treasury bills as at the date of valuation.
- (b) Based on the historical price volatility of the Company for the period from 24 December 2009 up to the date of issuance of the Convertible Bonds.
- (c) Estimated with reference to the historical dividend payout of the Company.

33. 可換股債券(續)

債券持有人可選擇於到期日二零一三年七月十六日前第七個營業日或之前按換股價每股普通股0.6413港元將可換股債券兌換為本公司之普通股，惟須受反攤薄條款規限。

可換股債券乃以港元發行。可換股債券負債部分之公平值為20,712,000港元，其乃採用類似非可換股債券之現行市場利率並經考慮本公司之信貸風險以貼現現金流量法釐定。實際利率為18.72%。分類為可換股債券權益部分之換股權之公平值569,288,000港元乃採用二項式模式計算。該模式之輸入數據如下：

	Date of issuance 16 July 2013 發行日期 二零一三年 七月十六日
Stock price (HK\$)	0.59
Exercise price (HK\$)	0.6413
Discount rate	18.72%
Risk free rate (Note a)	2.63%
Expected volatility (Note b)	66.55%
Expected dividend yield (Note c)	0%
Option life (Years)	20

該模式所用主要輸入數據之任何變動將導致負債部分之公平值變動。

附註：

- (a) 該利率乃參考香港政府債券及庫券於估值日期的孳息率釐定。
- (b) 基於本公司於二零零九年十二月二十四日至可換股債券發行日期期間的過往價格波幅得出。
- (c) 參考本公司的過往股息派付而估計。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

33. CONVERTIBLE BONDS (Continued)

Movements of the liability component of the Convertible Bonds are set out below:

		Principal amount (Note) 本金額 (附註) HK\$'000 千港元	Carrying amount 賬面值 HK\$'000 千港元
At 1 April 2015	於二零一五年四月一日	577,170	24,982
Interest charge	利息支出	—	4,688
At 31 March 2016	於二零一六年三月三十一日	577,170	29,670
Interest charge	利息支出	—	5,552
At 31 March 2017	於二零一七年三月三十一日	577,170	35,222

Note: At the date of issuance, the principal amount of the Convertible Bonds was HK\$641,300,000, and thereafter the following events were taken place:

On 5 August 2013, the Convertible Bonds with principal amount of HK\$64,130,000 was converted into 100,000,000 ordinary shares of the Company at the conversion price of HK\$0.6413 per ordinary share.

On 25 October 2013, 24 April 2014, 30 August 2014, 31 December 2014 and 30 April 2015, the Convertible Bonds with principal amount of HK\$320,650,000, HK\$64,130,000, HK\$64,130,000, HK\$64,130,000 and HK\$64,130,000 were acquired by Innovative Pharm from Mr. Mao respectively.

33. 可換股債券(續)

可換股債券負債部分之變動載列如下：

		Principal amount (Note) 本金額 (附註) HK\$'000 千港元	Carrying amount 賬面值 HK\$'000 千港元
At 1 April 2015	於二零一五年四月一日	577,170	24,982
Interest charge	利息支出	—	4,688
At 31 March 2016	於二零一六年三月三十一日	577,170	29,670
Interest charge	利息支出	—	5,552
At 31 March 2017	於二零一七年三月三十一日	577,170	35,222

附註：於發行日期，可換股債券之本金額為641,300,000港元，而後發生下列事項：

於二零一三年八月五日，本金額為64,130,000港元之可換股債券轉換為100,000,000股本公司普通股，轉換價為每股普通股0.6413港元。

於二零一三年十月二十五日、二零一四年四月二十四日、二零一四年八月三十日、二零一四年十二月三十一日及二零一五年四月三十日，本金額分別為數320,650,000港元、64,130,000港元、64,130,000港元、64,130,000港元及64,130,000港元之可換股債券已由領航醫藥向毛先生購買。

34. DEFERRED INCOME ON GOVERNMENT GRANTS

The amount represented receipt of grants by a subsidiary from local government authority in the PRC. The movements in deferred income on government grants are as follows:

34. 政府補助之遞延收入

有關款項指一間附屬公司獲取中國當地政府部門之補助。政府補助之遞延收入變動如下：

		2017	2016
		二零一七年	二零一六年
		HK\$'000	HK\$'000
		千港元	千港元
At 1 April	於四月一日		
Receipt of grants	已收補助	2,955	—
Recognised in the profit or loss (note)	於損益確認(附註)	(193)	—
Exchange realignment	匯兌調整	5	—
At 31 March	於三月三十一日	2,767	—
Analysed as:	分析為：		
Current liabilities	流動負債	63	—
Non-current liabilities	非流動負債	2,704	—
		2,767	—

Note: Government grants relating to property, plant and equipment are included in non-current liabilities as deferred income on government grants and are 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.

附註：有關物業、廠房及設備之政府補助計入非流動負債列作有關政府補助之遞延收入並於有關資產之預期年期內按直線法計入綜合損益及其他全面收益表。

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綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

35. SHARE CAPITAL

35. 股本

		Number of shares 股份數目		Share capital 股本	
		2017 二零一七年	2016 二零一六年	2017 二零一七年	2016 二零一六年
		'000 千股	'000 千股	HK\$'000 千港元	HK\$'000 千港元
Ordinary shares of HK\$0.01 each	每股面值0.01港元之 普通股				
Authorised	法定	20,000,000	20,000,000	200,000	200,000
Issued and fully paid At 31 March	已發行及繳足 於三月三十一日	2,390,000	2,390,000	23,900	23,900

No shares were issued during the years ended 31 March 2017 and 2016.

於截至二零一七年及二零一六年三月三十一日止年度，概無發行股份。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

36. FINANCIAL INFORMATION OF THE COMPANY 36. 本公司財務資料

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
NON-CURRENT ASSETS	非流動資產		
Interests in subsidiaries — unlisted	於附屬公司之權益—非上市	629,927	629,927
Amounts due from subsidiaries	應收附屬公司款項	177,352	195,109
		807,279	825,036
CURRENT ASSETS	流動資產		
Deposits, prepayments and other receivables	按金、預付款項及其他應收款項	222	221
Bank balances and cash	銀行結餘及現金	110,694	103,201
		110,916	103,422
CURRENT LIABILITIES	流動負債		
Accruals and other payables	預提費用及其他應付款項	724	637
Amount due to subsidiaries	應付附屬公司款項	30,123	34,379
		30,847	35,016
NET CURRENT ASSETS	流動資產淨值	80,069	68,406
NON-CURRENT LIABILITIES	非流動負債		
Convertible bonds	可換股債券	35,222	29,670
NET ASSETS	資產淨值	852,126	863,772
CAPITAL AND RESERVES	資本及儲備		
Share capital	股本	23,900	23,900
Reserves (Note)	儲備(附註)	828,226	839,872
TOTAL EQUITY	權益總額	852,126	863,772

The financial statements were approved by the Board of Directors on 29 June 2017 and were signed on its behalf by:

財務報表已於二零一七年六月二十九日經董事會批准並由以下人士代表簽署：

Xie Yi
謝毅
DIRECTOR
董事

Wong Sau Kuen
王秀娟
DIRECTOR
董事

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

36. FINANCIAL INFORMATION OF THE COMPANY 36. 本公司財務資料(續) (Continued)

Note:

附註：

Reserves of the Company

本公司儲備

		Share premium	Contributed surplus	Foreign currency translation reserve	Convertible bonds equity reserve	Accumulated profits	Total
		股份溢價	繳入盈餘	匯兌儲備	可換股債券 權益儲備	累計溢利	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
At 1 April 2015	於二零一五年 四月一日	191,738	64,636	3,862	512,359	38,119	810,714
Profit for the year	本年度溢利	—	—	—	—	29,158	29,158
At 31 March 2016	於二零一六年 三月三十一日	191,738	64,636	3,862	512,359	67,277	839,872
Loss for the year	本年度虧損	—	—	—	—	(11,646)	(11,646)
At 31 March 2017	於二零一七年 三月三十一日	191,738	64,636	3,862	512,359	55,631	828,226

37. COMMITMENTS**Commitment under operating lease**

The Group had future aggregate minimum lease payable under non-cancellable operating lease with respect to office premises rental as follows:

		2017	2016
		二零一七年	二零一六年
		HK\$'000	HK\$'000
		千港元	千港元
Within one year	一年內	1,826	1,564
In the second to fifth years, inclusive	第二至第五年(包括首尾兩年在內)	3,427	—
		5,253	1,564

Operating lease payments represent rental payable by the Group for its offices. Leases are negotiated for terms ranging from one to three years and rentals are fixed over the lease terms and the above amounts do not include contingent rentals.

37. 承擔**經營租賃承擔**

本集團於不可撤銷經營租賃下就辦公場地之日後最低應付租金總額如下：

經營租賃付款指本集團就其辦公室應付之租金。所磋商之租約期限介乎一至三年，租金於租約期內固定，且上述款項不包括或然租金。

38. MATERIAL RELATED PARTY TRANSACTIONS

Details of directors and key management compensation are disclosed in notes 12 and 13 in these consolidated financial statements. Save as the related party balances and transactions disclosed elsewhere in the consolidated financial statements, the Group had no other related party transactions during the year.

38. 重大之關聯方交易

董事及主要管理層之報酬之詳情於此等綜合財務報表附註12及13披露。除綜合財務報表其他部分所披露之關聯方結餘及交易外，年內本集團並無其他關聯方交易。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES

39. 主要附屬公司詳情

Name of subsidiary 附屬公司名稱	Country/place of incorporation/ registration/ operations 註冊成立/ 登記/經營之 國家/地點	Registered/ issued and fully paid share capital 註冊/已發行 及繳足股本	Proportion of issued share capital/ registered capital held by the Company 本公司所持已發行股本/ 註冊資本比例				Principal activities 主要業務	
			2017 二零一七年		2016 二零一六年			
			Directly 直接	Indirectly 間接	Directly 直接	Indirectly 間接		
Extrawell (BVI) Limited	BVI/Hong Kong	US\$10,000 ordinary shares	100%	—	100%	—	Investment holding	
Extrawell (BVI) Limited	英屬處女群島/ 香港	10,000美元 普通股					投資控股	
Jilin Extrawell Changbaishan Pharmaceutical Co., Ltd. ("JECF")	China	RMB33,000,000 registered capital	100%	—	100%	—	Development, manufacture, and sales of pharmaceutical products	
吉林精優長白山藥業 有限公司 (「吉林精優」)	中國	人民幣 33,000,000元 註冊資本					開發、製造及銷售藥品	
Extrawell Enterprises Limited	Hong Kong	HK\$20 ordinary shares HK\$1,000,000 non-voting deferred shares	—	100%	—	100%	Investment holding and property investment	
精優企業有限公司	香港	20港元 普通股 1,000,000港元 無投票權遞延 股份					投資控股及物業投資	
Extrawell Pharmaceutical (HK) Limited 精優藥業(香港)有限公司	Hong Kong 香港	HK\$2 ordinary shares 2港元 普通股	—	100%	—	100%	Provision of agency services 提供代理服務	

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES
(Continued)

39. 主要附屬公司詳情(續)

Name of subsidiary 附屬公司名稱	Country/place of incorporation/ registration/ operations 註冊成立/ 登記/經營之 國家/地點	Registered/ issued and fully paid share capital 註冊/已發行 及繳足股本	Proportion of issued share capital/ registered capital held by the Company 本公司所持已發行股本/ 註冊資本比例				Principal activities 主要業務
			2017 二零一七年		2016 二零一六年		
			Directly 直接	Indirectly 間接	Directly 直接	Indirectly 間接	
South Asia Pharmaceutical (China) Limited	Malaysia	US\$1 ordinary share	—	100%	—	100%	Marketing and distribution of pharmaceutical products 推廣及經銷藥品
South Asia Pharmaceutical (China) Limited	馬來西亞	1美元 普通股					
Mega Asia Pharmaceutical Limited 兆盈藥業有限公司	Hong Kong/ China 香港/中國	HK\$10,000 ordinary shares 10,000港元 普通股	—	100%	—	100%	Provision of agency services 提供代理服務
Smart Phoenix Holdings Limited (note(i)) Smart Phoenix Holdings Limited (附註(i))	BVI 英屬處女群島	US\$100 ordinary shares 100美元 普通股	—	—	—	100%	Investment holding 投資控股
Changchun Extrawell Pharmaceutical Co., Ltd. ("CEP") 長春精優藥業股份 有限公司 (「長春精優」)	China 中國	RMB50,000,000 registered capital 人民幣 50,000,000元 註冊資本	—	73%	—	73%	Development, manufacture and sales of pharmaceutical products 開發、製造及銷售藥品

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

39. 主要附屬公司詳情(續)

Name of subsidiary 附屬公司名稱	Country/place of incorporation/ registration/ operations 註冊成立/ 登記/經營之 國家/地點	Registered/ issued and fully paid share capital 註冊/已發行 及繳足股本	Proportion of issued share capital/ registered capital held by the Company 本公司所持已發行股本/ 註冊資本比例				Principal activities 主要業務	
			2017 二零一七年		2016 二零一六年			
			Directly 直接	Indirectly 間接	Directly 直接	Indirectly 間接		
Best-Bio Developments Limited	BVI/China	US\$1 ordinary share	—	100%	—	100%	Investment holding	投資控股
Best-Bio Developments Limited	英屬處女群島/ 中國	1美元 普通股						
Right & Rise Limited	BVI/China	US\$50,000 ordinary shares	—	100%	—	100%	Holding of gene invention rights and investment holding	持有基因發明權及 投資控股
Right & Rise Limited	英屬處女群島/ 中國	50,000美元 普通股						

note (i) Smart Phoenix Holdings Limited was dissolved on 5 October 2016.

附註(i) Smart Phoenix Holdings Limited已於二零一六年十月五日解散。

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affect the financial results of the year or form a substantial portion of the net assets of the Group.

上表所列之本公司附屬公司為本公司董事認為主要影響本年度財務業績或構成本集團資產淨值重大部分之附屬公司。

None of the subsidiaries had any debt securities outstanding at the end of the year or any time during the year.

於年末或年內任何時間，概無附屬公司有任何發行在外之債務證券。

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES
(Continued)

39. 主要附屬公司詳情(續)

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

下表列示本集團擁有重大非控股權益之非全資附屬公司之詳情：

Name of subsidiary 附屬公司名稱	Place/country of registration/ incorporation/ operations 登記/註冊成立/ 經營之地點/國家	Proportion of ownership interests held by non-controlling interests 非控股權益所持之所有 權權益比例		Proportion of voting rights held by non-controlling interests 非控股權益所持之 投票權比例		(Loss) allocated to non-controlling interests 分配至非控股權益之 (虧損)		Accumulated non-controlling interests 累計非控股權益	
		2017 二零一七年	2016 二零一六年	2017 二零一七年	2016 二零一六年	2017 二零一七年	2016 二零一六年	2017 二零一七年	2016 二零一六年
						HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
CEP 長春精優	China 中國	27%	27%	27%	27%	(2,470)	(5,397)	(3,826)	(1,350)
Individually immaterial subsidiaries with non-controlling interests 持有非控股權益之 個別不重大附屬公司						(15)	16	(15)	—
						(2,485)	(5,381)	(3,841)	(1,350)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

有關本集團擁有重大非控股權益之各附屬公司之財務資料概要載列如下。下列財務資料概要為集團內公司間對銷前之金額。

CEP

長春精優

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Current assets	流動資產	28,283	30,740
Non-current assets	非流動資產	152,562	169,215
Current liabilities	流動負債	(179,541)	(192,975)
Non-current liabilities	非流動負債	(7,198)	(3,614)
Equity attributable to owners of the Company	本公司擁有人應佔權益	(2,068)	4,716
Non-controlling interests	非控股權益	(3,826)	(1,350)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2017 截至二零一七年三月三十一日止年度

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

CEP (Continued)

		Year ended 31 March 2017 截至 二零一七年 三月三十一日 止年度 HK\$'000 千港元	Year ended 31 March 2016 截至 二零一六年 三月三十一日 止年度 HK\$'000 千港元
Revenue	收益	44,477	28,584
Expenses	開支	(53,717)	(48,654)
(Loss) for the year	本年度(虧損)	(9,240)	(20,070)
(Loss) attributable to owners of the Company	本公司擁有人應佔(虧損)	(6,770)	(14,673)
(Loss) attributable to non-controlling interests	非控股權益應佔(虧損)	(2,470)	(5,397)
(Loss) for the year	本年度(虧損)	(9,240)	(20,070)
Other comprehensive (expense) income attributable to owners of the Company	本公司擁有人應佔其他全面(開支)收入	(14)	(315)
Other comprehensive (expense) income attributable to non-controlling interests	非控股權益應佔其他全面(開支)收入	(6)	(458)
Other comprehensive (expense) income for the year	本年度其他全面(開支)收入	(20)	(773)
Total comprehensive (expense) attributable to owners of the Company	本公司擁有人應佔全面(開支)總額	(6,784)	(14,988)
Total comprehensive (expense) attributable to non-controlling interests	非控股權益應佔全面(開支)總額	(2,476)	(5,855)
Total comprehensive (expense) for the year	本年度全面(開支)總額	(9,260)	(20,843)
Net cash (outflow) from operating activities	經營活動產生之現金(流出)淨額	(4,552)	(27,424)
Net cash (outflow) from investing activities	投資活動產生之現金(流出)淨額	(1,026)	(395)
Net cash (outflow) inflow from financing activities	融資活動產生之現金(流出)流入淨額	(3,766)	20,636

39. 主要附屬公司詳情(續)

長春精優(續)

40. EVENTS AFTER THE REPORTING PERIOD

On 2 June and 11 May 2017, Extrawell Enterprises Limited (the "Subscriber"), an indirect wholly-owned subsidiary of the Company, entered into the subscription agreements with KKC Capital SPC, a segregated portfolio company incorporated in the Cayman Islands (the "Fund"), and pursuant to which the Subscriber agreed to subscribe for 30,000 and 50,000 participating shares in the Fund attributable to the segregated portfolio at aggregate consideration of HK\$30,000,000 and HK\$50,000,000 respectively on the respective dates, which were both funded by the internal resources of the Group. Details in relation to the subscriptions are disclosed in the announcements dated 2 June and 11 May 2017.

40. 報告期後事項

於二零一七年六月二日及五月十一日，精優企業有限公司(「認購方」)(本公司之間接全資附屬公司)與KKC Capital SPC(一間於開曼群島註冊成立之隔離投資組合公司)(「該基金」)訂立認購協議，據此，認購方已同意於各日期分別認購該基金之隔離投資組合之30,000股及50,000股參與股份，總代價分別為30,000,000港元及50,000,000港元，均由本集團內部資源撥付。有關該等認購之詳情披露於日期為二零一七年六月二日及五月十一日之公佈內。

Five Years' Financial Summary

五年財務概要

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, is set out below:

本集團過去五個財政年度之業績，以及資產、負債及非控股權益概要如下：

		For the year ended 31 March 截至三月三十一日止年度				
		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元	2014 二零一四年 HK\$'000 千港元 (restated) (經重列)	2013 二零一三年 HK\$'000 千港元
RESULTS	業績					
Revenue	收益	107,903	142,201	128,833	150,673	151,068
Profit before taxation	除稅前溢利	18,927	27,490	555,397	34,046	8,886
Taxation	稅項	(616)	(90)	(92)	(20,574)	(706)
Profit for the year	本年度溢利	18,311	27,400	555,305	13,472	8,180
Attributable to:	以下人士應佔：					
— Owners of the Company	— 本公司擁有人	20,796	32,781	565,457	13,816	10,876
— Non-controlling interests	— 非控股權益	(2,485)	(5,381)	(10,152)	(344)	(2,696)
		18,311	27,400	555,305	13,472	8,180
		As at 31 March 於三月三十一日				
		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元	2014 二零一四年 HK\$'000 千港元 (restated) (經重列)	2013 二零一三年 HK\$'000 千港元
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS	資產、負債及非控股權益					
Total assets	總資產	1,172,669	1,160,853	1,138,643	720,346	717,616
Total liabilities	總負債	(146,818)	(144,954)	(142,264)	(161,551)	(134,324)
Total equity	總權益	1,025,851	1,015,899	996,379	558,795	583,292
Non-controlling interests	非控股權益	3,841	1,350	(4,489)	(135,499)	(198,945)
Equity attributable to owners of the Company	本公司擁有人應佔權益	1,029,692	1,017,249	991,890	423,296	384,347



Extrawell Pharmaceutical Holdings Limited 精優藥業控股有限公司

(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 : 858

