



Sanai Health Industry Group Company Limited 三愛健康產業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 1889

Love life, Love nature
and Love society
愛生命，愛自然，愛社會



年報
2017
Annual
Report

Contents 目錄

Corporate Information	公司資料	2
Financial Highlights	財務摘要	5
Chairman's Statement	主席報告	6
Management Discussion and Analysis	管理層討論及分析	10
Corporate Governance Report	企業管治報告	20
Directors and Senior Management	董事及高級管理層	34
Directors' Report	董事會報告	36
Independent Auditor's Report	獨立核數師報告	51
Consolidated Statement of Profit or Loss	綜合損益表	58
Consolidated Statement of Profit or Loss and Other Comprehensive Income	綜合損益及其他全面收益表	59
Consolidated Statement of Financial Position	綜合財務狀況表	60
Consolidated Statement of Changes in Equity	綜合權益變動表	61
Consolidated Statement of Cash Flows	綜合現金流量表	62
Notes to the Financial Statements	財務報表附註	64
Five-Year Financial Summary	五年財務概要	168

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Chengqing (Chairman)
(appointed with effect from 17 February 2017)
Ms. Hung Hoi Lan
(appointed with effect from 17 February 2017)
Professor Zhang Rongqing
(re-designated with effect from 15 September 2017)
Mr. Lin Ou Wen (Chairman)
(retired with effect from 16 June 2017)

Mr. Lin Min
(resigned with effect from 17 February 2017)

Independent non-executive Directors

Mr. Tu Fangkui
(appointed with effect from 16 June 2017)
Mr. Wang Zihao
(appointed with effect from 16 June 2017)
Professor Zhang Rongqing
(appointed with effect from 16 June 2017 and re-designated with effect from 15 September 2017)
Mr. Long Jun
(appointed with effect from 15 September 2017)
Mr. Zhang Jie
(retired with effect from 16 June 2017)
Mr. Zhang Xuewen
(retired with effect from 16 June 2017)
Mr. Wu Chenghan
(retired with effect from 16 June 2017)

COMPANY SECRETARY

Mr. Lock Kwong Hang, Simon
CPA (Practising), ACIS and ACS
(appointed with effect from 8 May 2017)
Mr. Luk Ting Fung
(resigned with effect from 8 May 2017)

AUTHORIZED REPRESENTATIVES

Mr. Chen Chengqing
(appointed with effect from 16 June 2017)
Mr. Lock Kwong Hang, Simon
CPA (Practising), ACIS and ACS
(appointed with effect from 8 May 2017)
Mr. Lin Ouwen
(retired with effect from 16 June 2017)
Mr. Luk Ting Fung
(resigned with effect from 8 May 2017)

董事會

執行董事

陳成慶先生(主席)
(由二零一七年二月十七日起獲委任)
洪海瀾女士
(由二零一七年二月十七日起獲委任)
張榮慶教授
(由二零一七年九月十五日起調任)
林歐文先生(主席)
(由二零一七年六月十六日起退任)

林敏先生
(由二零一七年二月十七日起辭任)

獨立非執行董事

屠方魁先生
(由二零一七年六月十六日起獲委任)
王子豪先生
(由二零一七年六月十六日起獲委任)
張榮慶教授
(由二零一七年六月十六日起獲委任及由二零一七年九月十五日起調任)
隆軍先生
(由二零一七年九月十五日起獲委任)
張捷先生
(由二零一七年六月十六日起退任)
張學文先生
(由二零一七年六月十六日起退任)
吳成翰先生
(由二零一七年六月十六日起退任)

公司秘書

駱廣恒先生
CPA (執業) · ACIS 及 ACS
(由二零一七年五月八日起獲委任)
陸霆鋒先生
(由二零一七年五月八日起辭任)

法定代表

陳成慶先生
(由二零一七年六月十六日起獲委任)
駱廣恒先生
CPA (執業) · ACIS 及 ACS
(由二零一七年五月八日起獲委任)
林歐文先生
(由二零一七年六月十六日起退任)
陸霆鋒先生
(由二零一七年五月八日起辭任)

AUDIT COMMITTEE

Mr. Wang Zihao (Chairman)
(appointed with effect from 16 June 2017)

Mr. Tu Fangkui
(appointed with effect from 16 June 2017)

Professor Zhang Rongqing
(appointed with effect from 16 June 2017 and resigned with effect from 15 September 2017)

Mr. Long Jun
(appointed with effect from 15 September 2017)

Mr. Zhang Jie (Chairman)
(retired with effect from 16 June 2017)

Mr. Zhang Xuewen
(retired with effect from 16 June 2017)

Mr. Wu Chenghan
(retired with effect from 16 June 2017)

REMUNERATION COMMITTEE

Mr. Wang Zihao (Chairman)
(appointed with effect from 16 June 2017)

Mr. Chen Chengqing
(appointed with effect from 16 June 2017)

Mr. Tu Fangkui
(appointed with effect from 16 June 2017)

Professor Zhang Rongqing
(appointed with effect from 16 June 2017)

Mr. Long Jun
(appointed with effect from 15 September 2017)

Mr. Zhang Jie (Chairman)
(retired with effect from 16 June 2017)

Mr. Lin Ouwen
(retired with effect from 16 June 2017)

Mr. Zhang Xuewen
(retired with effect from 16 June 2017)

Mr. Wu Chenghan
(retired with effect from 16 June 2017)

NOMINATION COMMITTEE

Mr. Chen Chengqing (Chairman)
(appointed with effect from 16 June 2017)

Mr. Tu Fangkui
(appointed with effect from 16 June 2017)

Mr. Wang Zihao
(appointed with effect from 16 June 2017)

Professor Zhang Rongqing
(appointed with effect from 16 June 2017)

Mr. Long Jun
(appointed with effect from 15 September 2017)

Mr. Lin Ouwen (Chairman)
(retired with effect from 16 June 2017)

Mr. Zhang Jie
(retired with effect from 16 June 2017)

Mr. Zhang Xuewen
(retired with effect from 16 June 2017)

Mr. Wu Chenghan
(retired with effect from 16 June 2017)

審核委員會

王子豪先生(主席)
(由二零一七年六月十六日起獲委任)

屠方魁先生
(由二零一七年六月十六日起獲委任)

張榮慶教授
(由二零一七年六月十六日起獲委任並由二零一七年九月十五日起辭任)

隆軍先生
(由二零一七年九月十五日起獲委任)

張捷先生(主席)
(由二零一七年六月十六日起退任)

張學文先生
(由二零一七年六月十六日起退任)

吳成翰先生
(由二零一七年六月十六日起退任)

薪酬委員會

王子豪先生(主席)
(由二零一七年六月十六日起獲委任)

陳成慶先生
(由二零一七年六月十六日起獲委任)

屠方魁先生
(由二零一七年六月十六日起獲委任)

張榮慶教授
(由二零一七年六月十六日起獲委任)

隆軍先生
(由二零一七年九月十五日起獲委任)

張捷先生(主席)
(由二零一七年六月十六日起退任)

林歐文先生
(由二零一七年六月十六日起退任)

張學文先生
(由二零一七年六月十六日起退任)

吳成翰先生
(由二零一七年六月十六日起退任)

提名委員會

陳成慶先生(主席)
(由二零一七年六月十六日起獲委任)

屠方魁先生
(由二零一七年六月十六日起獲委任)

王子豪先生
(由二零一七年六月十六日起獲委任)

張榮慶教授
(由二零一七年六月十六日起獲委任)

隆軍先生
(由二零一七年九月十五日起獲委任)

林歐文先生(主席)
(由二零一七年六月十六日起退任)

張捷先生
(由二零一七年六月十六日起退任)

張學文先生
(由二零一七年六月十六日起退任)

吳成翰先生
(由二零一七年六月十六日起退任)

Corporate Information

公司資料

AUDITOR

Crowe Horwath (HK) CPA Limited
Certified Public Accountants

LEGAL ADVISOR

Gallant

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.

REGISTERED OFFICE

Grand Pavilion,
Hibiscus Way,
802 West Bay Road,
P.O. Box 31119,
KY1-1205,
Cayman Islands

PLACE OF BUSINESS IN HONG KONG

Unit 1309, 13/F, West Tower
Shun Tak Centre
Sheung Wan
Hong Kong

SHARE REGISTRARS AND TRANSFER OFFICES

Principal share registrar and transfer office
Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

Hong Kong branch share registrar and transfer office
Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

STOCK CODE

1889

WEBSITE

www.1889hk.com

核數師

國富浩華(香港)會計師事務所有限公司
執業會計師

法律顧問

何耀棣律師事務所

主要往來銀行

中國銀行(香港)有限公司
交通銀行股份有限公司

註冊辦事處

Grand Pavilion,
Hibiscus Way,
802 West Bay Road,
P.O. Box 31119,
KY1-1205,
Cayman Islands

香港營業地點

香港
上環
信德中心
西座13樓1309室

股份過戶登記處

股份過戶登記總處
Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

股份過戶登記處香港分處
香港中央證券登記有限公司
香港灣仔
皇后大道東183號
合和中心
17樓1712-1716號舖

股份代號

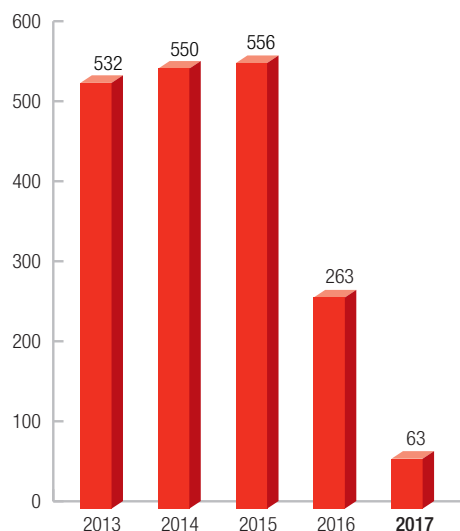
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網址

www.1889hk.com

Turnover 營業額

RMB million
人民幣百萬元

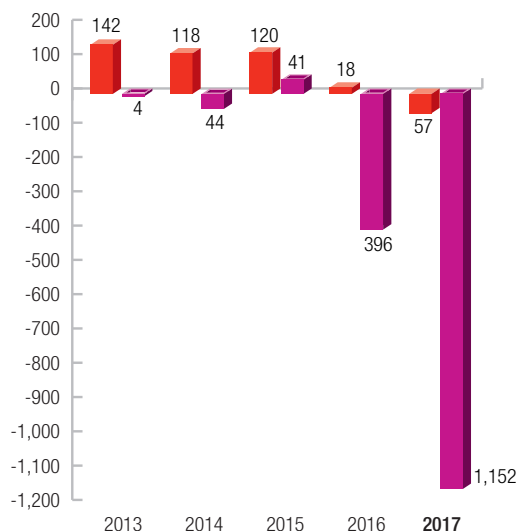


Gross Profit & Net Profit/(Loss) 毛利／（虧）及淨溢利／（虧損）

Gross Profit
毛利

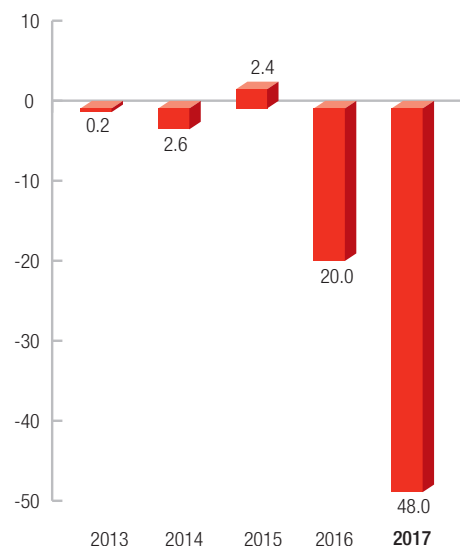
Net Profit/(loss)
淨溢利／（虧損）

RMB million
人民幣百萬元



Earnings/(Loss) per share – Basic and diluted 每股盈利／（虧損）－基本及攤薄

RMB (cents)
人民幣（分）

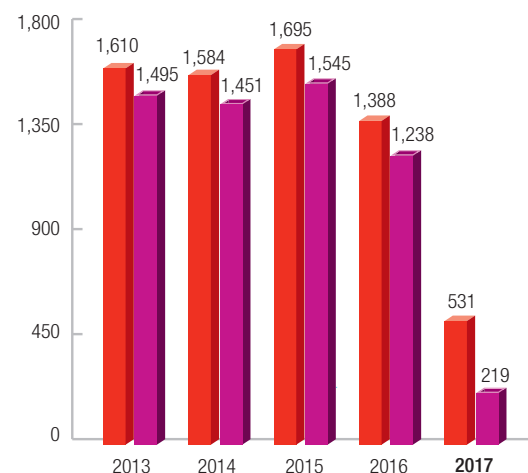


Total Assets & Net Assets 總資產及淨資產

Total Assets
總資產

Net Assets
淨資產

RMB million
人民幣百萬元



Chairman's Statement

主席報告

To all Shareholders:

On behalf of the board (the "Board") of directors (the "Directors") of Sanai Health Industry Group Company Limited (formerly known as Wuyi International Pharmaceutical Company Limited) ("Sanai Health Industry" or the "Company"), I am pleased to present to the shareholders the annual results of the Company and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2017.

As the executive director and chairman of the Company in 2017, it is my pleasure to experience such an extraordinary year with all the staff of the Group. The Company has changed its name to Sanai Health Industry Group Company Limited in 2017 which representing a brand new start.

BUSINESS REVIEW

Although the government has introduced various medical reformation measures, the size of pharmaceutical market is huge and under growth. However, with the significant structural changes, small and medium enterprises' ability against increasing costs and changing policies are relatively weak. Enterprises with self-developed sales network, exclusive medicine and innovative medicine would have their market shares significantly increase during the shuffle period. Meanwhile, the underground steam pipelines of the Haixi plant of the wholly-owned subsidiary of the Group, Fujian Sanai Pharmaceutical Company Limited ("Fujian Sanai") ruptured at the end of 2016. Due to the complexity, the repair lasted until February this year and caused various work suspension of Fujian Sanai during the period, which resulted in loss of customers and market share. The national implementation of the "Two-Invoice System" greatly affected the original sales system of Fujian Sanai. It lost certain major distributor customers and obtained more direct end customers. Fujian Sanai has to input more resources on products promotion. Another wholly-owned subsidiary of the Group, Fuzhou Sanai Pharmaceutical Company Limited ("Fuzhou Sanai") was affected by the "Two-Invoice System" and production suspension due to internal rectification. The Perilla Oil Capsule was not listed in the National Reimbursement Drug List, instead, competitive products was listed in the National Reimbursement Drug List, which resulted in the plunge in sales of Perilla Oil Capsule. The two subsidiaries Fujian Sanai and Fuzhou Sanai are the major operating units of the Group, the aggregate results dropped by approximately 90% to RMB30.2 million, which led to the consolidated results of the Group decreased by 76% to RMB62.5 million. The assets of pharmaceutical sector of the Group are subject to assessed and impaired due to the decrease of results. The shareholders should pay attention that the impairment does not represent loss, damage or obsolete of the Company's assets or cash loss of the Company but only an accounting treatment.

The Group would develop a more diversified business mix outside the pharmaceutical industry so to cope with the increasingly fierce competition in pharmaceutical industry. During the year, the accumulated financing facilities were approximately HK\$147 million as a result of exercise of share option and placing finance. Among which, approximately HK\$50 million was applied to finance leasing business and general trading business. The finance leasing business recorded a profit of RMB1.88 million this year, pursuant to the agreement that entered by the Company, the finance leasing business would achieve a higher growth rate in 2018. The finance leasing company will commence direct leasing business in 2018 which lease rehabilitation and treatment equipment and devices to individuals and operating entities. Such business matches with the general strategy of the Group.

致各位股東：

本人謹代表三愛健康產業集團有限公司(前稱武夷國際藥業有限公司)(「三愛健康產業」或「本公司」)董事(「董事」)會(「董事會」)欣然向各位股東提呈本公司及其附屬公司(統稱「本集團」)截至二零一七年十二月三十一日止財政年度的全年業績報告。

本人於2017年履新本公司執行董事兼主席，有幸與本集團內的同仁共同經歷和度過這一個不平凡的年度。本公司於2017年正式改名為三愛健康產業集團有限公司，代表着一個新的開始。

業務回顧

本年度國家出台了多項醫改舉措，醫藥市場的總量雖依然龐大和處於增長，但結構性的變化顯著，中小型的醫藥企業對抗成本上升，政策變化的能力相對薄弱，而具有自建的銷售網路、獨家藥、創新藥的企業，在這個洗牌期內市場份額顯著提升。與此同時，本集團旗下的全資子公司，福建三愛藥業有限公司(「福建三愛」)位於海西的工廠在2016年年末發生了地下管路的爆裂，由於工程複雜，維修工程持續到今年2月份，期間導致福建三愛各項工作停滯，造成了客戶的流失和市場份額的流失。兩票制的全國範圍落實實施，衝擊了福建三愛的原有銷售體系，福建三愛失去了部分主要的經銷商客戶，增加了更多的直接終端客戶，福建三愛需要投放更多的資源做產品的推廣。本集團旗下另一全資子公司，福州三愛藥業有限公司(「福州三愛」)除受到兩票制以及因內部進行改裝整頓而停產影響以外，也因為蘇子油軟膠囊沒有進入全國醫保目錄，而主要競爭產品獲批進入全國醫保目錄，導致蘇子油軟膠囊的銷售大幅下滑。福建三愛和福州三愛兩家子公司是本集團的主要業務單位，合計業績下滑約90%，至人民幣30.2百萬元，導致本集團總體業績下滑76%至人民幣62.5百萬元。業績的下滑導致本集團的藥業板塊所屬資產需要作出評估及減值。需要特別提示股東的是，這減值並不意味著公司資產的流失、損壞、報廢或者公司現金的虧損，而是賬目的處理方式。

在藥業以外拓展更多元的業務組合，以應對日益激烈的醫藥行業競爭。本年度內，公司由於購股權的行使和配股融資，累積融資約1.47億港幣。其中約港幣5仟萬元投入到融資租賃業務和一般貿易業務，融資租賃業務今年錄得溢利人民幣188萬元，按照公司已經簽署之合同，融資租賃業務收入將在2018年取得較高增長率。融資租賃公司將在2018年開展直接租賃業務，面向個人和經營實體出租康復類和治療類的設備和器械，將與集團的大健康戰略相匹配。

On November 2017, the subsidiary under the Company, Zhejiang Sanai Biotechnology Company Limited and Yangtze Delta Region Institute of Tsinghua University in Zhejiang officially entered into an agreement to set up Tsinghua Yangtze Delta Region Sanai Precision Medicine Research and Development Center. I am honored to invite Professor Zhang Rongqing as an executive director of the Company and responsible for the business exploration on Precision medicine sector and biotechnology sector. I believe that by combining the research efforts of Yangtze Delta Region Institute of Tsinghua University and the rich resources of Professor Zhang in biotechnology sector, the Company will gradually increase competitive products which make the Company stands out in the industry.

FUTURE PROSPECTS

The Group aims to be a comprehensive health industry group, providing safe, reliable, high-quality health products and health services to the society. Health products include pharmaceutical products, healthcare products, food, medical equipment, while health services include medical detection, rehabilitation services, and medical services. The Group has to set up platforms on organizational structure level so as to achieve such goal. The Group would set brand-building as core and integrate platform resources, make use of the capital platform and introduce strategic investment and strategic partners, encourage internal innovation and value-creating and profit-sharing. The crucial foundation of platform structure is to realize networking and digitization, the Group will embrace the internet completely and make digitization as the core strategy of the Group. The first step is to realize networking and exponential growth. The Group has to provide more products suitable for the public while creating products with self-distribution ability. The customers can voluntarily share the products of the Company after using them. By gathering customers continuously, stable sales channels of the Company can be formed. The second step is to improve the interaction and connection between customers so that the customers of the Group can transform to the business partners of the Company and participate in product design and promotion. The Company develops plans for research and development and sales with big data. The third step is to realize networking of the shareholders of the Company in the hope that turning the customers, business partners and staff of the Group to shareholders of the Company and share the profit of organizational development.

Other than networking and digitization of platforms, brand-building is another mission of the Group. The China consumers is growing rapidly, the information volume is larger than ever. They have earned sufficient bargaining power on the internet. The reputation promotion is the main way of brand promotion. The brand is representing the values and attitude of a company. We shall carefully maintain the Sanai brand by valuing the products quality and commitment on high standard of raw material and craft, otherwise we would be casted away by consumers in new era.

2017年11月，公司旗下子公司浙江三愛生物科技有限公司與浙江清華長三角研究院正式簽署協議，聯合建設精準醫學研發中心。本人亦非常有幸邀請到張榮慶教授出任公司的執行董事，負責公司在精準醫學領域和生物科技領域的業務開拓。本人相信結合清華長三角研究院的科研力量以及張教授在生物科技領域的豐富資源，公司在未來將逐漸增加有競爭力的產品，讓公司在生物科技領域嶄露頭角。

未來展望

本集團的目標是成為一家綜合性的大健康產業集團，為社會提供安全、可靠、高品質的健康產品和健康服務，健康產品中包括藥品、保健品、食品、醫療器械，健康服務中包括醫療檢測，康復服務，醫療服務。要實現這個宏大的目標需要公司在組織架構層面做平台化的建設，以品牌建設為核心，整合平台資源，發揮資本平台的作用引進戰略投資和戰略合作夥伴，充分賦於團隊，鼓勵內部創新創業，鼓勵價值創造和利益分享。平台化的重要基礎是實現網路化和數位化，本集團將徹底擁抱互聯網，以數位化作為本集團的核心戰略。首先第一步是實現客戶的網路化和指數級增長，本集團需要提供更多的適合大眾的產品，需創造具有自我傳播能力的產品，在顧客使用本集團產品後能夠主動去分享公司的產品。通過不斷的聚集客戶，形成穩定的屬於公司自己的銷售管道。第二步是公司增強與顧客間的互動和連接，讓本集團的客戶不斷的轉化成為公司的合作夥伴，參與到公司的產品設計、推廣中來，公司通過大資料的分析來做出研發和銷售的計畫。第三步是實現本公司股東的網路化，希望本集團的顧客、合作夥伴、員工都能成為公司的股東，分享組織發展的收益。

除了平台的網路化、數位化，品牌建設是本集團的另一重點任務。中國的消費者在快速的成長，他們獲取的信息量是空前的，他們在網路上獲得了充分的話語權，口碑的宣傳變成品牌宣傳的主要途徑。品牌代表著一家公司的價值觀和態度，我們應該細心的維護三愛品牌，重視我們的產品品質，堅持對原材料和工藝的高標準，否則將在新的時代被消費者迅速拋棄。

Chairman's Statement 主席報告

I believe that the path of transformation is challenging yet with bright future. The political and economic environment of China after the 19th Communist Party of China National Congress will be the most stable one in the world. With people who are hard-working and willing to learn, the innovative ability of China is building constantly with the speed accelerating at the same time. We have to take the chance of this high speed train, to change ourselves with our own initiative and equipped with networking so to gain a position of winners in the future. The problem was not arisen overnight. We have to reflected on the failings and conclude the lesson we learnt. By improving the management system and talent team in a practical manner, the Group would face our customers sincerely and provide genuine products and services to the society.

I would like to thank the shareholders for the trust on the management, all staff for the concerted efforts and business partners for great support again. I would also like to hereby thank for the dedication of all directors.

By Order of the Board
Chen Chengqing
Chairman

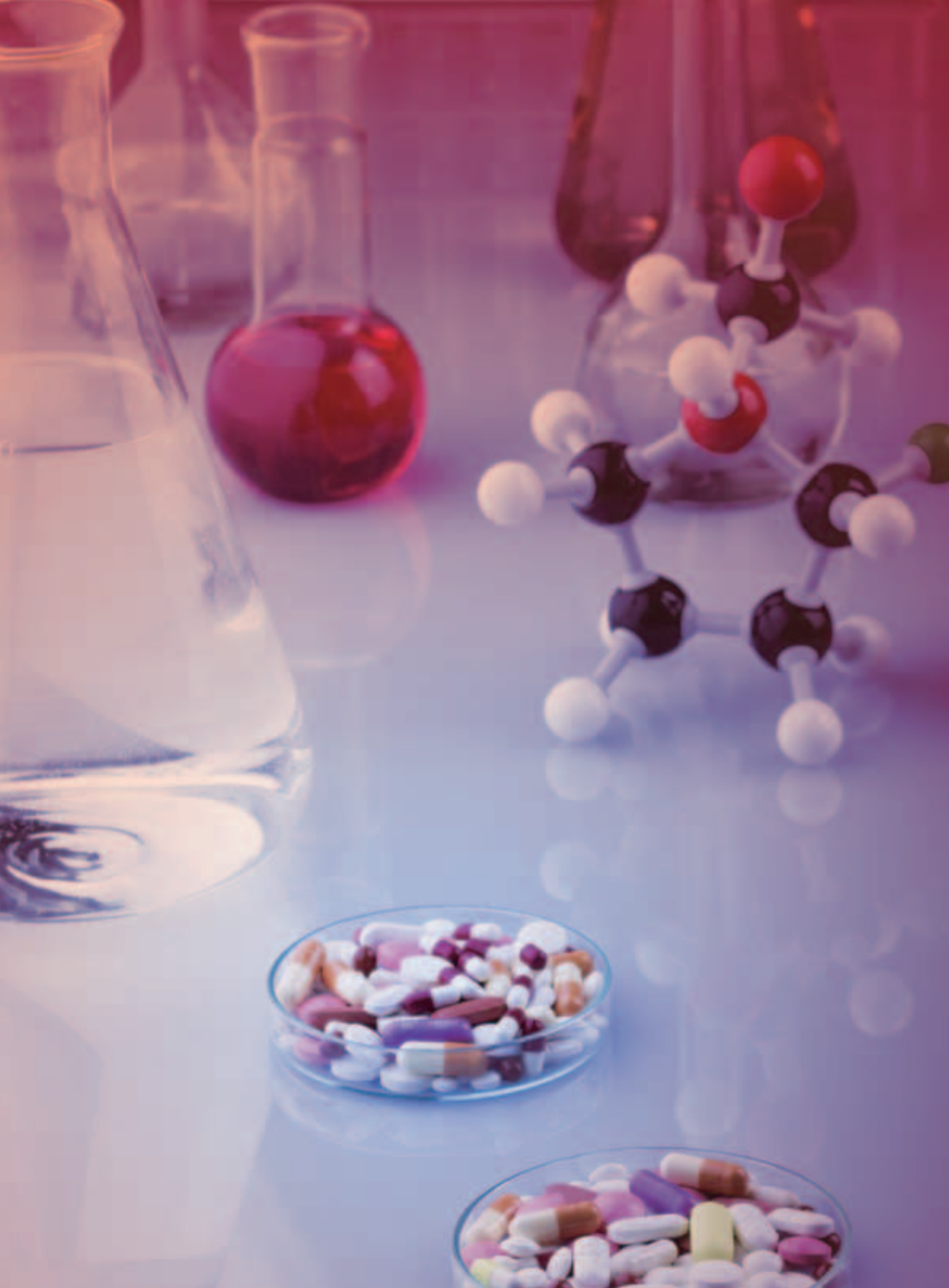
Hong Kong, 20 April 2018

本人相信轉型的道路是曲折的，但前途一定是光明的。在十九大之後中國的政治經濟環境將是全球最穩定的，加上人民的勤勞和好學，中國的創新力量在不斷增強，創新速度不斷加快，中國移動互聯網的高度發達讓資訊傳播，技術的反覆運算到了前所未有的迅速。我們必須搭上這趟高速行駛的列車，主動改變自己，用數位化武裝自己，才有可能在未來贏的一席之地。冰凍三尺非一日之寒，我們必須痛定思痛，總結經驗教訓，艱苦奮鬥，踏踏實實的完善企業的管理體系和人才隊伍，老老實實的面向我們的客戶，面向社會去提供真誠的產品和服務。

再次致謝股東對管理層的信任、集團上下員工的齊心努力、以及業務夥伴的鼎力支持，亦特別感謝各董事的殷勤工作。

承董事會命
陳成慶
主席

香港，二零一八年四月二十日



Management Discussion and Analysis

管理層討論及分析

INDUSTRY REVIEW

The pharmaceutical industry in the PRC has undergone drastic improvements in 2017, including the implementation of the “Two-Invoice System” (兩票制), introduction of the Consistency Evaluation (一致性評價) and the intensive implementation of policies such as “Zero Mark-Up of Medicines” and Drug Concentration Procurement. Throughout the year 2017, national-level and local competent authorities successively promulgated over 2,000 policies and executive orders relating to the medical and pharmaceutical industries. The introduction of such policies represented the national regulatory escalation on the pharmaceutical industry, which imposed higher requirements on the enterprises of the pharmaceutical industry and also accelerated the increase of industry concentration. Enterprises were faced with challenges in various aspects including research and development of pharmaceutical products, market network and capital strength as the disadvantages of some of them were amplified. The “Two-Invoice System” and “Drug Concentration Procurement” were the policies with greater impact on the industry. The introduction of the “Two-Invoice System” covered the whole country and it required that only one dealer or distributor could handle the sales of pharmaceutical products from manufacturers to ultimate customers, and the original channels were forced to narrow, and manufacturers must possess ability for direct customer service. It also required that the customers of the dealers must be end customers such as hospitals and clinics. The system of Drug Concentration Procurement required that the Company could only be granted the right of sales for its pharmaceutical products after winning the tenders in the district, and local hospitals could then purchase the tender-winning pharmaceutical products through the procurement platform, while the increase of terminal marketing required marketing implementation by the enterprises. In particular, both quantity and price of many pharmaceutical products decreased due to the reduction of catalogue content for procurement of pharmaceutical products by each of provinces and cities for controlling medical insurance spending, and many pharmaceutical products lost chances to enter the market as they could not be included in the catalogue content. The Food and Drug Administration increased efforts on unannounced inspections in 2017, and the production of many enterprises were suspended for rectification as required by the regulatory units.

行業回顧

中國的醫藥行業在2017年度經歷了大刀闊斧的改革，兩票制的落實，一致性評價的推行，醫院藥品零加成、藥品集中採購等政策密集落地。整個2017年度，國家級主管部門及地方主管部門陸續頒佈了2,000多項醫療、醫藥行業相關政策和行政命令。這些政策的出台意味著國家對醫藥行業的監管在升級，對醫藥行業的企業提出了更高的要求，也加速了行業集中度的提高，部分企業的弱點在這個過程中被放大，在藥品研發、市場網絡、資金實力等多個範疇考驗著企業。影響較大的政策主要為兩票制和藥品集中採購，兩票制的全國範圍推行要求藥品從生產廠家到最終客戶最多只能經過一個經銷商或者配送商，原來的渠道被強制壓縮，生產廠家要具備直接對接客戶的能力，也要求經銷商的客戶對象必須直接是醫院和診所等終端。藥品集中採購的制度要求公司的藥品首先要在地區中標才能獲得銷售權利，中標後當地醫院才能在採購平台中購買中標藥品，而終端銷售的增加需要企業去執行市場營銷。其中很多藥品會量價齊跌，原因是各省市為了控制醫保費用，普遍縮小了藥品的採購目錄，大量的藥品因為無法進入目錄而喪失進入市場的機會。在2017年食品藥品監督管理局飛行檢查力度也加大了不少，不少企業受到了監管單位的整改要求導致停產整頓。

Management Discussion and Analysis

管理層討論及分析

REVIEW OF RESULTS

The results of operations of the Group had a significant decrease in 2017 as compared with that of 2016. In particular, the decrease was due to the adverse impacts on the Group by the external policies and environment, and the impact of suspended production as plants were damaged by the natural disaster at the end of 2016 and the impact of a failure of smooth transfer and operation concepts within the Group arising from the process of handover of job duties between new and old management.

During the reporting period, the revenue of the Company decreased by 76% to RMB62.5 million. The loss for the year was RMB1,152 million, among which, the one-off extraordinary loss was RMB923 million, the depreciation amount was RMB80 million and the reversal of deferred tax assets was RMB116 million.

The existing members of the Board of the Company were appointed in 2017, and new Directors needed time to get familiar with the business and history of the Group during the process of handover. As such, the substantial changes in a subsidiary and an associate company could not be properly handled in a timely manner. The Group completed the acquisition of Fujian Liumai Medical Services Company Limited ("Fujian Liumai") in 2016. Fujian Liumai is an information services company and has greater differences in terms of business model as compared with the Group's existing business model of production of pharmaceutical products. The Group relied on its existing team for management after the acquisition. Two of the key management personnel of Fujian Liumai passed away and resigned respectively in 2017 and the team had substantial changes. As the information industry has fast-changing development, products may lose their competitiveness once they could not keep the development pace with the industry. As the Group was under great pressure for its own pharmaceutical results, it was unable to allocate more resources on Fujian Liumai for its recovery, thus Fujian Liumai's sales results in 2017 was far below expectation. The management decided to carry out evaluation on the future business prospects of Fujian Liumai at the end of the year and engaged an independent valuer for impairment test of goodwill.

Fuzhou Sanai, a wholly-owned subsidiary of the Group, and an independent third party jointly formed Antu County Guanghui Chinese Medicine Technology Development Company Limited* (安圖縣廣匯中藥材科技有限公司) ("Antu Guanghui"), an associate company, in 2016, and invested an accumulated amount of approximately RMB98.00 million in the associate company for the plantation of the Chinese herb, Perilla. In 2017, as Fuzhou Sanai was informed that Perilla Oil Capsule was not included in the National Reimbursement Drug List, the sales volume of Perilla Oil Capsule had a drop and the demand for perilla seeds by Fuzhou Sanai had a substantial decrease. For minimising losses, Fuzhou Sanai issued a letter to the associate company to request the termination of the cooperative plantation agreement and the refund of investment amount. Such request had not received a positive response. After lengthy negotiation, the managements of Fuzhou Sanai determined to take legal actions after discussion with the management of the Company for protecting the Company's rights, and will initiate legal proceedings against, and not exclude the possibility of making application with the court for liquidation of, Antu Guanghui. The management of the Company determined to make a full impairment on the investment amount in the associate company at the end of the year so as to reflect the potential risk of loss.

業績回顧

2017年本集團經營業績對比2016年產生了較大的下滑，其中既有受外部政策環境對集團的不利影響，也有2016年末天災導致廠房破壞導致停產的影響和集團內部在新舊管理層交接過程中產生的信息不連續，經營思路不連續造成的影響。

報告期內本公司收入下降76%至人民幣62.5百萬元，年內虧損人民幣1,152百萬元，其中一次性非經常虧損約人民幣923百萬元、折舊約人民幣80百萬元和遞延所得稅資產回撥人民幣116百萬元。

本公司的現任董事會成員均在2017年內獲得委任，在交接的過程中新的董事需要一個過程來熟悉集團的業務和歷史情況，為此集團內一間附屬公司和一間聯營公司出現的重大經營變化沒能及時妥善解決。集團在2016年完成了福建六脈醫療服務有限公司（「福建六脈」）的收購，福建六脈屬於信息服務公司，與本集團原有藥品生產的業務模式差異較大，本集團收購後主要依賴原有團隊來經營管理。2017年福建六脈的主要管理人員中有一位不幸離世和一位離職，團隊出現動蕩，而信息產業的更新日新月異，一旦開發速度跟不上就可能導致產品完全失去競爭力，本集團由於自身藥業業績壓力巨大，未能向福建六脈投入更多資源以挽回頹勢，導致2017年福建六脈的銷售業績與預測值相差較大。年末管理層決定對福建六脈未來經營前景進行評估，並聘請獨立評估師對商譽進行減值測試。

本集團全資附屬公司福州三愛於2016年與獨立第三方合資成立聯營公司安圖縣廣匯中藥材科技有限公司（「安圖廣匯」），並累積投資人民幣9,800餘萬元到聯營公司用於中藥材紫蘇的種植。2017由於福州三愛獲知蘇子油軟膠囊產品沒有進入國家醫保目錄，蘇子油軟膠囊的銷售出現下跌，福州三愛對紫蘇籽的需求量因而下降。福州三愛為了減少損失，發函要求聯營公司終止合作種植協議，並退還投資款。該請求沒有得到正面回應，經過長時間的交涉，福州三愛管理層與公司管理層討論後決定採取法律行動維護公司權利，將對安圖廣匯提起訴訟和不排除提呈法院清盤的可能。年末公司管理層決定對聯營公司的投資做全額減值以反映潛在的損失風險。

Management Discussion and Analysis

管理層討論及分析

Pharmaceutical Products Business

During the year under review, the pharmaceutical products segment remained as the largest income contributor of the Group. This segment recorded a revenue of RMB30.2 million, accounting for approximately 48.2% of the Group's total revenue. The gross loss amounted to RMB61.2 million, with a gross loss margin of 202.9%. The main reason of recording a gross loss was that the fixed costs of cost of sales such as depreciation, and salaries did not decrease along with the decreased revenue, in which depreciation and salaries amounted to approximately RMB76,374,000 and RMB3,889,000 respectively.

Sales of pharmaceutical products

During the year under review, the Group mainly sold 39 different types of pharmaceutical products, and the business generated a revenue of approximately RMB26.2 million, accounting for approximately 41.9% of the Group's revenue. The decrease in sales of pharmaceutical products is mainly due to the following:

1. As affected by the typhoon and damaged underground pipelines at the end of 2016, the plants suspended production for repairing and such repairing work completed until the beginning of 2017. During such period, there was shortage of supply of the Group's major products. As additional time was needed to resume production and sales after the completion of the repairing work, the Group lost certain major customers during such period and led to the decrease in sales.
2. Production units for oral products were renovated since 2016. Although the renovation was completed in early 2017, production did not commence until mid-2017 when the GMP Certification was obtained, which resulted in a few months' suspension period of oral products production in 2017, the sale results therefore declined.
3. In early 2017, National Health and Family Planning Commission ("NHFP") officially announced the Implementing Opinions on Carrying out the "Two-Invoice System". The "Two-Invoice System" was gradually implemented throughout the country. The implementation of such system has affected the sale model of pharmaceutical companies significantly. The Group has lost certain major distributors and shifted the focus to direct participation in tender process for drug purchase. Certain products were not successful in tenders. Meanwhile, as prices of certain raw materials increased significantly due to their supply falling short of demand, the Group has suspended the production and sale of certain products.
4. The Perilla Oil Capsule, being one of the major products of the Group, was not able to be listed in the National Reimbursement Drug List, instead, competitive products such as pitavastatin was listed in the National Reimbursement Drug List successfully. As a result, the Group's market was diluted, which led to the decrease of sale of the Perilla Oil Capsule. As such, the Group decided to quit the perilla planting project of the associate and requested the associate plantation to refund the investment amount, yet the associate did not respond to the request. Therefore the Group made impairment on the investment amount. Meanwhile, in order to standardize the internal production unit and prevent cross contamination between each production unit and production line, the Group decided to separate

醫藥產品業務

於回顧年度內，醫藥產品分部仍為本集團的最大收益來源。該分部錄得收益人民幣30,200,000元，佔本集團總收益約48.2%。毛虧達人民幣61,200,000元，毛虧率為202.9%。毛虧產生的主要原因是雖然收益下降，但銷售成本，如折舊及工資等固定成本未有隨收益下降而減少。其中折舊及工資分別約人民幣76,374,000元及人民幣3,889,000元。

醫藥產品銷售

於回顧年度內，本集團主要銷售39種不同類型的醫藥產品，業務產生收益約人民幣26,200,000元，佔本集團總收益約41.9%。醫藥產品銷售下降的主要原因為：

1. 2016年末受颱風影響和地下管道破裂事件影響，廠房停產修復，工程直到2017年初才完成，期間本集團主要產品出現斷供，而修復工程結束後恢復生產和銷售需時，在此期間，集團流失了一部分主要客戶，導致銷售下跌。
2. 口服類產品的生產車間自2016年內開始進行改造，雖然已於2017年初改造完成，但直到2017年年中獲得藥品生產質量管理規範(GMP)證書後才開始生產，使得口服類產品的生產於2017年出現數月的空檔期，因此銷售業績下滑。
3. 2017年年初，國家衛生和計劃生育委員會(「國家衛計委」)正式發佈兩票制的實施意見，兩票制在全國各地逐漸實行，該制度的實行令藥業公司的銷售模式產生重大變化，集團流失了部分重要的經銷客戶，轉為以自主參與藥品採購招標為主，部份產品未能中標成功。而於此同時，部分原材料的漲幅明顯，供不應求，本集團也暫停了幾個品種的生產和銷售。
4. 本集團內其中一種重點產品—蘇子油軟膠囊因為未能成功進入國家醫保目錄，相反同類競爭產品，如匹伐他汀，成功進入了國家醫保目錄，使得本集團所佔的市場被攤薄，導致蘇子油軟膠囊的銷量下滑，亦因此本集團決定退出聯營公司的紫蘇種植項目並向聯營公司提出退還投資款，唯聯營公司不予理會，本集團因而對該投資款作出減值。同時，本集團為規範內部各生產車間杜絕各生產車間及生產線的交叉污染風險，決定將蘇子油生產線與其他產品的生產線分隔

Management Discussion and Analysis

管理層討論及分析

the perilla oil production line from production lines of other products. Production of Perilla Oil was suspended during the rectification period, thus sales of Perilla Oil decreased in the second half of 2017.

5. In order to improve quality of medicine safety, the Group performed rectification on certain production units in October 2017. The rectification works has impact on the production and sales of the Group for the second half of 2017 and led to decrease in sales.

Sales of softwares and provision of consultancy services

During the year under review, the business generated a revenue of approximately RMB4.0 million, accounting for approximately 6.3% of the Group's revenue. The revenue was mainly from Fujian Liumai. After the completion of its acquisition in December 2016, Fujian Liumai became one of the Company's subsidiaries. Due to changes in the management of Fujian Liumai during the year, the update of product lags behind similar products in the market, and the revenue during the year is not good as expected.

Based on the abovementioned, impairment indicator existed in relation to the Pharmaceutical Products Business and an impairment review has been carried out. In performing the impairment test, the Board had also made reference to a valuation performed by an independent professional valuer. As a result, impairment on property, plant and equipment and land use right and goodwill has been made.

Other General Trading Business

The Group commenced other general trading business during the year. Any trading other than pharmaceutical products are included into this segment. During the year under review, other general trading segment recorded a revenue of RMB29,267,000, accounting for approximately 46.8% of the Group's revenue. The gross profit amounted to RMB1,200,000, with a gross profit margin of 4.1%. During the year ended 31 December 2017, the trading products mainly included electronic components and condoms.

Finance Leasing Business

The Group commenced its finance leasing business in China during the year. The Group targeted industrial manufacturers, hospitals and health industry related entities as its customers to expand its finance leasing business. For the year ended 31 December 2017, turnover generated by this segment amounted to approximately RMB3.1 million, accounting for approximately 5.0% of the Group's total revenue. Short-term lease receivables and long-term lease receivables were RMB42.98 million and RMB29.88 million respectively.

BUSINESS PROSPECTS

Pharmaceutical products business: The changes in the pharmaceutical policies in the PRC and the continuous enhancement in the requirements on the pharmaceutical products from the market imposed greater development pressure on the Group's business of pharmaceutical products. The Group will re-assess its own advantages and disadvantages and utilize its strengths and overcome the weaknesses so as to strive to improve the results with active innovation. The pharmaceutical industry in the PRC still has a growth rate which is higher than the gross domestic

開，蘇子油在整改期間停止生產，因此蘇子油的銷售於2017年下半年出現下跌的情況。

5. 為提高藥品品質安全，本集團於2017年10月對部份生產車間進行改裝整頓，有關工程對本集團2017年下半年的生產及銷售造成影響令銷售下跌。

銷售軟件及提供顧問服務

於回顧年度內，業務產生收益約人民幣4,000,000元，佔本集團收益約6.3%。收入主要來源於福建六脈，福建六脈於2016年12月完成收購成為本集團附屬公司。由於福建六脈的管理層於年內出現變動，產品更新落後於市場同類產品，年內的收益未如理想。

基於上述，醫藥產品業務存在減值跡象並已進行減值測試。進行減值測試時，董事會亦已參考獨立專業估值師進行之估值。因此，已就物業、廠房及設備以及土地使用權和商譽作出減值。

其他一般貿易業務

本集團於本年度內開展其他一般貿易業務。除醫藥產品之外的任何貿易均包含於該分部中。於回顧年度內，其他一般貿易分部錄得收益人民幣29,267,000元，佔本集團總收益約46.8%。毛利達人民幣1,200,000元，毛利率為4.1%。於截至二零一七年十二月三十一日止年度，貿易產品主要包括電子組件及安全套。

融資租賃業務

本集團於本年度內開始在中國開展融資租賃業務。本集團以工業製造商、醫院及健康產業相關實體為目標客戶拓展其融資租賃業務。截至二零一七年十二月三十一日止年度，該分部產生營業額約人民幣3,100,000元，佔本集團總收益約5.0%。短期租賃應收款項和長期租賃應收款項分別為人民幣4,298萬元和人民幣2,988萬元。

業務展望

醫藥產品業務：中國醫藥政策的變化和市場對醫藥產品要求的不斷提升，使得集團旗下的藥品業務承受較大的發展壓力。集團將重新審視自身的優劣勢，揚長避短，積極創新，努力重振業績。中國的醫藥產業仍然處於高於國民生產總值(GDP)的增長率，依然有巨大的發展空間。儘管集團在醫藥板塊所取得的成績不盡如人意，管理層對集團在醫藥領域的基礎仍

Management Discussion and Analysis

管理層討論及分析

product (GDP) and extensive rooms for development. Although the Group's results in the pharmaceutical sector is unsatisfactory, the management is optimistic about the Group's foundation in the pharmaceutical field, as the Group has stronger production capacity demonstrated by the modernized GMP pharmaceutical plants and diversified production lines covering glass bottle infusion solution, plastic bottle infusion solution, soft bag infusion solution, ampoule injection, granules, syrup and tablets. The Group will firstly improve and optimize the products with potential among the existing products. At the same time, it will further extend and expand the series of products with an aim to focus on the new demand and new hot spots of the market. Currently, the middle aged and elderly attach increasing importance to the prevention of diseases and pay attention to daily healthcare, and the demand for healthcare products including nutrients, Chinese medicinal drinks and meal drinks has rapid growth. The Group could fully utilize the existing production capacity to gradually develop and produce these types of products so as to expand the source of revenue and share the fixed costs at the same time. Among the existing product lines of the Group, it will enhance the local delivery services for the intravenous infusion solution products so as to secure more market shares in Fujian Province. The Group will re-design the packaging of granules and syrup products and upgrade the brand image of the Group for better and convenient use by the customers.

Finance leasing business: After a year of establishment and development, Union Development Finance Lease (Shenzhen) Company Limited* (聯合發展融資租賃(深圳)有限公司), an indirectly wholly-owned subsidiary under the Group has achieved initial results and begun to contribute continuous operating profits to the Group. In 2018, the leasing company will gradually explore direct leasing of medical devices and rehabilitation equipment targetting consumers and acquiring customers and providing customers with relevant health management and rehabilitation services by leveraging on online information platforms and the establishment of healthcare services stations by way of self-operated and franchised businesses in communities in the PRC. This model of leasing combined with service is in line with the consumption trend of leasing instead of buying and will bring a large number of potential pharmaceutical customers for the Group and benefit the Group to carry out secondary sales of medicines and healthcare products through combination with the Group's pharmaceutical business.

Precision medicine: Zhejiang Sanai Biotechnology Company Limited* (浙江三愛生物科技有限公司), an indirectly wholly-owned subsidiary under the Group and Yangtze Delta Region Institute of Tsinghua University in Zhejiang officially began to set up Tsinghua Yangtze Delta Region Sanai Precision Medicine Research and Development Center in November 2017, and relevant work has been carried out. The Group firmly believes that biotechnology and precision medicine are the main ways and tools to cure human diseases in the future. The Group will have close cooperation with scientific research teams in precise detection, genome editing, cell therapy, regenerative medicine and the research and development of targeted drugs to introduce capital and market resources for the project teams, striving to turn scientific research achievements into the Group's products to benefit the society.

感到樂觀，集團有現代化的GMP醫藥廠房，有涵蓋玻璃瓶輸液、塑料瓶輸液、軟袋輸液、小針注射液、顆粒劑、糖漿劑、片劑等豐富的生產線，具備較強的生產能力。集團將優先在現有產品內挑選有潛力的品種做改進優化，同時針對市場新需求新熱點進一步延伸拓展系列產品，現在國內的中老年人越來越重視疾病的預防，注重平時的身體保養，對包括營養素、中藥飲品、膳食飲料等健康產品的需求呈現高速增長，集團可以充分利用公司的現有產能來逐步開發和生產這些品類的產品，擴大收入來源的同時也分攤公司的固定成本。集團原有的產品線中大輸液產品將重點加強本地的配送服務，力求在福建省內爭取更多的市場份額。集團將對顆粒和糖漿類產品做新的包裝設計，升級集團的品牌形象和讓顧客更佳便捷的服用。

融資租賃業務：集團旗下間接全資附屬公司的聯合發展融資租賃(深圳)有限公司經過一年時間的組建和發展，已經初見成效，開始為集團帶來持續的經營利潤。2018年，租賃公司將逐漸嘗試針對消費者的醫療器械和康復設備的直接租賃，利用網路資訊平台來獲取客戶，並在全國的社區以自營和加盟方式開設健康服務站，對客戶提供相關的健康管理服務和康復服務。這種租賃加服務的模式符合以租代售的消費趨勢，同時為集團帶來大量的醫藥潛在客戶，與集團醫藥業務形成組合，有利於集團開展藥品和保健品的二次銷售。

精準醫療：集團旗下間接全資附屬公司浙江三愛生物科技有限公司與浙江清華長三角研究院於2017年11月正式開始建設清華長三角三愛精準醫學聯合研發中心，並已經展開各項工作。集團堅定認為生物科技和精準醫學是未來解決人類疾病的主要手段和工具。集團將在精準檢測，基因編輯，細胞治療，再生醫學，靶向藥物研發等方面與科研團隊緊密合作，為專案團隊引入資金和市場資源，力求將科研成果轉化為集團的產品造福社會。

Management Discussion and Analysis 管理層討論及分析

Embracing the Internet: China's Internet development is ahead of the world. With the popularization of the mobile internet, traditional industries are constantly being revolutionized, new models are emerging continuously, the product life cycle of enterprises is becoming shorter, the demand of customers is more personalized, and the external environment of enterprises is changing rapidly. Under such circumstance, the management understands profoundly that only by embracing changes and the internet with a positive attitude can we win the opportunity for the development of the Group, thus driving the flow of technology, capital, talent and logistics with information flow. The pharmaceutical industry is a relatively traditional and conservative industry and enormous market opportunities will exist in the pharmaceutical industry with the use of internet. At this stage, if the Group can seize opportunities to make changes and use the internet to realize innovations in technology, product and sales, there will be chances for the Group to change the predicament that it's confronted with. The Group will invest resources to develop mobile applications and WeChat programs to achieve online leasing of medical devices and equipment and online sales of medical healthcare products. Blockchain technology is also a significant technological innovation of the internet, as it provides a credible, open and secure data storage and interactive network for business communities. For the health industry, blockchain technology can be applied to the storage and use of genetic and medical data. Through decentralized anonymous storage by using the blockchain technology, the genetic information can only be viewed, used and analyzed with personal permission. The Group will continue to pay attention to such emerging technologies and invest resources to carry out relevant projects in due course.

E-commerce: The Group notes that the varieties of overseas healthcare food are rich while developing its own brand of healthcare products business, and notices that the healthcare products from Australia, Japan and Germany are especially popular in the domestic citizens. However, these overseas healthcare products are imported by way of general trading which required registration and filing (usually taking 3 to 5 years) in accordance with the regulatory requirements of the China Food and Drug Administration. Domestic customers purchase these healthcare products mainly through overseas travelling or cross-border e-commerce platforms. In particular, as a free trade port, Hong Kong has natural advantages for commencing cross-border e-commerce. Its unique geographical location and taxation system also attracts many customers from the Mainland to purchase pharmaceutical products, healthcare products and cosmetic products. In 2018, the Hong Kong government even mentioned in the Budget to invest HK\$250 million in assisting enterprises to capture the opportunities from the One Belt One Road and Guangdong-Hong Kong-Macao Bay Area and emphasize on the development of e-commerce and reserve HK\$5 billion for rebuilding Air Mail Centre of Hong Kong International Airport. The Group will capture the opportunities and combine with the geographical advantage of Hong Kong to finance the establishment of e-commerce platforms and physical shops in Hong Kong with the Group's internal resources, and search for overseas quality healthcare products and maternal and child supplies so as to satisfy the needs of the domestic customers and tourists travelling to Hong Kong. The Group hopes to bring the advanced internet technologies and business models to Hong Kong to build a leading local cross-border shopping mall in Hong Kong by combining with the new retail technologies and the internet third party payment services.

擁抱互聯網：中國的互聯網發展走在了全世界的前面，伴隨著移動互聯網的普及，傳統產業不斷被顛覆，新模式不斷的湧現，企業的產品生命週期在變短，客戶的需求更加個性化，企業的外部環境在快速變換。在這個環境下，管理層深刻理解到唯有積極擁抱變化，擁抱互聯網，才能為集團的發展贏得先機，以資訊流帶動技術流、資金流、人才流、物流。醫藥行業是個相對傳統和保守的行業，互聯網加上醫藥會爆發出巨大的市場機會，集團在目前階段如能把握時機做出轉變，利用互聯網來實現技術創新，產品創新，銷售創新，將有機會改變集團目前所面臨的困境。集團將投入資源開發手機APP和微信小程序，實現醫療器械設備的線上租賃和醫藥保健品的線上銷售。區塊鏈技術也是互聯網的一次重大技術創新，為商業社會提供了可信，公開，安全的資料存儲和交互網路。對健康行業，區塊鏈可以應用在基因資料、醫療資料的存儲和使用，將基因資料資訊通過區塊鏈技術去中心化分散式匿名存儲，只有通過個人的允許才能查看，使用和分析。集團將對這類新興技術持續關注，並適時投入資源開展相關項目。

電子商務：集團在發展自主品牌保健品業務的同時關注到海外的保健食品的品類豐富，尤其是澳大利亞、日本、德國的保健品深受國民的喜愛，但這些海外保健品由於中國食品藥品監督管理局的法規要求，以一般貿易方式進口需要註冊和備案的時間通常要3-5年。國內消費者購買這些保健品的途徑是出境旅遊購買，或者在跨境電商平台購買，其中香港作為自由貿易港，有天然的優勢開展跨境電商，獨特的地理位置和稅務制度，也吸引了大量的內地消費者前來採購藥品、保健食品和化妝品。2018年香港政府的財政預算更是提到將投入2.5億協助企業把握一帶一路和大灣區機遇，重點發展電子商貿，為重建香港國際機場空郵中心預留50億港幣。集團將抓住機遇和結合香港地域優勢，以集團內部資源撥付在香港建設電商平台和實體店鋪，網羅海外優質的保健品、母嬰用品，滿足境內客戶和來港遊客的購物需求。集團希望將先進的互聯網技術和運營模式帶到香港，結合新零售技術和互聯網第三方支付服務，打造香港本土的跨境商城標桿。

Management Discussion and Analysis

管理層討論及分析

Open organization: The development of enterprises cannot rely only on internal growth. In the era of internet, it's even more important to establish a collaboration with external resources of enterprises, set up partner teams and ecosystems in their own sub-sectors and build an open and ecological organization of the team partner system, which is in line with the characteristics of the times and reflects the features of the industry and the Group. In order to build an ecological enterprise, the first thing we need to do is to reform ideas, establish business core values and define the mission of the enterprise. The Group will create a "three love culture", namely, love life, love nature and love society, and take this culture as the code of conduct of the Company to unify employees, partners and organization members that recognize the core values of the enterprise, thus forming a corporate cultural atmosphere featuring shared resources and benefits and teams advancing together. The Group will connect suppliers, distributors and consumers through the construction of information network, achieve the internal products and projects of the enterprise through external resources outside the organization and share achievements with participants. The Group will focus on building core brands and culture and open products, research and development, production, sales and other functions on a gradual basis, thus creating a mutually-built, win-win and shared new business form.

FINANCIAL REVIEW

For the year ended 31 December 2017, the Group achieved a total revenue of RMB62.5 million, declining by 76% as compared to RMB263.0 million in 2016, and gross loss margin was 91% (2016: gross profit margin 7%). The Group recorded a loss attributable to owners of the Company of RMB1,152.5 million (2016: RMB396.3 million). Loss for the year increased due to impairment loss on goodwill, property, plant and equipment, land use right, amount due from an associate and a reversal of deferred tax asset. The basic loss per share was RMB47.8 cents (2016: RMB20.0 cents).

Liquidity, Financial Resources and Capital Structure

As at 31 December 2017, the Group had cash and cash equivalents of approximately RMB61.7 million (2016: approximately RMB147.5 million) and most cash and cash equivalents were denominated in Renminbi and Hong Kong dollars. The decrease in cash and cash equivalents during the year under review was mainly due to the increase of capital expenditure of the Group. As at 31 December 2017, the Group's secured bank loans which were secured by land use rights and property, plant and equipment amounted to approximately RMB281.9 million (2016: RMB85.6 million). The loans were denominated in Renminbi, carried interest at fixed rates ranging from 4.6% to 6.3% (2016: 4.6% to 4.8% respectively) per annum and are repayable within 1 year. During the year, the Group did not use any financial instruments for hedging purpose.

開放式組織：企業的發展不光要靠內部的增長，於互聯網時代，更要建立與企業外部資源的協作，著手建立自己細分領域的合夥人團隊與生態圈，打造符合時代特點、彰顯行業特徵、體現集團特色的開放式、團隊合夥人制的生態化組織。要打造生態型企業，首先需要革新思想，建立企業的核心價值觀，明確企業的使命。集團將打造三愛文化，愛生命，愛自然，愛社會，將三愛文化作為行動守則，並以此凝聚認同價值觀的員工，合作夥伴，組織成員，形成資源共用、利益共用、團隊共進的企業文化氛圍。集團將透過資訊網路的建設來連結供應商，經銷商，消費者，並將企業內部的產品和專案透過組織外部資源來實現，並與參與者分享成果。集團將專注於打造核心品牌和文化，將產品，研發，生產，銷售等功能逐步開放，開創一個共創，共贏，共用的新商業形態。

財務回顧

截至二零一七年十二月三十一日止年度，本集團實現總收益人民幣62,500,000元，較二零一六年的人民幣263,000,000元減少76%，毛虧率為91%（二零一六年：毛利率7%）。本集團錄得本公司擁有人應佔虧損人民幣1,152,500,000元（二零一六年：人民幣396,300,000元）。商譽、物業、廠房及設備、土地使用權、應收一間聯營公司款項減值虧損及遞延稅項資產撥回導致年內虧損增加。每股基本虧損為人民幣47.8分（二零一六年：人民幣20.0分）。

流動資金、財政資源及資本結構

於二零一七年十二月三十一日，本集團之現金及現金等價物約為人民幣61,700,000元（二零一六年：約人民幣147,500,000元）及大部分現金及現金等價物以人民幣及港元計值。現金及現金等價物於回顧年度下跌的主要原因是本集團資本開支增加。於二零一七年十二月三十一日，本集團有抵押銀行貸款約人民幣281,900,000元（二零一六年：人民幣85,600,000元）由土地使用權以及物業、廠房及設備抵押。貸款均以人民幣計值、按介乎4.6%至6.3%的固定年利率（二零一六年：4.6%至4.8%）計息及須於一年內償還。於年內，本集團並無運用任何金融工具作對沖用途。

Management Discussion and Analysis

管理層討論及分析

The Group reviewed the capital structure by using gearing ratio. The gearing ratio represents the total debt, which includes trade and other payables and secured bank loans of the Group, divided by total equity of the Group. The gearing ratio of the Group was approximately 135.0% as at 31 December 2017 (2016: approximately 10.9%).

Fund Raising Activity

On 13 October 2017, in order to enlarge the shareholder base and the capital base of the Company as well as to strengthen the Group's financial position for future development of the Group, the Company entered into a placing agreement with a placing agent, pursuant to which the Company conditionally agreed to place, through the placing agent, on a best effort basis, 451,350,000 new ordinary shares of the Company of HK\$0.01 each to not less than six independent placees at HK\$0.24 per placing share. The above placing was completed on 6 November 2017 and the net proceeds amounted to approximately RMB88.7 million (equivalent to approximately HK\$104.4 million, representing a net placing price of HK\$0.23 per placing share). As at 31 December 2017, approximately RMB34.8 million of the net proceeds was being applied as registered capital of the newly set up subsidiaries within the Group, with the remaining as cash deposits in financial institutions in Hong Kong.

On 13 October 2017, being the date of the placing agreement, the closing price of the Company's shares was HK\$0.295 per share as quoted on the Stock Exchange. Details of the placing are set out in the announcement of the Company published on 13 October 2017.

Exposure to Fluctuation in Exchange Rates

During the year ended 31 December 2017, the Group conducted its business transactions principally in Renminbi. The Group has not experienced any material difficulties or negative impacts on its operations as a result of fluctuations in currency exchange rates. As at 31 December 2017, the Group did not have any foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purpose. Therefore, the Group was not exposed to any material interest and exchange risks.

Pledge of Assets

At 31 December 2017, the Group had land use rights with a net book value of approximately RMB6,040,000 (2016: RMB28,308,000) and property, plant and equipment with a net book value of approximately RMB28,547,000 (2016: RMB138,834,000) which were pledged to a bank as collateral against the bank loans.

Contingent Liabilities

As at 31 December 2017, the Group had no material contingent liabilities (2016: Nil).

Significant Investments

During the year ended 31 December 2017, the Group held no significant investments (2016: Nil).

本集團運用資產負債比率檢討資本架構。資產負債比率指本集團之總負債(包括貿易應付款項及其他應付款項以及有擔保銀行貸款)除以本集團之總權益。本集團於二零一七年十二月三十一日之資產負債比率為約135.0%(二零一六年：約10.9%)。

集資活動

於二零一七年十月十三日，為擴大本公司的股東基礎及資本基礎，並增強本集團的財務狀況以配合本集團的未來發展，本公司與配售代理訂立配售協議，據此，本公司已有條件同意透過配售代理盡最大努力配售451,350,000股本公司每股面值0.01港元的新普通股予不少於六名獨立承配人，配售價為每股配售股份0.24港元。以上配售事項已於二零一七年十一月六日完成及所得款項淨額約人民幣88,700,000元(約等於104,400,000港元)(相當於每股配售股份淨配售價港幣0.23元)。於二零一七年十二月三十一日，約人民幣34,800,000元之淨額分別用作集團內成立新附屬公司之註冊資本，餘下為存於香港金融機構之現金存款。

於二零一七年十月十三日(即配售協議日期)，本公司股份於聯交所所報之收市價為每股0.295港元。配售的詳情已載於本公司於二零一七年十月十三日刊發的公告。

匯率波動風險

於截至二零一七年十二月三十一日止年度，本集團之業務交易主要以人民幣進行。本集團從未因貨幣匯率波動而遭遇重大困難或承受負面影響。於二零一七年十二月三十一日，本集團沒有任何外匯合約、外匯利息或外匯掉期或其他用作對沖的金融衍生工具。因此，本集團並無任何重大利率及匯兌風險。

資產質押

於二零一七年十二月三十一日，本集團有賬面值淨額約為人民幣6,040,000元(二零一六年：人民幣28,308,000元)的土地使用權及賬面值淨額約為人民幣28,547,000元(二零一六年：人民幣138,834,000元)的物業、廠房及設備已抵押予銀行作為銀行貸款的抵押。

或然負債

於二零一七年十二月三十一日，本集團無任何重大或然負債(二零一六年：無)。

重大投資

於截至二零一七年十二月三十一日止年度，本集團並無持有任何重大投資(二零一六年：無)。

Management Discussion and Analysis

管理層討論及分析

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the year ended 31 December 2017, the Group had no material acquisitions and disposals of its subsidiaries, associates and joint ventures.

The Number and Remuneration of Employees

During the year ended 31 December 2017, the Group employed approximately 285 employees (2016: 355 employees) with a staff cost of approximately RMB17,022,000 (2016: approximately RMB33,175,000). The Group determines staff remuneration in accordance with prevailing market salary level, individual qualifications and performance. Remuneration packages including performance bonuses and entitlements to share options are reviewed on a regular basis.

Capital Expenditure

During the year ended 31 December 2017, capital expenditure of the Group for property, plant and equipment and for the construction and development of existing factory located in Fujian Province for its own use in its ordinary and usual course of business amounted to approximately RMB204,513,000 (2016: approximately RMB435,477,000).

Capital Commitment

As at 31 December 2017, the Group's capital expenditure contracted for but not provided in the financial statements amounted to approximately RMB8,100,000 (2016: approximately RMB30,885,000).

Dividend

The Board does not recommend payment of any final dividend for the year ended 31 December 2017 (31 December 2016: Nil).

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 own code for securities transactions by its Directors. In addition, the Company has made specific enquiries with all Directors and all Directors confirmed that during the year ended 31 December 2017, they had fully complied with the required standards as set out in the Model Code.

Material Uncertainty Relating to Going Concern

For the year ended 31 December 2017, the Group incurred a net loss of RMB1,151,744,000 and as of that date, the Group had net current liabilities of RMB44,836,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

有關附屬公司、聯營公司及合營企業的重大收購及出售

於截至二零一七年十二月三十一日止年度，本集團並無進行有關其附屬公司、聯營公司及合營企業的重大收購及出售。

僱員數目及薪酬

於截至二零一七年十二月三十一日止年度，本集團聘用僱員約為285名(二零一六年：355名僱員)，員工成本約為人民幣17,022,000元(二零一六年：約人民幣33,175,000元)。本集團按現行市場薪酬水平、個人資歷及表現釐定員工薪酬。薪酬待遇包括表現花紅及獲發購股權之權利，並作定期檢討。

資本開支

於截至二零一七年十二月三十一日止年度，本集團物業、廠房及設備及建設以及為開發位於福建省現有工廠作其自用及日常及一般業務用途的資本開支約為人民幣204,513,000元(二零一六年：約人民幣435,477,000元)。

資本承擔

於二零一七年十二月三十一日，本集團有已訂約但尚未於財務報表中撥備的資本開支約人民幣8,100,000元(二零一六年：約人民幣30,885,000元)。

股息

董事會並不建議就截至二零一七年十二月三十一日止年度派發任何末期股息(二零一六年十二月三十一日：無)。

董事進行證券交易

本公司已採納上市規則附錄十所載上市發行人董事進行證券交易的標準守則(「標準守則」)，作為本公司董事進行證券交易之守則。此外，本公司已向所有董事作出具體查詢，各董事確認於截至二零一七年十二月三十一日止年度內，已全面遵守標準守則所規定標準。

有關持續經營之重大不確定因素

截至二零一七年十二月三十一日止年度，本集團產生淨虧損人民幣1,151,744,000元，而於有關日期，本集團有流動負債淨額人民幣44,836,000元。該等狀況顯示存在重大不明朗因素，可能對本集團繼續按持續經營基準之能力及其後對其於一般業務過程中變現其資產及償還負債之能力產生重大疑問。

Management Discussion and Analysis

管理層討論及分析

The directors of the Company have taken steps to improve the Group's liquidity and solvency position after having considered the following: (i) an expected ability and successfully refinance interest-bearing bank borrowings in aggregate of RMB167,542,000 as at 31 December 2017; (ii) the availability of loan facilities of HK\$150,000,000 (equivalent to approximately RMB120,000,000) granted by a non-banking financial institution in Hong Kong in April 2018; and (iii) the forecasted operating cash outflows for the year ending 31 December 2018. The directors are of the opinion that the Group will be able to generate sufficient funds to meet its financial obligations when they fall due in the foreseeable future. Accordingly, the consolidated financial statements of the Group have been prepared on a going concern basis.

Litigation

On 27 March 2018, Fuzhou Sanai initiated a litigation (the "Litigation") against Antu Guanghui as Fuzhou Sanai sought to terminate the cooperative plantation contract entered into on 4 November 2016 and requested Antu Guanghui to refund the investment amount (with interests) in the sum of RMB98.756 million, and pay the costs of the Litigation. The Litigation was accepted by the Intermediate People's Court of Fuzhou City, Fujian Province, China on 30 March 2018.

As at the date of this annual report, the Litigation has not yet proceeded to trial. The Company will make further announcements in due course to inform shareholders and potential investors of the Company of any further significant development in the Litigation.

* for illustrative purpose only

經考慮到以下各項，本公司董事已採取行動改善本集團的流動資金及償付能力狀況：(i) 於二零一七年十二月三十一日預期有能力及可成功再融資計息銀行借貸合共人民幣167,542,000元；(ii) 於二零一八年四月獲香港一間非銀行金融機構授出可動用貸款融資150,000,000港元（約等於人民幣120,000,000元）；及(iii) 截至二零一八年十二月三十一日止年度的預測經營現金流出。董事認為本集團將可產生充裕資金應付其在可預見未來到期的財務承擔。因此，本集團之綜合財務報表已按持續經營基準編製。

訴訟

福州三愛於二零一八年三月二十七日向安圖廣匯提出一項訴訟（「訴訟」），因福州三愛提出終止於二零一六年十一月四日簽訂之合作種植合同並要求安圖廣匯退還投資款項連利息共人民幣9,875.6萬元並承擔全部訟費。訴訟已於二零一八年三月三十日被中國福建省福州市中級人民法院受理。

截至本年報日，訴訟尚未開始審理。本公司將於適當時候作出進一步公告，以知會本公司股東及潛在投資者有關訴訟之任何進一步重大發展。

* 僅供說明

Corporate Governance Report

企業管治報告

The Company is committed to achieving a high standard of corporate governance practice, such that the interests of our shareholders, customers, employees as well as the long term development of the Company can be safeguarded.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the provisions as set out in the Corporate Governance Code (the “CG Code”) during the year ended 31 December 2017 as contained in Appendix 14 to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), ensuring that the Company is up to the requirements of being diligent, accountable and professional, except for deviation from code provision A.2.1 of the CG Code in respect of the roles of chairman (“Chairman”) and chief executive officer (“Chief Executive Officer”) of the Company as further elaborated below.

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 own code for securities transactions by its Directors. In addition, the Company has made specific enquiries of all Directors and each Director confirmed that during the year ended 31 December 2017, they fully complied with the required standards as set out in the Model Code.

BOARD OF DIRECTORS

As at the date of this report, the Board consists of six members, with three executive Directors, namely, Mr. Chen Chengqing, Ms. Hung Hoi Lan and Professor Zhang Rongqing, and three independent non-executive Directors, namely, Mr. Tu Fangkui, Mr. Wang Zihao and Mr. Long Jun. All Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The biographical details of each Director are shown on pages 34 to 35 of this Annual Report. There is no relationship among the Directors.

The Board is responsible for planning and overseeing the overall development and management of the Group with the objective of enhancing shareholders’ value. The Board, led by the Chairman, is responsible for the approval and monitoring of the overall strategies and policies of the Group, approval of annual budgets and business plans, evaluation of the Company’s performance and oversight of the works of management.

The Board is accountable to the shareholders and report to them at general meetings. The day-to-day operations of the Group are delegated to the management.

本公司致力達至高度的企業管治常規，使股東、客戶、員工以及公司長遠發展的利益得以維護。

企業管治常規

於截至二零一七年十二月三十一日止年度，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」）附錄十四所載企業管治守則（「企業管治守則」）所載條文，確保本公司符合盡力、負責及專業之要求，惟本公司主席（「主席」）及行政總裁（「行政總裁」）的角色偏離企業管治守則條文第A.2.1條（於下文進一步闡述）除外。

董事進行證券交易

本公司已採納上市規則附錄十所載上市發行人董事進行證券交易的標準守則（「標準守則」），作為本公司董事進行證券交易之守則。此外，本公司已向所有董事作出具體查詢，且各董事均確認截至二零一七年十二月三十一日止年度內彼等已全面遵守標準守則所規定標準。

董事會

於本報告日期，董事會由六名成員組成，其中三名為執行董事（即陳成慶先生、洪海瀾女士及張榮慶教授）及三名為獨立非執行董事（即屠方魁先生、王子豪先生及隆軍先生）。全體董事均在其專業領域有突出表現，展現高尚的個人及專業道德和誠信。各董事的履歷詳情載於本年報第34至35頁。董事之間概無任何關係。

董事會負責規劃及監察本集團整體發展及管理，以提升股東價值為目標。由主席領導之董事會負責審批及監管本集團的整體策略及政策、批准年度預算及業務計劃、評估本公司表現以及監督管理層之工作。

董事會對股東負責，並須於股東大會上向股東匯報工作。本集團的日常營運由管理層負責。

The Board meets regularly throughout the year to review the overall strategy and to monitor the operation as well as the financial performance of the Company. The Chairman focuses on the Company's strategy and is responsible for chairing and managing the efficient operation of the Board and ensuring that all key issues are considered by the Board in a timely manner. Notice of at least 14 days has been given to all Directors for all regular Board meetings and the Directors can include matters for discussion in the agenda whenever they consider appropriate and necessary. Agenda and accompanying Board papers in respect of regular Board meetings are dispatched in full to all Directors within a reasonable time before the meeting. Directors have to declare their direct or indirect interests, if any, in any proposals or transactions to be considered at Board meetings and abstain from voting as appropriate. Draft minutes of all Board meetings are circulated to Directors for comment within a reasonable time prior to confirmation. The Board meets at least 4 times a year, at approximately quarterly intervals, to review the financial performance, results of each period, material investments and other matters of the Company that require the resolution of the Board. Simultaneous conference call may be used to improve attendance when individual Director cannot attend the meeting in person. Opinions of the independent non-executive Directors are actively sought by the Company if they are unable to attend the meeting in person.

Minutes of Board meetings are kept by the company secretary of the Company ("Company Secretary"); all Directors have access to Board papers and related materials, and are provided with adequate information in a timely manner; this enables the Board to make informed decision on matters placed before it.

In respect of the corporate governance functions, during the year under review, the Board formulated the terms of reference on the corporate governance duties and performed corporate governance duties in accordance with the terms of reference. To be specific, the Board mainly performed the following corporate governance duties during the year under review:

- To review the Company's policies and practices on corporate governance and make recommendations;
- To review and monitor the training and continuous professional development of Directors and senior management;
- To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- To develop, review and monitor the code of conduct applicable to directors and employees; and
- To review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

BOARD ATTENDANCE

For the year ended 31 December 2017, the Board had convened nine Board meetings and two general meetings.

董事會於整個年度定期開會以檢討本公司整體策略及監察經營以及財務表現。主席專注於公司策略並負責領導及管理董事會之有效運作，並確保所有重大問題已獲董事會適時考慮。所有定期董事會會議之通告最少在會議前14天內發給所有董事，而董事可將其認為適宜及需要的任何事項載入議程。定期董事會會議之議程及隨附之會議文件將於會議開始前之合理時間內悉數派發予所有董事。董事必須聲明彼等將於董事會會議上考慮之任何建議或交易之直接或間接權益(如有)，並於適合情況下放棄投票。所有董事會會議之會議記錄初稿將於確認前合理時間內發送予董事以供彼等提供意見。董事會每年至少舉行四次會議，約每季一次，以檢討本公司財務表現、每段期間之業績、重大投資以及需要董事會決議案之其他事宜。當個別董事未能親自出席會議，則可能會利用同步電話會議，以提高董事之出席率。倘獨立非執行董事未克親身出席會議，本公司仍會積極尋求彼等之意見。

本公司公司秘書(「公司秘書」)保存董事會會議記錄；所有董事均有權查閱董事會文件及相關材料，並會及時獲提供充分資料；此使董事會可就提呈之事項作出知情決定。

企業管治職能方面，董事會於回顧年度內就企業管治職責制訂了職權範圍，並按照職權範圍履行了企業管治職責。具體而言，董事會於回顧年度內主要履行了下列企業管治職責：

- 檢討本公司企業管治政策及常規，並提出建議；
- 檢討及監察董事及高級管理層的培訓及持續專業發展；
- 檢討及監察本公司在遵守法律及監管規定方面的政策及常規；
- 制定、檢討及監察董事及僱員適用的操守守則；及
- 檢討本公司遵守企業管治守則的情況及在企業管治報告內的披露事項。

董事會出席率

於截至二零一七年十二月三十一日止年度，董事會已舉行九次董事會會議及兩次股東大會。

Corporate Governance Report

企業管治報告

Attendance records of the Directors are as follows:

董事之出席記錄如下：

Directors 董事		Number of attendance of Board meetings 董事會會議 出席次數	Number of attendance of general meetings 股東大會 出席次數
Executive Directors			
Mr. Chen Chengqing (Chairman)			
(appointed with effect from 17 February 2017)	陳成慶先生(主席)	5/7	2/2
	(由二零一七年二月十七日起獲委任)	(Note 1)	(Note 1)
		(附註 1)	(附註 1)
Ms. Hung Hoi Lan			
(appointed with effect from 17 February 2017)	洪海瀾女士	5/7	0/2
	(由二零一七年二月十七日起獲委任)	(Note 1)	(Note 1)
		(附註 1)	(附註 1)
Professor Zhang Rongqing			
(re-designated with effect from 15 September 2017)	張榮慶教授	1/1	0/0
	(由二零一七年九月十五日起調任)	(Note 2)	(Note 2)
		(附註 2)	(附註 2)
Mr. Lin Ou Wen (Chairman)			
(retired with effect from 16 June 2017)	林歐文先生(主席)	5/5	1/1
	(由二零一七年六月十六日起退任)	(Note 3)	(Note 3)
		(附註 3)	(附註 3)
Mr. Lin Min			
(resigned with effect from 17 February 2017)	林敏先生	2/2	0/0
	(由二零一七年二月十七日起辭任)	(Note 4)	(Note 4)
		(附註 4)	(附註 4)
Independent non-executive Directors			
Mr. Tu Fangkui			
(appointed with effect from 16 June 2017)	屠方魁先生	1/4	0/1
	(由二零一七年六月十六日起獲委任)	(Note 5)	(Note 5)
		(附註 5)	(附註 5)
Mr. Wang Zihao			
(appointed with effect from 16 June 2017)	王子豪先生	4/4	1/1
	(由二零一七年六月十六日起獲委任)	(Note 5)	(Note 5)
		(附註 5)	(附註 5)
Professor Zhang Rongqing			
(appointed with effect from 16 June 2017 and re-designated with effect from 15 September 2017)	張榮慶教授	3/3	0/1
	(由二零一七年六月十六日起獲委任及由二零一七年九月十五日起調任)	(Note 2)	(Note 2)
		(附註 2)	(附註 2)
Mr. Long Jun			
(appointed with effect from 15 September 2017)	隆軍先生	1/1	0/0
	(由二零一七年九月十五日起獲委任)	(Note 6)	(Note 6)
		(附註 6)	(附註 6)
Mr. Zhang Jie			
(retired with effect from 16 June 2017)	張捷先生	5/5	0/1
	(由二零一七年六月十六日起退任)	(Note 7)	(Note 7)
		(附註 7)	(附註 7)
Mr. Zhang Xuewen			
(retired with effect from 16 June 2017)	張學文先生	5/5	0/1
	(由二零一七年六月十六日起退任)	(Note 7)	(Note 7)
		(附註 7)	(附註 7)
Mr. Wu Chenghan			
(retired with effect from 16 June 2017)	吳成翰先生	5/5	0/1
	(由二零一七年六月十六日起退任)	(Note 7)	(Note 7)
		(附註 7)	(附註 7)

Notes:

- (1) Mr. Chen Chengqing and Ms. Hung Hoi Lan were appointed with effect from 17 February 2017, only 7 Board meetings and 2 general meetings were held during their appointment period.
- (2) Professor Zhang Rongqing was appointed as independent non-executive director with effect from 16 June 2017 and re-designated as executive director with effect from 15 September 2017. Only 3 Board meetings and 1 general meeting were held during his appointment period as independent non-executive director. Only 1 Board meeting and no general meeting was held during his appointment period as executive director.
- (3) Mr. Lin Ouwen retired with effect from 16 June 2017, only 5 Board meetings and 1 general meeting were held during his appointment period.
- (4) Mr. Lin Min resigned with effect from 17 February 2017, only 2 Board meetings and no general meeting were held during his appointment period.
- (5) Mr. Tu Fangkui and Mr. Wang Zhao were appointed with effect from 16 June 2017, only 4 Board meetings and 1 general meeting were held during his appointment.
- (6) Mr. Long Jun was appointed with effect from 17 February 2017, only 1 Board meetings and no general meeting were held during his appointment period.
- (7) Mr. Zhang Jie, Mr. Zhang Xuewen and Mr. Wu Chenghan retired with effect from 16 June 2017, only 5 Board meetings and 1 general meeting were held during their appointment.
- (8) Pursuant to code provision A.6.7 of the CG Code, independent non-executive Directors should also attend general meetings. Mr. Tu Fangkui, Professor Zhang Rongqing, Mr. Long Jun, Mr. Zhang Jie, Mr. Zhang Xuewen and Mr. Wu Chenghan, the independent non-executive Directors, did not attend the general meeting of the Company due to their own business arrangement.

附註：

- (1) 陳成慶先生及洪海瀾女士由二零一七年二月十七日起獲委任，於彼等任期內僅舉行7次董事會會議及2次股東會會議。
- (2) 張榮慶教授由二零一七年六月十六日起獲委任為獨立非執行董事及由二零一七年九月十五日起調任為執行董事。於彼任為獨立非執行董事期內僅舉行3次董事會會議及1次股東會會議，於彼任為執行董事期內僅舉行1次董事會會議而並無舉行股東會會議。
- (3) 林歐文先生由二零一七年六月十六日起退任，於彼任期內僅舉行5次董事會會議及1次股東會會議。
- (4) 林敏先生由二零一七年二月十七日起辭任，於彼任期內僅舉行2次董事會會議且並無舉行股東會會議。
- (5) 屠方魁先生及王子豪先生由二零一七年六月十六日起獲委任，於彼等任期內僅舉行4次董事會會議及1次股東會會議。
- (6) 隆軍先生由二零一七年九月十五日起獲委任，於彼任期內僅舉行1次董事會會議且並無舉行股東會會議。
- (7) 張捷先生、張學文先生及吳成翰先生由二零一七年六月十六日起退任，於彼等任期內僅舉行5次董事會會議及1次股東會會議。
- (8) 根據企業管治守則守則條文A.6.7條，獨立非執行董事亦須出席股東會會議。獨立非執行董事屠方魁先生、張榮慶教授、隆軍先生、張捷先生、張學文先生及吳成翰先生由於彼等自身業務安排並無出席股東會會議。

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision A.2.1 of Appendix 14 to the Listing Rules, the roles of Chairman and Chief Executive Officer of an issuer should be separate and should not be performed by the same person. The Company does not at present have the role of Chief Executive Officer. Mr. Chen Chengqing is the Chairman responsible for overseeing the operations of the Group. The Board considers that vesting the role of the Chairman and Chief Executive Officer in the same person facilitates the execution of the Company's business strategies and maximizes the effectiveness of its operations. On the other hand, there are three independent non-executive Directors in the Board, all of them possess adequate independence and therefore the Board considers the Company has provided sufficient protection to the balance between its interests and the interests of its shareholders. The Board shall review the structure from time to time and shall consider the appropriate adjustment should suitable circumstance arise.

NON-EXECUTIVE DIRECTORS

In full compliance with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules, during the year ended 31 December 2017, the Company has appointed three independent non-executive Directors, at least one of whom has appropriate professional accounting qualifications or related financial management expertise. The Company has received from each independent non-executive Director an annual confirmation of his independence, and the Company considers such Directors to be independent in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules.

主席及行政總裁

根據上市規則附錄十四守則條文A.2.1條，發行人之主席及行政總裁之角色應予區分而不應由一人同時兼任。本公司目前並無行政總裁之角色。陳成慶先生出任主席，負責監察本集團之經營。董事會認為由一人出任主席及行政總裁，便於執行本公司之業務策略以及提升其經營之效率。此外，董事會有三名獨立非執行董事，彼等均擁有足夠的獨立性，故董事會認為本公司已就其權益以及其股東的權益取得平衡及提供足夠保障。董事會將不時檢討有關架構，並於適當情況下考慮作出適當調整。

非執行董事

為全面遵守上市規則第3.10(1)、3.10(2)及3.10A條，截至二零一七年十二月三十一日止年度，本公司已委任三名獨立非執行董事，其中至少一名具有適當的專業會計資格或相關財務管理專業知識。本公司已自各獨立非執行董事獲取有關彼等獨立性之年度確認，根據上市規則第3.13條所載獨立性指引，本公司認為所有該等非執行董事均為獨立人士。

Corporate Governance Report

企業管治報告

All non-executive Directors (including independent non-executive Directors) are appointed for a term of one year. The appointment contracts will be renewed every year and they are subject to retirement by rotation and re-election by shareholders in accordance with the articles of association of the Company. The responsibilities of the non-executive Directors include, without limitation: regular attendance at meetings of the Board and of board committees of which they are members; provision of independent opinions at meetings of the Board and other board committees; resolution of or taking the lead where there is potential conflict of interests; service on the audit committee ("Audit Committee"), remuneration committee ("Remuneration Committee") and nomination committee ("Nomination Committee") of the Company; and scrutinizing and monitoring the performance of the Company.

BOARD DIVERSITY

The Board has adopted the Board Diversity Policy in August 2013 whereas such Policy states the method by which the board diversity can be reached.

To the knowledge of the Company, the fact that the Board has become gradually more and more diversified has helped the Company achieved its strategic objective and has provided support for the Company's sustainable development.

The Company aims to achieve Board diversity by taking into consideration of various factors including the age, culture and educational background, race, professional experience, knowledge and other qualifications. When the Company determines the best combination for the members of the Board, it will, from time to time, take into consideration of its own business mode and specific needs.

The Nomination Committee has designed measurable goals according to four major aspects (namely, the age, professional qualification, term of service and independence) for purposes of implementing the Board Diversity Policy and considered that these goals have been achieved satisfactorily during the year. The relevant goals will be reviewed from time to time so as to ensure its appropriateness and its progress for achieving such goals. The Nomination Committee will review the Board Diversity Policy from time to time (if appropriate) to ensure that such Policy continues to be effective.

DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

On appointment to the Board, each Director receives a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and senior executives to enrol in a wide range of professional development courses and seminars relating to the Listing Rules, Companies Ordinance/Act and corporate governance practices organised by professional bodies, independent auditors and/or chambers in Hong Kong so that they can continuously update and further improve their relevant knowledge and skills.

所有非執行董事（包括獨立非執行董事）的委任期為期一年。委任合約每年重續，且非執行董事須根據本公司之公司章程細則輪席退任，並經股東重新選舉。非執行董事之責任包括（但不限於）：定期出席董事會及其出任成員的董事委員會會議；在董事會和其他董事委員會會議上提供獨立意見；在有潛在利益衝突時予以解決或起表率作用；出任本公司審核委員會（「審核委員會」）、薪酬委員會（「薪酬委員會」）及提名委員會（「提名委員會」）成員；及檢查及監察本公司表現。

董事會成員多元化

董事會於二零一三年八月採納董事會成員多元化政策，該政策載列達致董事會成員多元化的方法。

本公司知悉董事會成員日益多元化已有助達成本公司策略目標及為本公司可持續發展提供支持。

本公司藉考慮多項因素，包括年齡、文化及教育背景、種族、專業經驗、知識以及其他資格，務求達致董事會成員多元化。本公司在決定董事會最佳成員組合時亦將不時考慮其本身業務模式及具體需要。

提名委員會已按四個重點範疇（年齡、專業資格、服務任期及獨立性）設定可計量目標，以執行董事會成員多元化政策，並認為於年內已圓滿達成該等目標。有關目標不時審閱以確保其合適及確定達成該等目標的進度。提名委員會將不時（視適用情況而定）審閱董事會成員多元化政策，確保相關政策持續有效。

董事之入職及持續專業發展

各董事獲委任加入董事會時將收到全面之入職資料，範圍涵蓋本公司之業務營運、政策及程序以及作為董事之一般、法定及監管責任，以確保其足夠瞭解其於上市規則及其他相關監管規定下之責任。

董事定期獲知會相關法例、規則及規例之修訂或最新版本簡報。此外，本公司一直鼓勵董事及高級行政人員報讀由香港專業團體、獨立核數師及／或商會舉辦的有關上市規則、公司條例／公司法及企業管治常規之廣泛專業發展課程及講座，使彼等可持續更新及進一步提高相關知識及技能。

Corporate Governance Report

企業管治報告

From time to time, Directors are provided with written training materials to develop and refresh their professional skills; during the year under review, the Company Secretary also organised and arranged seminars on the latest development of applicable laws, rules and regulations for the Directors to assist them in discharging their duties.

According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the requirement of the CG Code on continuous professional development during the period from 1 January to 31 December 2017:

董事將不時獲提供旨在發展及更新其專業技能之書面培訓材料；於回顧年度內，本公司之公司秘書亦會為董事舉辦及安排有關適用法例、規則及規例最新發展之講座，以協助彼等履行其職責。

根據本公司存置之記錄，為符合企業管治守則關於持續專業發展之規定，董事於二零一七年一月一日至十二月三十一日止期間接受以下重點在於上市公司董事之角色、職能及職責之培訓：

		Corporate Governance/ Updates on Laws, Rules and regulations 企業管治／法例、規則 及規例之最新版本		Accounting/Financial/ Management or Other Professional Skills 會計／財務／管理 或其他專業技能	
		Attend		Attend	
Directors		Read	Seminars/	Read	Seminars/
董事		Materials	Briefing	Materials	Briefing
		閱覽材料	出席講座／簡報會	閱覽材料	出席講座／簡報會
Executive Directors		執行董事			
Mr. Chen Chengqing (Chairman) <i>(appointed with effect from 17 February 2017)</i>	陳成慶先生 (主席) <i>(由二零一七年二月十七日起獲委任)</i>	√			
Ms. Hung Hoi Lan <i>(appointed with effect from 17 February 2017)</i>	洪海瀾女士 <i>(由二零一七年二月十七日起獲委任)</i>	√		√	
Professor Zhang Rongqing <i>(re-designated with effect from 15 September 2017)</i>	張榮慶教授 <i>(由二零一七年九月十五日起調任)</i>	√		√	
Mr. Lin Ou Wen (Chairman) <i>(retired with effect from 16 June 2017)</i>	林歐文先生 (主席) <i>(由二零一七年六月十六日起退任)</i>	√			
Mr. Lin Min <i>(resigned with effect from 17 February 2017)</i>	林敏先生 <i>(由二零一七年二月十七日起辭任)</i>	√			
Independent non-executive Directors		獨立非執行董事			
Mr. Tu Fangkui <i>(appointed with effect from 16 June 2017)</i>	屠方魁先生 <i>(由二零一七年六月十六日起獲委任)</i>	√			
Mr. Wang Zihao <i>(appointed with effect from 16 June 2017)</i>	王子豪先生 <i>(由二零一七年六月十六日起獲委任)</i>	√		√	
Professor Zhang Rongqing <i>(appointed with effect from 16 June 2017 and re-designed with effect from 15 September 2017)</i>	張榮慶教授 <i>(由二零一七年六月十六日起獲委任及由二零一七年九月十五日起調任)</i>	√			
Mr. Long Jun <i>(appointed with effect from 15 September 2017)</i>	隆軍先生 <i>(由二零一七年九月十五日起獲委任)</i>	√		√	
Mr. Zhang Jie <i>(retired with effect from 16 June 2017)</i>	張捷先生 <i>(由二零一七年六月十六日起退任)</i>	√			
Mr. Zhang Xuewen <i>(retired with effect from 16 June 2017)</i>	張學文先生 <i>(由二零一七年六月十六日起退任)</i>	√			
Mr. Wu Chenghan <i>(retired with effect from 16 June 2017)</i>	吳成翰先生 <i>(由二零一七年六月十六日起退任)</i>	√		√	

Corporate Governance Report

企業管治報告

DIRECTORS' AND OFFICERS' LIABILITY

The Company has renewed Directors' and Officers' liabilities insurance for all the Directors and the senior management of the Company for the year 2017/2018. The insurance covers them against costs, charges, expenses and liabilities incurred arising out of the corporate activities.

BOARD COMMITTEES

The monitoring and assessment of certain governance matters are allocated to three committees which operate under defined terms of reference.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the Listing Rules. The composition of the Audit Committee and their attendance records for the year ended 31 December 2017 were as follows:

Directors

董事

Number of attendance of

出席次數

Independent non-executive Directors

Mr. Wang Zihao (Chairman)
(appointed with effect from 16 June 2017)

Mr. Tu Fangkui
(appointed with effect from 16 June 2017)

Professor Zhang Rongqing
(appointed with effect from 16 June 2017
and re-designated with effect from
15 September 2017)

Mr. Long Jun
(appointed with effect from
15 September 2017)

Mr. Zhang Jie (Chairman)
(retired with effect from 16 June 2017)

Mr. Zhang Xuewen
(retired with effect from 16 June 2017)

Mr. Wu Chenghan
(retired with effect from 16 June 2017)

獨立非執行董事

王子豪先生(主席)
(由二零一七年六月十六日起獲委任)

屠方魁先生
(由二零一七年六月十六日起獲委任)

張榮慶教授
(由二零一七年六月十六日起獲委任及
由二零一七年九月十五日起調任)

隆軍先生
(由二零一七年九月十五日起獲委任)

張捷先生(主席)
(由二零一七年六月十六日起退任)

張學文先生
(由二零一七年六月十六日起退任)

吳成翰先生
(由二零一七年六月十六日起退任)

1/1

0/1

1/1

0/0

2/2

2/2

2/2

Each member can bring to the committee his valuable experience in reviewing financial statements and evaluating significant control and financial issues of the Company as each of them possesses management experience in the accounting profession or commercial sectors.

The principal duties of the Audit Committee include the review and supervision of the Company's financial reporting system, financial statements and internal control procedures. The Audit Committee also monitors the appointment of the Company's external independent auditor. The terms of reference of the Audit Committee are available for inspection on the Company's website at www.1889hk.com and the website of the Stock Exchange.

董事及高級職員責任

本公司已續保二零一七／二零一八年度本公司全體董事及高級管理層的董事及高級職員責任保險。有關保險為彼等承保企業活動所產生的成本、費用、開支及責任。

董事委員會

若干管治事宜之監察及評估工作已分配予三個董事委員會，彼等乃根據其界定之職權範圍運作。

審核委員會

本公司已根據上市規則成立審核委員會並書面確定其職權範圍。於二零一七年十二月三十一日止年度，審核委員會之組成及彼等的出席記錄如下：

由於彼等各自均於會計專業或商界擁有豐富的管理經驗，故每位成員可貢獻其寶貴經驗，審閱財務報表及評估本公司重大控制及財務事宜。

審核委員會之主要責職包括審議及監察本公司之財務申報系統、財務報表及內部監控程序。審核委員會亦監督公司外聘獨立核數師的任用。審核委員會之職權範圍可於本公司網站 www.1889hk.com 及聯交所網站查閱。

The Audit Committee shall meet at least twice a year. During the year under review, three meetings (on 4 January 2017, 13 April 2017 and 30 August 2017) were held. For the two meetings held on 4 January 2017 and 13 April 2017, the consolidated financial statements of the Company for the financial year ended 31 December 2016 and the Company's internal control system reports were reviewed, and with recommendation to the Board for further approval. For the meeting held on 30 August 2017, the Audit Committee reviewed the consolidated financial statement of the Company for the six months ended 30 June 2017 and the Company's internal control system reports were reviewed, and with recommendation to the Board for further approval. The annual results announcement and annual report of the Group and the reports on the Company's internal control and risk management systems for the year ended 31 December 2017 had also been reviewed by the Audit Committee in the meeting held on 20 April 2018, with no disagreement among all Audit Committee members, and with recommendation to the Board for approval.

審核委員會應每年至少舉行兩次會議。於回顧年內，本公司於二零一七年一月四日、二零一七年四月十三日及二零一七年八月三十日舉行了三次會議。於二零一七年一月四日及二零一七年四月十三日舉行的兩次會議上，審核委員會審閱了本公司截至二零一六年十二月三十一日止財政年度之綜合財務報表及本公司之內部監控系統報告並向董事會推薦，以待其進一步批准。於二零一七年八月三十日舉行的會議上，審核委員會審閱本公司截至二零一七年六月三十日止六個月之簡明綜合財務報表以及本公司之內部監控系統報告並向董事會推薦，以待其進一步批准。本集團截至二零一七年十二月三十一日止年度之年度業績公佈、年度報告及本公司之內部監控及風險管理系統報告亦已於二零一八年四月二十日在會議上獲審核委員會審閱，審核委員會所有成員之間並無異議，並向董事會推薦，以待批准。

REMUNERATION COMMITTEE

The Company has established a remuneration committee with written terms of reference in compliance with the Listing Rules. The composition of the Remuneration Committee and their attendance records for the year ended 31 December 2017 were as follows:

薪酬委員會

本公司已根據上市規則成立薪酬委員會並書面確定其職權範圍。於二零一七年十二月三十一日止年度，薪酬委員會之組成及彼等的出席記錄如下：

Directors 董事		Number of attendance of 出席次數
Executive Directors	執行董事	
Mr. Chen Chengqing (appointed with effect from 17 February 2017)	陳成慶先生 (由二零一七年二月十七日起獲委任)	1/1
Mr. Lin Ou Wen (retired with effect from 16 June 2017)	林歐文先生 (由二零一七年六月十六日起退任)	3/3
Independent non-executive Directors	獨立非執行董事	
Mr. Wang Zihao (Chairman) (appointed with effect from 16 June 2017)	王子豪先生 (主席) (由二零一七年六月十六日起獲委任)	1/1
Mr. Tu Fangkui (appointed with effect from 16 June 2017)	屠方魁先生 (由二零一七年六月十六日起獲委任)	1/1
Professor Zhang Rongqing (appointed with effect from 16 June 2017 and re-designed with effect from 15 September 2017)	張榮慶教授 (由二零一七年六月十六日起獲委任及由二零一七年九月十五日起調任)	1/1
Mr. Long Jun (appointed with effect from 15 September 2017)	隆軍先生 (由二零一七年九月十五日起獲委任)	0/0
Mr. Zhang Jie (Chairman) (retired with effect from 16 June 2017)	張捷先生 (主席) (由二零一七年六月十六日起退任)	3/3
Mr. Zhang Xuewen (retired with effect from 16 June 2017)	張學文先生 (由二零一七年六月十六日起退任)	3/3
Mr. Wu Chenghan (retired with effect from 16 June 2017)	吳成翰先生 (由二零一七年六月十六日起退任)	3/3

The Board has delegated the authority to the Remuneration Committee to review and recommend to the Board the compensation scheme of the Directors as well as that of the senior management staff.

董事會授權薪酬委員會檢討董事及高級管理員工的薪酬計劃及就此向董事會提出建議。

Corporate Governance Report

企業管治報告

The main function of the Remuneration Committee is to assist the Board to oversee the Company's remuneration packages, bonus and other compensation payable to Directors and senior management and establish a transparent procedure for developing policy on such remuneration. The Board shall provide sufficient resources to the Remuneration Committee to enable it to discharge its duties.

During the year under review, the Remuneration Committee has conducted four meetings on 4 January 2017, 17 February 2017, 28 April 2017 and 15 September 2017. The Remuneration Committee assisted the Board to review and made recommendations to the Board on the remuneration of newly appointed executive Directors and independent non-executive Directors. The terms of reference of the Remuneration Committee are available for inspection on the Company's website at www.1889hk.com and the website of the Stock Exchange.

The Company adopted a share option scheme for the senior management and employees on 16 June 2017, which serves as incentives or rewards to attract, retain and motivate staff.

薪酬委員會主要職能為協助董事會監察本公司支付董事及高級管理層之薪酬組合、獎金及其他補償以及訂立一套具透明度的程序，以製定有關該等酬金之政策。董事會須向薪酬委員會提供充足資源，以令其能夠履行其職責。

於回顧年度，薪酬委員會已分別於二零一七年一月四日、二零一七年二月十七日、二零一七年四月二十八日及二零一七年九月十五日召開四次會議。薪酬委員會協助董事會就新委任執行董事及獨立非執行董事之薪酬作出審議及就此向董事會提出建議。薪酬委員會之職權範圍可於本公司網站 www.1889hk.com 及聯交所網站查閱。

本公司於二零一七年六月十六日為高級管理層及僱員採納一項購股權計劃，作為鼓勵或獎勵以招攬、挽留及激勵員工。

NOMINATION COMMITTEE

The Company has established a nomination committee with written terms of reference. The composition of the Nomination Committee and their attendance records for the year ended 31 December 2017 were as follows:

提名委員會

本公司已成立提名委員會並書面確定其職權範圍。於二零一七年十二月三十一日止年度，提名委員會之組成及彼等的出席記錄如下：

Directors 董事		Number of attendance of 出席次數
Executive Directors	執行董事	
Mr. Chen Chengqing (Chairman) (appointed with effect from 17 February 2017)	陳成慶先生(主席) (由二零一七年二月十七日起獲委任)	1/1
Mr. Lin Ou Wen (Chairman) (retired with effect from 16 June 2017)	林歐文先生(主席) (由二零一七年六月十六日起退任)	3/3
Independent non-executive Directors	獨立非執行董事	
Mr. Wang Zihao (appointed with effect from 16 June 2017)	王子豪先生 (由二零一七年六月十六日起獲委任)	1/1
Mr. Tu Fangkui (appointed with effect from 16 June 2017)	屠方魁先生 (由二零一七年六月十六日起獲委任)	1/1
Professor Zhang Rongqing (appointed with effect from 16 June 2017 and re-designed with effect from 15 September 2017)	張榮慶教授 (由二零一七年六月十六日起獲委任及由二零一七年九月十五日起調任)	1/1
Mr. Long Jun (appointed with effect from 15 September 2017)	隆軍先生 (由二零一七年九月十五日起獲委任)	0/0
Mr. Zhang Jie (retired with effect from 16 June 2017)	張捷先生 (由二零一七年六月十六日起退任)	3/3
Mr. Zhang Xuewen (retired with effect from 16 June 2017)	張學文先生 (由二零一七年六月十六日起退任)	3/3
Mr. Wu Chenghan (retired with effect from 16 June 2017)	吳成翰先生 (由二零一七年六月十六日起退任)	3/3

The main functions of the Nomination Committee are to review the structure, size and composition of the Board, to identify individuals who are suitably qualified to become members of the Board, and to assess the independence of the independent non-executive Directors. Having regard to the independence and quality of nominees, the Nomination Committee shall make recommendations to the Board so as to ensure that all nominations are fair and transparent. The Nomination Committee is also responsible for reviewing the succession planning for Directors, in particular the chairman of the Board and the chief executive officer of the Company and reviewing the objectives set for implementing and reviewing the Board Diversity Policy as well as the composition and diversity of the Board. The Board shall provide sufficient resources to the Nomination Committee to enable it to discharge its duties.

Pursuant to the Company's articles of association, one-third of the Directors for the time being (or, if their number is not a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting of the Company provided that every Director shall be subject to retirement at least once every three years. The retiring Directors are eligible to offer themselves for re-election.

During the year under review, the Nomination Committee has conducted four meetings on 4 January 2017, 17 February 2017, 28 April 2017 and 15 September 2017, in which the members of Nomination Committee performed appraisal of newly appointed executive Directors and independent non-executive Directors, recommended the Board to appoint them as Directors and some of them as members of Board committees and reviewed the independence of the independent non-executive Directors. During the year under review, the Nomination Committee also monitored the implementation of the Board Diversity Policy. The terms of reference of the Nomination Committee are available for inspection on the Company's website at www.1889hk.com and the website of the Stock Exchange.

提名委員會之主要職能是審議董事會之架構、規模及組成、物色具適合資格之人士加入董事會以及評估獨立非執行董事之獨立性。經考慮提名人士之獨立性及質素後，提名委員會須向董事會提出推薦建議，以確保所有任命均屬公平及具透明度。提名委員會亦負責審議有關董事特別是董事會主席及本公司行政總裁之繼任計劃、審議董事會成員多元化政策執行的目標以及董事會的構成及多元化。董事會須向提名委員會提供充足資源，以令其能夠履行其職責。

根據本公司之公司章程細則，當時為數三分之一之董事（或如人數並非三之倍數，則為最接近但不少於三分之一之人數）須於本公司之每屆股東週年大會上輪席告退，惟每名董事須最少每三年輪席告退一次。將輪席告退之董事符合資格膺選連任。

於回顧年內，提名委員會已分別於二零一七年一月四日、二零一七年二月十七日、二零一七年四月二十八日及二零一七年九月十五日舉行四次會議，提名委員會成員在會上對新委任執行董事及獨立非執行董事進行評估，建議董事會委任彼等為董事及委任彼等若干為董事會委員會成員，並審閱獨立非執行董事之獨立性。於回顧年度，提名委員會亦監控董事會成員多元化政策實施情況。提名委員會之職權範圍可於本公司網站www.1889hk.com及聯交所網站查閱。

Corporate Governance Report

企業管治報告

SENIOR MANAGEMENT'S REMUNERATION

Senior management's remuneration paid by the Group for the year ended 31 December 2017 falls within the following band:

	Number of individuals 人數
Nil to HK\$1,000,000	3
零至 1,000,000 港元	

AUDITOR'S REMUNERATION

The total remuneration paid or payable to the Company's external auditor, Crowe Horwath (HK) CPA Limited (including any entity under common control, ownership or management with the external auditor or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the auditor nationally or internationally), for the year ended 31 December 2017 amounted to HK\$2,080,000.

高級管理層酬金

本集團於截至二零一七年十二月三十一日止年度向高級管理層支付之酬金介乎以下範圍：

核數師酬金

於截至二零一七年十二月三十一日止年度，已向或應向本公司外聘核數師國富浩華(香港)會計師事務所有限公司(包括任何與外聘核數師受同一機構控制、擁有或管理，或掌握所有相關資料的第三方能合理地推斷其為該核數師事務所的全國或國際分部的機構)支付的酬金總額為2,080,000港元。

Fee paid and payable for the year ended 31 December

已付及應付費用
截至十二月三十一日止年度
2017
二零一七年
HK\$
港元

Audit services*	審核服務*	1,650,000
Other services, including:	其他服務，包括：	
the review of interim financial statements*	審閱中期財務報表*	200,000
review risk management and internal control systems	審閱風險管理及內部監控系統	230,000
Total	總計	2,080,000

* Provided by Crowe Horwath (HK) CPA Limited
由國富浩華(香港)會計師事務所有限公司提供

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR ACCOUNTS

The Board acknowledges their responsibility for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other financial disclosures required under the Listing Rules and other regulatory requirements. The Board acknowledges their responsibilities for the preparation of the consolidated financial statements of the Company for the year ended 31 December 2017, which give a true and fair view of the state of affairs of the Company and of the results and cash flows for that period. In preparing these consolidated financial statements, the Board has selected suitable accounting policies and applied them consistently; made judgments and estimates that are prudent, fair and reasonable; and have prepared the consolidated financial statements on a going concern basis. The management is of the view that the Group will continue as a going concern for the reasons stated as set out in the paragraph "Material uncertainty relating to going Concern" under the section headed "Financial Review" on page 16 of this report. The Directors are responsible for keeping proper accounting records which disclose the financial position of the Group with reasonable accuracy at any time.

Crowe Horwath (HK) CPA Limited, the auditor of the Company, has presented their responsibilities in the independent auditor's report as set out on pages 55 to 56.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board places great importance on risk management and internal control and has ultimate responsibilities for overseeing management in the design, implementation and monitoring of the risk management and internal control systems on an ongoing basis. The Board is also committed to review the adequacy and effectiveness of the Group's risk management and internal control systems at least annually.

The Group established the risk management and internal control systems with aims to manage rather than eliminate the risk of failure to achieve business objectives, and provide reasonable and not absolute assurance against material misstatements or losses caused by judgment in decision making process, human error, fraud or other irregularities.

In order to comply with the applicable code provisions set out in the CG Code, the Board has engaged an independent professional firm as an outsourced internal auditor to facilitate the Group's internal audit function to be equipped with adequate resources and to conduct reviews as required by the Stock Exchange and to assist the Audit Committee and the Board to perform review on the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2017 at least annually.

During the year ended 31 December 2017, the Group has established an internal audit charter which defined the scope and the duties and responsibilities of the internal audit function and its reporting protocol. The Group has conducted an annual risk assessment which identified respective strategic risks, operational risks, financial risks and compliance risks for each of the major business operations of the Group. Risk factors were analyzed and consolidated at the Group level. Based on the risk assessment results following a risk based methodology audit approach, a three-year internal audit plan was devised which prioritized the risks identified into respective annual internal audit projects and manage the risks accordingly.

董事及核數師有關賬目之責任

董事會明白其須負責依照上市規則及其他法定規則的要求作出有關年報、中期報告、內幕資料公佈及其他財務披露的平衡、清晰及可以理解的評估。董事會明白其須負責編製本公司截至二零一七年十二月三十一日止年度之綜合財務報表，並真實公平地反映本公司於該期間之事務狀況以及業績與現金流量。於編製該等綜合財務報表時，董事會已選用合適之會計政策並貫徹應用該等會計政策；作出審慎、公正及合理之判斷及估計；及按持續經營基準編製綜合財務報表。管理層認為本集團將繼續為持續經營實體，原因載於本報告第16頁「財務回顧」一節「有關持續經營之重大不確定因素」一段。董事須負責留存於任何時間均合理準確披露本集團財務狀況之適當會計記錄。

本公司核數師國富浩華(香港)會計師事務所有限公司已於第55至56頁之獨立核數師報告內載列其責任。

風險管理及內部監控

董事會高度重視風險管理及內部監控，對持續監督管理風險管理及內部監控系統的設計、實施及監察負有最終責任。董事會亦致力至少每年檢討本集團風險管理及內部監控系統的充分性及有效性。

本集團已建立風險管理及內部監控系統，旨在管理而非消除未能達成業務目標的風險，並就在決策過程中由判斷所引致的重大錯誤陳述或損失、人為錯誤、欺詐或其他違規行為提供合理且而非絕對之保證。

為遵守企業管治守則所載適用守則條文，董事會已委聘獨立專業事務所作為外聘內部審核師，以使本集團內部審核部門可配備充足資源及按聯交所的規定進行檢討，並協助審核委員會及董事會至少每年就本集團截至二零一七年十二月三十一日止年度之風險管理及內部監控系統的效能進行檢討。

截至二零一七年十二月三十一日止年度，本集團已建立一套內部審核約章，其定義內部審核部門的範圍及職責及其報告政策。本集團已進行年度風險評估，可識別本集團各主要業務營運的相關策略風險、經營風險、財務風險及合規風險。風險因素乃於本集團水平進行分析及綜合。根據採納風險主導的審核方法後的風險評估結果，本集團已制定一個三年內部審核計劃，可據此將所識別之風險優先列入年度內部審核項目並進行管理。

Corporate Governance Report

企業管治報告

An annual review was performed by the independent professional internal auditor firm according to the internal audit plan with a view to assisting the Audit Committee and the Board to evaluate the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2017. The review also covered the compliance of code provisions as set out in the CG Code and all material controls, including financial, operational and compliance controls at entity and operational levels. The Company has taken further steps to enhance its risk management and internal control systems according to some control weaknesses that were found during risk assessment and examination of the internal control system and strengthened the implementation of all the risk management and internal control systems.

The Company has established procedures in handling and dissemination of inside information in an accurate and secure manner to avoid possible mishandling of inside information within the Group. Release of inside information is subject to the approval of the Board. Unless duly authorized, all staff members of the Company shall not communicate inside information to any external parties and shall not respond to market speculation and rumours. In addition, all external presentation materials or publications must be pre-vetted before release.

Based on the risk management and internal control systems established and maintained by the Group, and the work performed by the internal and external auditors, the Audit Committee and the Board performed an annual review on the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2017 and are of the view that the Group has maintained effective and adequate risk management and internal control systems during the year ended 31 December 2017.

COMPANY SECRETARY

The former Company Secretary, Mr. Luk Ting Fung, Kevin, resigned with effect from 8 May 2017. The Company Secretary appointed with effect from 8 May 2017, Mr. Lock Kwong Hang, Simon, undertook not less than 15 hours of professional training during the year under review in accordance with Rule 3.29 of the Listing Rules.

COMMUNICATIONS WITH SHAREHOLDERS

The Company believes that shareholders' rights should be well respected and protected. The Company endeavours to maintain good communications with shareholders on its performance through interim reports, annual reports, general meetings and public disclosure on the Company's website (www.1889hk.com) and the website of the Stock Exchange, so that they may make an informed assessment for their investments and exercise their rights as shareholders. The Company also encourages shareholders' participation through general meetings or other means. Specific enquiries and suggestions by shareholders can be sent in writing to the Board or the Company Secretary to the principal place of business in Hong Kong of the Company at Unit 1309, 13th Floor, West Tower, Shun Tak Centre, Sheung Wan, Hong Kong.

獨立專業內部審核事務所根據內部審核計劃進行年度檢討，旨在協助審核委員會及董事會評估本集團於截至二零一七年十二月三十一日止年度風險管理及內部監控系統之效能。該檢討亦涵蓋企業管治守則所載守則條文的合規性及所有重大監控（包括財務、營運及於實體及營運水平的合規控制）。本公司已根據於風險評估及內部監控系統檢查期間所發現的若干監控弱點，採取進一步措施增強其風險管理及內部監控系統及加強實施所有風險管理及內部監控系統。

本公司已建立以準確及安全之方式處理及公佈內部資料之程序，以避免不當處理本集團內之內部資料。公佈內部資料須經董事會批准。除非獲正式授權，否則本公司所有員工均不得向任何外部人士交流內部資料，且不得回應市場猜測及傳言。此外，所有向外部提呈之材料或公佈於刊發前均需預先審閱。

根據本集團建立及維持的風險管理及內部監控系統，及由內部及外部審核人員進行的有關工作，審核委員會及董事會對截至二零一七年十二月三十一日止年度本集團風險管理及內部監控系統之效能進行檢討，並認為本集團已於截至二零一七年十二月三十一日止年度維持有效及充分的風險管理及內部監控系統。

公司秘書

前任公司秘書陸霆鋒先生由二零一七年五月八日起辭任。由二零一七年五月八日起獲委任之本公司秘書駱廣恒先生於回顧年度內已按照上市規則第3.29條進行不少於十五小時的專業培訓。

與股東溝通

本公司相信股東之權利應得到充分尊重及保障。本公司致力於通過中期報告、年報、股東大會及於本公司網站(www.1889hk.com)及聯交所網站之公開披露，就其表現與股東維持良好之溝通，以使彼等可就其投資作出知情評估及行使股東權利。本公司亦鼓勵股東通過股東大會或其他方式參與公司事務。股東之具體詢問及意見可以書面方式寄往本公司香港主要營業地點(位於香港上環信德中心西座13樓1309室)寄予董事會或公司秘書。

SHAREHOLDERS' RIGHT

Procedures to convene an extraordinary general meeting and putting forward proposals at general meeting

Pursuant to the articles of association of the Company, any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Any requisition to convene an extraordinary general meeting or proposal to be put forward at the general meeting can be addressed to the principal place of business in Hong Kong of the Company at Unit 1309, 13th Floor, West Tower, Shun Tak Centre, Sheung Wan, Hong Kong. The requisitionists must state in their request(s) the objects of the extraordinary general meeting to be convened, and such request must be signed by all the requisitionists. Upon receipt, the Company will verify the requisitionists' particulars and if the request is in order, the Company will convene the extraordinary general meeting in accordance with its articles of association.

CHANGE OF ARTICLES OF ASSOCIATION

During the year under review, there was no significant change to the articles of association of the Company.

股東權利

召開股東特別大會及於股東大會上提出提案的程序

根據本公司的公司章程細則，任何一位或一位以上於遞呈要求日期持有不少於本公司已繳足股本（附帶於本公司股東大會上投票權）十分之一的股東於任何時候均有權透過向董事會或公司秘書發出書面要求，要求董事會召開股東特別大會，以處理有關要求中指明的任何事項；且該大會應於遞呈該要求後兩(2)個月內舉行。倘遞呈後二十一(21)日內，董事會未有召開該大會，則遞呈要求人士可自發以同樣方式作出此舉，而遞呈要求人士因董事會未有召開大會而合理產生的所有開支應由本公司向遞呈要求人士作出償付。

任何召開股東特別大會或在股東大會上提出提案的要求可發往本公司於香港的主要營業地點，地址為香港上環信德中心西座13樓1309室。遞呈要求人士必須陳述其召開股東特別大會的目的，該提呈並須由所有遞呈要求人士簽署。本公司於獲接該提呈後，將核實遞呈要求人士資料，而倘提呈符合規程，本公司將按其公司章程細則召開股東特別大會。

公司章程細則變更

於回顧年度內，本公司的公司章程細則並無作出任何重大變更。

Directors and Senior Management 董事及高級管理層

EXECUTIVE DIRECTORS

Mr. Chen Chengqing, aged 40, is a substantial shareholder of the Company and an entrepreneur with more than 20 years of experience in business management in the PRC. Mr. Chen is currently the chairman of Guizhou Changtong Cable Co., Ltd., the vice president of Pingba District Federation of Industry and Commerce, the executive vice president of Anshun Zhejiang Federation of Commerce, a member of Pingba District Committee of the Chinese People's Political Consultative Conference and the vice president of Guizhou Wenzhou Federation of Commerce. He was appointed as an executive Director with effect from 17 February 2017. He is the sole shareholder and director of Cyber Success Global Investments Limited, a substantial shareholder of the Company interested in approximately 26.01% of the total number of issued shares in the Company as at 31 December 2017.

Ms. Hung Hoi Lan, aged 28, graduated from Sun Yat-Sen University with a bachelor's degree in marketing in 2011. She later obtained a master degree of science in hospitality with tourism management from University of Birmingham in 2013. She started operating wine business ran by her family during her studies in the United Kingdom and has joined the business development department of Hilton Beijing since 2013. She was appointed as an executive Director with effect from 17 February 2017.

Professor Zhang Rongqing, aged 61. He graduated from Suzhou Medical College in 1982 with a Bachelor degree of medicine and received PhD of animal physiology and biochemistry in Nanjing Agricultural University in 1993. Prof. Zhang has worked as professor in Tsinghua University since 1998, and he has been the associate dean of School of life Science in Tsinghua University. He is currently a director of the Institute of Biomedical Research in Yangtze Delta Region of Tsinghua University in Zhejiang, deputy director of the Teaching Guidance Committee of Biological Technology and Bio-engineering of the Ministry of Education, the member of the 3rd and 4th Advisory Group of Experts of the "973" Plan in the field of agriculture of the Ministry of Science and Technology. Prof. Zhang has received many awards and patents in science and technology. He is a well-known senior expert in the field of marine biochemistry & molecular biology, marine natural drug & gene engineering, and marine biological enzyme. Prof. Zhang has been an independent director of Shenzhen Hepalink Pharmaceutical Group Co., Ltd., a company listed on the Shenzhen Stock Exchange (Stock Code: 002399), since May 2014. He is also an independent director of Shandong Oriental Ocean Sci-tech Co., Ltd., a company listed on the Shenzhen Stock Exchange (Stock Code: 002086), since April 2017.

執行董事

陳成慶先生，40歲，為本公司之主要股東及於中國具有超過20年企業經營管理經驗的資深企業家。陳先生現任貴州長通線纜有限公司董事長、平壩區工商聯合會副會長、安順浙江商會常務副會長、平壩區政協委員及貴州溫州商會副會長。彼由二零一七年二月十七日起獲委任為執行董事。彼亦為科成環球投資有限公司（於二零一七年十二月三十一日於本公司已發行股份總數中擁有約26.01%權益之本公司主要股東）之唯一股東及董事。

洪海瀾女士，28歲，於二零一一年畢業於中山大學，獲頒發市場營銷學士學位。彼隨後於二零一三年自伯明翰大學取得理學碩士（酒店及旅遊業管理）學位。彼於英國深造期間開始經營家族酒業，並自二零一三年加入北京希爾頓的商貿發展部。彼由二零一七年二月十七日起獲委任為執行董事。

張榮慶教授，61歲，一九八二年畢業於蘇州醫學院，獲醫學學士學位；一九九三年南京農業大學動物生理學動物生物化學專業博士畢業。一九九八年起在清華大學擔任教授，曾擔任清華大學生命科學學院副院長，現任浙江清華長三角研究院生物技術與醫藥研究所所長，教育部高等學校生物技術、生物工程類專業教學指導委員會副主任，國家重點基礎研究發展計劃「973」計劃第三、第四屆農業科學領域專家諮詢組成員。張教授曾多次獲頒科學技術獎項，且為多項專利的發明人，為海洋生物化學與分子生物學，海洋天然藥物與基因工程藥物，海洋生物酶學等領域的資深專家。張教授自二零一四年五月起為深圳市海普瑞藥業集團股份有限公司（於深圳證券交易所上市的公司，股份代號：002399）的獨立董事。彼亦自二零一七年四月起擔任山東東方海洋科技股份有限公司（於深圳證券交易所上市的公司，股份代號：002086）的獨立董事。

Directors and Senior Management 董事及高級管理層

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tu Fangkui, aged 55, is the chairman of Shenzhen Farad Electric Co., Ltd with more than 20 years of experience in business management. Mr. Tu obtained a master's degree in Business Administration from Shanghai Jiao Tong University. He is a member of the Shenzhen Chinese People's Political Consultative Conference, the vice president of Shenzhen General Chamber of Commerce and the vice president of Shenzhen Electric Trade Association. Mr. Tu was awarded as young science and technology experts of Shenzhen.

Mr. Wang Zihao, aged 34, a member of the Association of Chartered Certified Accountants (ACCA). Mr. Wang obtained a bachelor's degree in accounting from Queen's University of Belfast in United Kingdom in 2006 and obtained a Master of Laws in Corporate and Financial Law from University of Hong Kong in 2016. Mr. Wang served in KPMG Advisory (China) Limited for over 5 years, provided advisory services to various listed company and large-scaled state-owned enterprises. Mr. Wang has been working in Tencent Technology (Shenzhen) Company Limited since 2013. Mr. Wang was the account specialist member in China Emissions Exchange since 2015.

Mr. Long Jun, aged 44, graduated from Peking University Guanghua School of Management with an Executive Master of Business Administration degree in 2009. Mr. Long has served as the vice president and managing partner in Focus Media (China) Holding Co., Ltd. a subsidiary of Focus Media Information Technology Co., Ltd., a company listed on the Shenzhen Stock Exchange (Stock Code: 002027.SZ), since February 2014. He has more than 15 years of management experience in the media industry.

SENIOR MANAGEMENT

Mr. Zhu Shengqin, aged 51, is the General Manager of Fujian Sanai. He had over 26 years of experience in the pharmaceutical industry. He joined the Group in 2002.

Ms. Zhang Meifeng, aged 57, is the Chairman of Fujian Sanai and Fuzhou Sanai. She had over 37 years of experience in the pharmaceutical industry. She joined the Group in 1981.

COMPANY SECRETARY

Mr. Lock Kwong Hang, Simon, aged 38, is the Company Secretary and Financial Controller of the Company. Mr. Lock graduated from Hong Kong Baptist University in 2001 with a bachelor's degree of Business Administration. He has over 12 years of experience working in an international audit services firm focusing on audit and assurance. Mr. Lock is a member of the Hong Kong Institute of Certified Public Accountants since 2005. He is also a Chartered Secretary of both the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries since 2009.

獨立非執行董事

屠方魁先生，55歲，現任深圳市華力特電氣有限公司董事長，具備20多年的企業管理經驗。屠先生是上海交通大學高級管理人員工商管理碩士，現任深圳市政協委員，深圳總商會（工商聯）副會長，深圳電力行業協會副會長，曾榮獲深圳市青年科技專家稱號。

王子豪先生，34歲，特許公認會計師(ACCA)，於二零零六年畢業於英國貝爾法斯特女王大學，獲會計學理學士學位，並於二零一六年畢業於香港大學獲企業與金融法學碩士學位；曾於畢馬威企業諮詢(中國)有限公司工作逾五年，曾為多家上市公司和大型國企提供諮詢服務。自二零一三年至今在騰訊科技(深圳)有限公司任職。王先生自二零一五年至今擔任深圳排放權交易所會計專家委員。

隆軍先生，44歲，於二零零九年取得北京大學光華管理學院高級管理人員工商管理碩士學位。隆先生自二零一四年二月起擔任分眾傳媒信息技術股份有限公司(於深圳證券交易所上市的公司，股票代碼：002027.SZ)旗下子公司分眾(中國)資訊技術有限公司之副總裁及管理合伙人，並具備超過15年的傳媒行業管理經驗。

高級管理層

朱勝欽先生，51歲，為福建三愛總經理，他有逾26年醫藥及藥業經驗。他於二零零二年加入本集團。

張美鳳女士，57歲，為福建三愛及福州三愛董事長。她擁有逾37年藥業經驗。她於一九八一年加入本集團。

公司秘書

駱廣恒先生，38歲，為本公司之公司秘書及財務總監，駱先生於二零零一年於香港浸會大學畢業，並取得工商管理學士學位。他曾於一家國際審計事務所工作逾12年，專注於審計。駱先生自二零零五年為香港會計師公會會員。他自二零零九年亦為英國特許秘書及行政人員公會以及香港特許秘書公會的特許秘書。

Directors' Report

董事會報告

The Directors would like to present their annual report together with the audited accounts of the Company for the year ended 31 December 2017.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed at a general meeting on 25 August 2017, the English name of the Company was changed from "Wuyi International Pharmaceutical Company Limited" to "Sanai Health Industry Group Company Limited" and the Chinese name of the Company was changed from "武夷國際藥業有限公司" to "三愛健康產業集團有限公司"

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its major subsidiaries are set out in note 20 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2017 are set out in the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income on pages 58 to 59.

The Board of Directors do not suggest declaring any final dividend for the year ended 31 December 2017 (2016: Nil) to the shareholders.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Thursday, 21 June 2018 to Friday, 29 June 2018 (both days inclusive). In order to be qualified for attending the annual general meeting in 2018, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 20 June 2018.

RESERVES

As at 31 December 2017, the Company's reserves available for distribution amounted to RMB155,870,000 (2016: RMB1,129,716,000). Movements in the reserves of the Group and the Company during the year under review are set out in consolidated statement of changes in equity on page 61 and in note 31 to the financial statements respectively.

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group during the year under review are set out in note 16 to the financial statements.

SHARE CAPITAL

During the year ended 31 December 2017, 451,350,000 ordinary shares were issued upon placing under general mandate. Details of the abovementioned placing can be found under the paragraph headed "Placing Agreement" in this section.

Details of movements in the share capital of the Company during the year under review are set out in note 31 to the financial statements.

董事欣然呈列彼等的全年報告，連同本公司於截至二零一七年十二月三十一日止年度的經審核賬目。

更改公司名稱

根據二零一七年八月二十五日通過的一項特別決議案，本公司的英文名稱由「Wuyi International Pharmaceutical Company Limited」更改為「Sanai Health Industry Group Company Limited」以及將本公司的中文名稱由「武夷國際藥業有限公司」更改為「三愛健康產業集團有限公司」。

主要業務

本公司為一間投資控股公司。其主要附屬公司之主要業務載於綜合財務報表附註20。

業績及分派

本集團截至二零一七年十二月三十一日止年度之業績載於第58至59頁之綜合損益表及綜合損益及其他全面收益表。

董事會並不建議就截至二零一七年十二月三十一日止年度向股東派發任何末期股息（二零一六年：無）。

暫停辦理股份過戶登記手續

本公司將於二零一八年六月二十一日（星期四）起至二零一八年六月二十九日（星期五）（包括首尾兩天）期間暫停辦理股份過戶登記手續。如欲符合資格出席二零一八年股東週年大會，必須於二零一八年六月二十日（星期三）下午四時三十分前將所有過戶文件連同有關股票送達本公司股份過戶登記處香港中央證券登記有限公司，地址為香港灣仔皇后大道東183號合和中心17樓1712-1716號舖。

儲備

於二零一七年十二月三十一日，本公司可供分派的儲備為人民幣155,870,000元（二零一六年：人民幣1,129,716,000元）。本集團及本公司於回顧年度內之儲備變動分別載於第61頁之綜合權益變動表及財務報表附註31內。

物業、廠房及設備

本集團於回顧年度內物業、廠房及設備的變動載於財務報表附註16。

股本

於截至二零一七年十二月三十一日止年度，本公司根據一般授權於配售時發行451,350,000股普通股。上述配售的詳情載於本節「配售協議」一段。

於回顧年度內，本公司股本變動詳情載於財務報表附註31。

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of associations or the laws of the Cayman Islands which oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

TAX RELIEF

The Company is not aware of any relief from taxation available to the shareholders of the Company by reason of their holding of the shares in the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Group has not purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2017.

DIRECTORS

The Directors of the Company during the year under review and up to the date of this Annual Report were:

Executive Directors:

Mr. Chen Chengqing	(appointed with effect from 17 February 2017) (Chairman)
Ms. Hung Hoi Lan	(appointed with effect from 17 February 2017)
Professor Zhang Rongqing	(re-designated with effect from 15 September 2017)
Mr. Lin Ou Wen	(retired with effect from 16 June 2017) (Chairman and Chief Executive Officer)
Mr. Lin Min	(resigned with effect from 17 February 2017)

Independent non-executive Directors

Mr. Tu Fangkui	(appointed with effect from 16 June 2017)
Mr. Wang Zihao	(appointed with effect from 16 June 2017)
Professor Zhang Rongqing	(appointed with effect from 16 June 2017 and re-designated with effect from 15 September 2017)
Mr. Long Jun	(appointed with effect from 15 September 2017)
Mr. Zhang Jie	(retired with effect from 16 June 2017)
Mr. Zhang Xue Wen	(retired with effect from 16 June 2017)
Mr. Wu Cheng Han	(retired with effect from 16 June 2017)

All of the independent non-executive Directors are members of the Company's audit committee, nomination committee and remuneration committee.

ANNUAL CONFIRMATION OF INDEPENDENCE

The Company has received from each independent non-executive Director an annual confirmation of his independence, and the Company considers such Directors to be independent in accordance with the independence guidelines set out in rule 3.13 of the Listing Rules.

優先購置權

根據本公司的公司章程細則或開曼群島法律，概無優先購置權的條文致使本公司按比例向現有股東提呈發售新股份。

稅務寬免

本公司並不知悉本公司股東可由於持有本公司股份而享有任何稅務寬免。

購買、出售或贖回本公司的上市證券

於截至二零一七年十二月三十一日止年度，本集團概無購買、出售或贖回本公司任何上市證券。

董事

於回顧年度內及直至本年度報告日期，本公司董事為：

執行董事：

陳成慶先生	(於二零一七年二月十七日起 獲委任)(主席)
洪海瀾女士	(於二零一七年二月十七日起 獲委任)
張榮慶教授	(由二零一七年九月十五日起 調任)
林歐文先生	(由二零一七年六月十六日起 退任)(主席兼行政總裁)
林敏先生	(由二零一七年二月十七日起 辭任)

獨立非執行董事：

屠方魁先生	(由二零一七年六月十六日起 獲委任)
王子豪先生	(由二零一七年六月十六日起 獲委任)
張榮慶教授	(由二零一七年六月十六日起 獲委任並由二零一七年 九月十五日起調任)
隆軍先生	(由二零一七年九月十五日起 獲委任)
張捷先生	(由二零一七年六月十六日起 退任)
張學文先生	(由二零一七年六月十六日起 退任)
吳成翰先生	(由二零一七年六月十六日起 退任)

全體獨立非執行董事均為本公司審核委員會、提名委員會及薪酬委員會的成員。

獨立性之年度確認

本公司已自各獨立非執行董事獲取有關彼等獨立性之年度確認，根據上市規則第3.13條所載獨立性指引，本公司認為所有獨立非執行董事均為獨立。

Directors' Report

董事會報告

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND THE SENIOR MANAGEMENT

The biographical details of the Directors and Senior Management are set out on pages 34 to 35 of this Annual Report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors (including Directors standing for re-election in the forthcoming annual general meeting) has entered into any contract of service, which is not determinable by the employer within one year without payment of compensation (other than statutory compensation), with the Company or any of its subsidiaries.

PERMITTED INDEMNITY PROVISION

The Company has renewed the Directors' and Officers' liabilities insurance for all the Directors and the senior management of the Company for the year 2017/2018. The insurance covers them against costs, charges, expenses and liabilities incurred arising out of the corporate activities.

MANAGEMENT CONTRACTS

Save for the contracts of service entered into with respective Directors, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year under review.

RETIREMENT BENEFITS SCHEME

Details of the retirement benefits scheme is set out in note 35 to the financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2017, the interests or short positions of each of the Directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO: or were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are deemed or taken to have under such provisions of the SFO): and were required pursuant to the Model Code to be notified to the Company and the Stock Exchange were as follows:

Name of director 董事姓名	Capacity 身份	Approximate percentage of shareholding (Note 3)	
		Number of shares (Note 1) 股份數目 (附註 1)	概約股權 百分比 (附註 3)
Chen Chengqing 陳成慶	Interest of controlled corporation (Note 2) 受控法團權益 (附註 2)	747,113,000 (L)	26.01%

董事及高級管理層簡歷

董事及高級管理層簡歷載於本年報告第34至35頁。

董事服務合同

概無董事(包括於應屆股東週年大會膺選連任的董事)與本公司或其任何附屬公司訂有不可由僱主於一年內終止而毋須作出賠償(法定賠償除外)的服務合同。

獲准許的彌償條文

本公司已續保二零一七/二零一八年度本公司全體董事及高級管理層之董事及行政人員之責任保險。保險覆蓋他們於企業活動中產生的成本、費用、開支及責任。

管理合同

除與各董事簽訂的服務合同外，於回顧年度內概無就有關本公司全部或任何主要業務訂立或存在管理及行政合同。

退休福利計劃

有關退休福利計劃的詳情載於財務報表附註35。

董事及主要行政人員於本公司及其相聯法團股份、相關股份及債權證的權益及淡倉

於二零一七年十二月三十一日，董事及最高行政人員於本公司及其相聯法團(定義見香港法例第571章證券及期貨條例(「證券及期貨條例」)第XV部)的股份、相關股份及債權證中擁有根據證券及期貨條例第352條紀錄於本公司須予存置之登記冊內之權益或淡倉，或根據證券及期貨條例第XV部第7及第8分部，須通知本公司及聯交所之權益或淡倉(包括根據證券及期貨條例的該等條文、彼等被當作或視作擁有的權益或淡倉)，及根據標準守則規定，須通知本公司及聯交所之權益及淡倉如下：

Notes:

- (1) The letters "L" denotes long position in the shares.
- (2) These shares are registered in the name of Cyber Success Global Investments Limited, which is wholly owned by Mr. Chen Chengqing. Mr. Chen Chengqing is deemed to be interested in all the shares in which Cyber Success Global Investments Limited is interested by virtue of the SFO.
- (3) The percentage of shareholding is calculated on the basis of 2,872,122,500 issued shares of the Company as at 31 December 2017.

Save as disclosed above, as at 31 December 2017, none of the Company's Directors and chief executives had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code or which were required to be entered in the register required to be kept under Section 352 of the SFO.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save for the Old Share Option Scheme and the New Share Option Scheme, at no time during the year ended 31 December 2017 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES IN THE COMPANY

As at 31 December 2017, the following persons, other than a Director or chief executive of the Company, had an interest or a short position in the shares or underlying shares in the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder 股東名稱／ 姓名	Capacity 身份	Number of shares (Note 1) 股份數目 (附註 1)	Approximate percentage of shareholding (Note 4) 概約股權 百分比 (附註 4)
Cyber Success Global Investments Limited 科成環球投資有限公司	Beneficial owner 實益擁有人	747,113,000 (L)	26.01%
Credit Suisse (Hong Kong) Limited	Beneficial owner (Note 2 & 3) 實益擁有人 (附註 2 及 3)	133,545,000 (L) 66,772,500 (S)	4.65% 2.32%
Credit Suisse (International) Holding AG	Interest of controlled corporation (Note 2 & 3) 受控法團權益 (附註 2 及 3)	133,545,000 (L) 66,772,500 (S)	4.65% 2.32%

附註：

- (1) 「L」指於股份中之好倉。
- (2) 該等股份以陳成慶先生全資擁有之公司科成環球投資有限公司之名義登記。根據證券及期貨條例，陳成慶先生被視為於科成環球投資有限公司擁有權益之全部股份中擁有權益。
- (3) 股權百分比乃根據於二零一七年十二月三十一日本公司已發行股份 2,872,122,500 股計算。

除上文披露者外，於二零一七年十二月三十一日，本公司董事或高級行政人員概無於本公司或其相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份及債券中擁有標準守則須知會本公司及聯交所或須記錄於根據證券及期貨條例第352條規定存置之登記冊內之權益或淡倉。

董事收購股份或債權證的權利

除舊購股權計劃及新購股權計劃外，於截至二零一七年十二月三十一日止年度內任何時間，本公司或其任何之附屬公司概無訂立任何安排以使董事可藉由收購本公司或任何其他法人團體的股份或債權證而獲得利益。

主要股東於本公司之股份及相關股份的權益及淡倉

於二零一七年十二月三十一日，以下人士(董事或本公司主要行政人員除外)於本公司股份或相關股份中擁有根據證券及期貨條例第336條須記錄於本公司存置之股東名冊的權益或淡倉如下：

Directors' Report

董事會報告

Name of shareholder 股東名稱／ 姓名	Capacity 身份	Number of shares (Note 1) 股份數目 (附註1)	Approximate percentage of shareholding (Note 6) 概約股權 百分比 (附註6)
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Credit Suisse	Interest of controlled corporation (Note 2 & 3) 受控法團權益(附註2及3)	133,545,000 (L) 66,772,500 (S)	4.65% 2.32%
China Medical Service Investment Holding Limited	Beneficial owner 實益擁有人	171,000,000(L)	5.95%

Notes:

附註：

- | | |
|---|---|
| <p>(1) The letters "L" and "S" denote long position and short position in the shares respectively.</p> <p>(2) In accordance with the corporate substantial shareholder notices on disclosure of interests of Credit Suisse (Hong Kong) Limited, Credit Suisse (International) Holding AG and Credit Suisse all filed for the relevant event took place on 1 February 2007, these shares are registered in the name of Credit Suisse (Hong Kong) Limited, which is owned as to 94.75% by Credit Suisse (International) Holding AG, which is in turn wholly owned by Credit Suisse. Therefore, Credit Suisse (International) Holding AG and Credit Suisse are deemed to be interested in all the shares in which Credit Suisse (Hong Kong) Limited is interested by virtue of the SFO.</p> <p>(3) In accordance with the corporate substantial shareholder notices on disclosure of interests of Credit Suisse (Hong Kong) Limited, Credit Suisse (International) Holding AG and Credit Suisse all filed for the relevant event took place on 1 February 2007, these shares are registered in the name of Credit Suisse (Hong Kong) Limited, which is owned as to 94.75% by Credit Suisse (International) Holding AG, which is in turn wholly owned by Credit Suisse. Therefore, Credit Suisse (Hong Kong) Limited, Credit Suisse (International) Holding AG and Credit Suisse are deemed to hold or hold a short position of 66,772,500 shares as defined under Part XV of the SFO.</p> <p>(4) The percentage of shareholding is calculated on the basis of 2,872,122,500 issued shares of the Company as at 31 December 2017.</p> | <p>(1) 「L」及「S」分別指於股份中之好倉及淡倉。</p> <p>(2) 根據Credit Suisse (Hong Kong) Limited、Credit Suisse (International) Holding AG及Credit Suisse就於二零零七年二月一日發生的相關事件分別提交有關披露權益的法團大股東通知，該等股份乃以Credit Suisse (Hong Kong) Limited之名義登記，而Credit Suisse (Hong Kong) Limited由Credit Suisse (International) Holding AG擁有94.75%權益，而Credit Suisse (International) Holding AG則由Credit Suisse全資擁有。因此，根據證券及期貨條例，Credit Suisse (International) Holding AG及Credit Suisse被視為於Credit Suisse (Hong Kong) Limited持有權益之所有股份中擁有權益。</p> <p>(3) 根據Credit Suisse (Hong Kong) Limited、Credit Suisse (International) Holding AG及Credit Suisse就於二零零七年二月一日發生的相關事件分別提交有關披露權益的法團大股東通知，該等股份乃以Credit Suisse (Hong Kong) Limited之名義登記，而Credit Suisse (Hong Kong) Limited由Credit Suisse (International) Holding AG擁有94.75%權益，而Credit Suisse (International) Holding AG則由Credit Suisse全資擁有。因此，根據證券及期貨條例第XV部定義，Credit Suisse (Hong Kong) Limited、Credit Suisse (International) Holding AG及Credit Suisse被視為持有或持有66,772,500股股份之淡倉。</p> <p>(4) 股權百分比乃根據於二零一七年十二月三十一日本公司已發行股份2,872,122,500股計算。</p> |
|---|---|

Save for the disclosed above, the Company was not aware of any person who had an interest or a short position in the shares or underlying shares in the Company which were required to be recorded in the register to be kept by the Company under section 336 of the SFO as at 31 December 2017.

除上文所披露者外，於二零一七年十二月三十一日，本公司并不知悉任何人士於本公司股份或相關股份中擁有權益或淡倉而須根據證券及期貨條例第336條記錄於本公司須存置的登記冊。

CONTINUING CONNECTED TRANSACTIONS

Sale and Purchase Agreement for packaging materials

On 5 December 2014, Fujian Sanai and Fuzhou Sanai, both are wholly-owned subsidiaries of the Company, entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with Fuzhou Hongyu Packing Co., Ltd. ("Fuzhou Hongyu") in respect of the sale and purchase of packaging materials, including paper cartons and packaging colour boxes, from Fuzhou Hongyu for a term of 3 years from 1 January 2015 to 31 December 2017.

The entire share capital of Fuzhou Hongyu is owned by Lin Ou Wen, the Chairman, an executive Director during the period from 1 January 2017 to 16 June 2017 and a then substantial shareholder of the Company. Accordingly, Fuzhou Hongyu is a connected person of the Company as defined under the Listing Rules.

By reference to (i) the actual amounts of the transactions under the previous sale and purchase agreement in respect of the above continuing connected transactions in the recent years; (ii) the estimated demand for packaging materials for the products of Fujian Sanai from Fuzhou Hongyu for the term of the Sale and Purchase Agreement; (iii) the estimated demand for packaging materials for the products of Fuzhou Sanai from Fuzhou Hongyu for the term of the Sale and Purchase Agreement; (iv) the possible increase in demand for the packaging materials for the products of Fujian Sanai and Fuzhou Sanai led by the improvement and possible expansion of the Group's medicine business; and (v) the estimated inflation rate and increase in costs including the labour costs in the PRC leading to the increase of manufacturing costs for the packaging materials, the annual caps are set at RMB8,000,000 (equivalent to approximately HK\$9,756,000) for each of the years ending 31 December 2015, 2016 and 2017.

The actual transaction amount under the Sale and Purchase Agreement is determined by the quantity of packaging materials ordered and received by Fujian Sanai and Fuzhou Sanai times the unit purchase prices of the packaging materials. The unit purchase prices of the packaging materials under the Sale and Purchase Agreement were determined by reference to (i) the current market price of similar products in the market; (ii) the unit purchase prices of the packaging materials offered by the independent third parties to Fujian Sanai and Fuzhou Sanai in their ordinary course of business; and (iii) the manufacturing costs for the packaging materials including labour costs.

There is not actual transaction under the Sale and Purchase Agreement for the year ended 31 December 2017.

The reasons for entering into the Sale and Purchase Agreement were set out in the announcement of the Company dated 5 December 2014. The independent non-executive Directors have reviewed and confirmed that the above continuing connected transactions have been entered into:

- (a) in the ordinary and usual course of businesses of the Group;
- (b) on normal commercial terms;
- (c) according to the relevant written agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and
- (d) without exceeding the relevant cap amount.

The above continuing connected transactions are subject to the requirements of reporting and announcement under the Listing Rules and the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

持續關連交易

包裝材料買賣合同

於二零一四年十二月五日，福建三愛及福州三愛（均為本公司的全資附屬公司）與福州宏宇包裝工業有限公司（「福州宏宇」）訂立買賣協議（「買賣協議」），內容有關向福州宏宇銷售及購買包裝材料，包括紙板箱及彩色包裝盒，由二零一五年一月一日起至二零一七年十二月三十一日止為期三年。

福州宏宇之全部股本由林歐文（於二零一七年一月一日至二零一七年六月十六日為本公司主席、執行董事及當時的主要股東）擁有。因此，福州宏宇為本公司之關連人士（定義見上市規則）。

經參考(i)就上述持續關連交易先前的買賣協議下於近年交易之實際金額；(ii)福建三愛於買賣協議期間對福州宏宇之產品包裝材料之估計需求；(iii)福州三愛於買賣協議期間對福州宏宇之產品包裝材料之估計需求；(iv)福建三愛及福州三愛產品對包裝材料的需求可能增長（由本集團製藥業務的推進及可能擴張所帶動）；及(v)中國的估計通脹率及成本（包括人工成本）上漲導致包裝材料的生產成本增加，截至二零一五年、二零一六年及二零一七年十二月三十一日止年度各年之年度上限定為人民幣8,000,000元（相當於約9,756,000港元）。

買賣協議項下之實際交易額乃按福建三愛及福州三愛訂購及收取之包裝材料數量乘以包裝材料之單位購買價釐定。買賣協議下包裝材料之單位購買價乃經參考(i)類似產品在市場之現時市價；(ii)獨立第三方於一般業務過程中向福建三愛及福州三愛提供之包裝材料之單位購買價；及(iii)包裝材料包括人工成本在內之生產成本釐定。

截至二零一七年十二月三十一日止年度，買賣協議項下並沒有發生實際交易額。

訂立買賣協議之理由載於本公司日期為二零一四年十二月五日之公告內。獨立非執行董事已審閱並確認訂立上述持續關連交易均：

- (a) 於本集團一般及日常業務中進行；
- (b) 符合一般商業條款；
- (c) 依據規管該等交易的有關書面協議，而協議條款乃屬公平合理且符合本公司股東之整體利益；及
- (d) 不超過相關上限金額。

上述持續關連交易須遵守上市規則項下之申報及公告規定，及本公司已依照上市規則第14A章遵守披露規定。

Directors' Report

董事會報告

The related party transactions disclosed in the Note 36 to the financial statements constituted continuing connected transactions under Chapter 14A of the Listing Rules and the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

EQUITY-LINKED AGREEMENTS

Share Option Scheme

The Company has adopted a share option scheme (the "Old Share Option Scheme") for, among others, the senior management and employees on 8 January 2007, which serves as incentives or rewards to attract, retain and motivate staff. Details of the Old Share Option Scheme are set out in note 32 to the financial statements.

On 14 October 2016, 164,000,000 share options were granted to certain grantees to subscribe for up to a total of 164,000,000 ordinary shares of HK\$0.01 each in the Company (the "Share Option") under the Old Share Option Scheme. During the year ended 31 December 2017, all of the 164,000,000 share options granted were exercised. The following table discloses movements in the Company's share options during the year:

Category of participant 參與人士類別	Number of share options 購股權數目				At 31 December 2017 於二零一七年 十二月三十一日	Date of grant 授出日期	Exercise period 行使期	Exercise price 行使價 (HK\$) (港元)	Closing price of the shares immediately before the date of grant 緊隨授出日期前股份收市價 (HK\$) (港元)
	At 1 January 2017 於二零一七年 一月一日	Granted during the year 年內授出	Cancelled or lapsed during the year 年內注銷或失效	Exercised during the year 年內行使					
Old Share Option Scheme									
Non-employees in aggregate 非僱員總數	-	164,000,000	-	(164,000,000)	-	14 October 2016 二零一六年十月十四日	14 October 2016 to 13 October 2021 (Note) 二零一六年十月十四日至二零二一年十月十三日 (附註)	0.32	0.31
	-	164,000,000	-	(164,000,000)	-				

Note: The Share Options are not subject to any vesting period. The Company has received consideration of HK\$8 pursuant to the Share Options, details of the valuation of the Share Options as at the date of grant are set out in note 32 to the financial statements. The Group has no legal or constructive obligation to repurchase or settle the Share Options in cash at any time.

根據上市規則第14A章，披露於財務報表附註36的關連人士交易構成持續關連交易，及本公司已遵守上市規則第14A章之披露要求。

股票掛鈎協議

購股權計劃

本公司已於二零零七年一月八日為(其中包括)高級管理層及僱員採納購股權計劃(「舊購股權計劃」)，作為吸引、挽留及激勵員工的獎勵或回報。舊購股權計劃的詳情載於財務報表附註32。

於二零一六年十月十四日，本公司根據舊購股權計劃向若干承授人授出164,000,000份可認購本公司最多164,000,000股每股面值0.01港元之普通股之購股權(「購股權」)。於截至二零一七年十二月三十一日年度內，該等164,000,000份購股權已悉數行使。下表披露於年內本公司購股權之變動：

附註：購股權並不受任何待歸屬期所限。本公司於回顧年度內根據購股權已收取的代價為8港元，購股權於授出日期的估值詳情載於財務報表附註32。本集團並無法定或推定責任在任何時候以現金回購或結算購股權。

Pursuant to the ordinary resolution passed on 16 June 2017, the Company adopted another share option scheme (the "New Share Option Scheme") for, among others, the senior management and employees, which serves as incentives or rewards to attract, retain and motivate staff. The New Share Option Scheme will remain valid for a period of 10 years commencing on 21 June 2017 (save that the Company, by ordinary resolution in general meeting or the Board may at any time terminate the operation of the New Share Option Scheme). Under the New Share Option Scheme, the Board may grant options to all full-time employees, Directors (including independent non-executive Directors) and part-time employees with weekly working hours of 10 hours and above, of the Group, substantial shareholders of each member of the Group, associates of the directors and substantial shareholders of any member of the Group, trustee of any trust pre-approved by the Board, and any advisor (professional or otherwise) or consultant, distributor, supplier, agent, customer, joint venture partner, service provider of the Group whom the Board considers, at its sole discretion, has contributed or contributes to the Group.

The total number of shares in respect of which options may be granted under the New Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue on the date of adoption of the New Share Option Scheme (namely, 233,877,250 shares, representing approximately 8.14% of the Company's issued shares as at the date of this annual report), without prior approval from the Company's shareholders. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme or any other share option scheme of the Company shall not in aggregate exceed 30% of the shares of the Company in issue from time to time. No option may be granted under the New Share Option Scheme if such limit is exceeded. The number of shares issued and to be issued in respect of which options granted and to be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at the date of grant, without prior approval from the Company's shareholders. The grant of share options to a Director, chief executive or substantial shareholder of the Company or any of their respective associates requires the approval of the independent non-executive Directors (excluding an independent non-executive Director who is the grantee of the share options). Options granted in any 12-month period to a substantial shareholder of the Company or an independent non-executive Director or any of their respective associates representing in aggregate more than 0.1% of the Company's shares in issue at the date of grant or with an aggregate value in excess of HK\$5,000,000 must be approved in advance by the Company's shareholders.

Upon acceptance of the share option, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant. A share option may be exercised in accordance with the terms of the New Share Option Scheme at any time during the period to be determined and notified by the Board to each grantee, provided that such period of time shall not be more than ten years from the date of grant. The New Share Option Scheme does not specify a minimum period for which a share option must be held nor a performance target which must be achieved before a share option can be exercised. However, the Board may, at its sole discretion, determine such terms and impose such other restrictions on the grant of a share option. The exercise price is determined by the directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the offer date which must be a business day, (ii) the average closing price of the Company's shares for the five business days immediately preceding the offer date; and (iii) the nominal value of the Company's shares.

During the year ended 31 December 2017, no share options were granted by the Company pursuant to the New Share Option Scheme.

根據於二零一七年六月十六日通過之普通決議案，本公司為（其中包括）高級管理層及僱員採納另一購股權計劃（「新購股權計劃」），作為吸引、挽留及激勵員工的獎勵或回報。新購股權計劃將自二零一七年六月二十一日起計十年期間維持有效，除非本公司於股東大會上藉普通決議案或董事會可隨時終止新購股權計劃的運作。根據新購股權計劃，董事會可全權酌情將購股權授予其認為對本集團有貢獻之全職僱員、董事（包括獨立非執行董事）及每週工作小時為10小時及以上之兼職僱員、本集團各成員公司之主要股東、本集團任何成員公司董事及主要股東之聯繫人、董事會預先批准任何信託之信託人，以及任何本集團之顧問（專業或其他）或專家顧問、分銷商、供應商、代理人、客戶、合營企業合夥人、服務供應商。

在未經本公司股東事先批准前，根據新購股權計劃可授出之購股權所涉及之股份總數，不得超過本公司採納新購股權計劃之日已發行股份10%（即233,877,250股，於本年報日期約佔本公司已發行股份數的8.14%）。行使根據新購股權計劃及本公司任何其他購股權計劃已授出但有待行使的所有尚未行使購股權時可予發行的股份數目上限總數合共不得超過於任何時間本公司已發行股份30%。倘超出該限額者，將不會按新購股權計劃授出購股權。在未經本公司股東事先批准前，於任何12個月期間內向任何個別人士授出或將予授出之購股權所涉及之已發行或將發行股份數目，不得超過本公司於授出日期已發行股份1%。向董事、最高行政人員或主要股東或彼等各自的任何聯繫人授出購股權必須獲獨立非執行董事（不包括身為購股權承授人的獨立非執行董事）批准。倘於任何12個月期間內授予主要股東或獨立非執行董事或彼等各自的任何聯繫人之購股權所涉及之股份數目超過本公司於授出日期已發行股份0.1%或總值超過5,000,000港元，必須獲本公司股東事先批准。

在接納購股權後，承授人將須支付1.00港元予本公司作為授出代價。購股權可於由董事會釐定並通知各承授人之有關期限內根據新購股權計劃的條款隨時行使，惟該等期限不得遲於授出日期後十年。新購股權計劃並無規定於購股權可獲行使前必須持有購股權的最低期限或必須達成之業績目標。然而，董事會可能會全權酌情釐定有關條款，並為授出購股權設定其他限制。行使價由本公司董事釐定，惟不得低於以下三者之最高者：(i) 於要約日期（須為營業日）本公司股份之收市價；(ii) 緊接要約日期前五個交易日之本公司股份平均收市價；及(iii) 本公司股份面值。

於截至二零一七年十二月三十一日年度，本公司並無根據新購股權計劃授出購股權。

Directors' Report

董事會報告

Placing Agreement

On 13 October 2017, in order to enlarge the shareholder base and the capital base of the Company as well as strengthening the Group's financial position for future development of the Group, the Company entered into a placing agreement with a placing agent whereby the Company conditionally agreed to place, through the placing agent, on a best effort basis, 451,350,000 new ordinary shares of the Company of HK\$0.01 each to not less than six independent placees at HK\$0.24 per new share. The completion of the placing is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the placing shares. The above placing was completed on 6 November 2017 with not less than six independent placees and the net proceeds amounted to approximately RMB88.7 million (equivalent to HK\$104.4 million, representing a net placing price of HK\$0.23 per placing share). As at 31 December 2017, approximately RMB34.0 million of the net proceeds were being applied as working capital of subsidiaries within the Group, with the remaining as cash deposits in financial institutions in Hong Kong.

On 13 October 2017, being the date of the placing agreement, the closing price of the Company's shares was HK\$0.295 per share as quoted on the Stock Exchange. Details of the placing are set out in the announcement of the Company published on 13 October 2017.

DIRECTORS' AND MANAGEMENT EMOLUMENTS

Particulars of the directors' emoluments on an individual and named basis and the five highest paid individuals in the Group are set out in notes 11 and 12 respectively to the financial statements. The remuneration policies of the Group are as follows:

- The amount of remuneration for the Directors or the employees is determined according to their relevant experience, responsibilities, workload, contributions and years of service in the Group and with reference to the goals and objectives of the Group;
- The non-monetary benefits are determined by the Board (or by the relevant management after consultation with the Board) and may be provided in the remuneration package of the Directors or the employees; and
- No person participates in the deliberation or approval of his own remuneration package.

The Company's policies concerning remuneration of the Directors are as follows:-

- (i) the amount of remuneration is determined on a case by case basis of the relevant Director's experience, responsibility, workload and the time devoted to the Group;
- (ii) non-cash benefits may be provided at the discretion of the Board to the relevant Directors under their remuneration package; and
- (iii) the Directors may be granted, at the discretion of the Board and in accordance with the requirements under the Listing Rules, with share options under the share option scheme adopted by the Company, as part of their remuneration package.

配售協議

於二零一七年十月十三日，為擴大本公司的股東基礎及資本基礎，並增強本集團的財務狀況以配合本集團的未來發展，本公司與一家配售代理訂立配售協議，據此，本公司已有條件同意透過配售代理盡最大努力配售451,350,000股本公司每股面值0.01港元的新普通股予不少於六名獨立承配人，配售價為每股配售股份0.24港元。配售事項的完成受限於聯交所上市委員會批准配售股份的上市及交易。以上配售事項（不少於六名獨立承配人）已於二零一七年十一月六日完成及所得款項淨額約人民幣88,700,000元（相當於約104,400,000港元）（相當於每股配售股份淨配售價港幣0.23元）。於二零一七年十二月三十一日，人民幣34,000,000元之淨額用作集團內流動資金，餘下為存於香港多家金融機構之現金存款。

於二零一七年十月十三日（即配售協議日期），本公司股份於聯交所所報之收市價為每股0.295港元。配售的詳情已載於本公司於二零一七年十月十三日刊發的公告。

董事及高級管理層之酬金

各董事酬金以及本集團獲最高薪酬之五位人士之資料詳情分別載列於財務報表附註11及12。本集團之薪酬政策如下：

- 薪酬數額根據董事或僱員的相關經驗、責任、工作量、貢獻及在集團服務年期等以及參考本集團目標及目的而確定；
- 非現金福利由董事會（或於諮詢董事會後由相關管理層）決定，及可於董事或僱員的薪酬待遇中提供；及
- 概無人士參與其自身薪酬待遇的商討或批准。

本公司有關董事薪酬的政策如下：

- (i) 薪酬金額按個別情況就有關董事的經驗、職責、工作量及貢獻給本集團的時間釐定；
- (ii) 非現金福利可由董事會酌情按董事的薪酬待遇發放予有關董事；及
- (iii) 視乎董事會決定及根據上市規則的要求，董事或會獲授本公司所採納購股權計劃下的購股權，作為彼等部分的薪酬待遇。

MAJOR CUSTOMERS AND SUPPLIERS

The information of revenue and purchases attributable to the major customers and suppliers of the Company for the year under review is as follows:

Revenue from sales of goods or rendering of services	銷售貨品或提供服務所得收益
The largest customer	最大客戶
Five largest customers in aggregate	五大客戶合共
Purchases	購買額
The largest supplier	最大供應商
Five largest suppliers in aggregate	五大供應商合共

None of the Directors, their close associates or any shareholders (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers and major customers noted above.

CORPORATE GOVERNANCE

Report for the corporate governance principles and practices adopted by the Company is set out on pages 20 to 33 of this Annual Report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this Annual Report, the Company has maintained sufficient public float as required under the Listing Rules.

DONATIONS

During this year, the Group did not make any charitable donations (2016: Nil).

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the Company's code of conduct for dealings in securities of the Company by the Directors. Based on specific enquiry made with all Directors, the Directors have complied with the required standard set out in the Model Code, throughout the accounting period covered by this Annual Report.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the paragraphs headed "Continuing Connected Transactions", none of the Directors or any of their connected entities had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group which the Company or any of its subsidiaries was a party to or involved in at the end of the year under review or at any time during the year under review.

主要客戶及供應商

於回顧年度內，本公司主要客戶及供應商佔營業額及購買額之資料如下：

2017 二零一七年 %	2016 二零一六年 %
36.5	4.5
51.0	20.7
75.7	15.8
81.8	50.4

概無董事、彼等的緊密聯繫人或任何股東（就董事所知擁有本公司股本5%以上權益者）於主要供應商及主要客戶中擁有任何權益。

企業管治

有關本公司採納的企業管理原則及常規的報告載於本年報第20至33頁。

足夠公眾持股量

根據本公司公開資料並就董事所知，於本年報日期，根據上市規則的要求，本公司維持足夠公眾持股量。

捐款

年內本集團並無作出任何慈善捐款（二零一六年：無）。

證券交易標準守則

本公司已採用標準守則作為董事買賣本公司證券的操守守則。根據向全體董事作出的特定查詢，董事於本年報所涵蓋的整個會計期間一直遵守標準守則所規定標準。

董事於合約之權益

除「持續關連交易」一段所披露者外，於回顧年度結束時或於回顧年度內任何時間，概無董事或任何彼等之關連實體於本公司或任何其附屬公司所訂立或所牽涉的對本集團業務而言屬重大的任何交易、安排或合約中擁有（不論直接或間接）重大權益。

Directors' Report

董事會報告

CONTRACTS OF SIGNIFICANCE

Save as disclosed under the paragraphs headed "Continuing Connected Transactions", no contract of significance between the Company or any of its subsidiaries and a controlling shareholder of the Company or any of its subsidiaries subsisted at the end of the year under review or at any time during the year under review, and no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries subsisted at the end of the year under review or at any time during the year under review.

COMPETING INTERESTS

None of the Directors had an interest in a business which competes or may compete with the business of the Company or has any other conflict of interest with the Company during the year under review.

AUDIT COMMITTEE

In compliance with Rule 3.21 of the Listing Rules, the Board has established an audit committee on 8 January 2007, with written terms of reference. The primary duties of the audit committee are to review the financial reporting procedures and internal control and risk management systems and provides guidance in relation thereto. The Audit Committee comprises three independent non-executive Directors.

The Audit Committee has reviewed the accounting principles and practice adopted by the Company as well as the audited financial statements of the Company for the year ended 31 December 2017 before recommending to the Board for approval.

AUDITOR

The financial statements of the Company for the year ended 31 December 2017 have been audited by Messrs. Crowe Horwath (HK) CPA Limited. A resolution will be submitted at the annual general meeting of the Company to re-appoint Messrs. Crowe Horwath (HK) CPA Limited as auditor of the Company.

There was no change of the Company's auditor for the past three years.

BUSINESS REVIEW

Business Performance and Future Development

The discussion on the Group's business performance and future development, being part of the Directors' Report, is set out in the paragraphs headed "Business Review" and "Outlook" of the section headed "Management Discussion and Analysis".

Key Financial Performance Indicators

The analysis of the Group's key financial performance indicators, being part of the Directors' Report, is set out in the paragraph headed "Financial Review" of the section headed "Management Discussion and Analysis".

重大合約

除「持續關連交易」一段所披露者外，於回顧年度結束時或於回顧年度內任何時間，本公司或其任何附屬公司與本公司控股股東或其任何附屬公司之間概無重大合約存續，亦概無本公司控股股東或其任何附屬公司訂立以向本公司或其任何附屬公司提供服務的重大合約存續。

競爭權益

於回顧年度內，概無董事於與本公司業務構成或可能構成競爭的業務中擁有權益，且並無與本公司存在任何其他利益衝突。

審核委員會

為遵守上市規則第3.21條，董事會已於二零零七年一月八日成立審核委員會，並書面釐定其職權範圍。審核委員會主要職責為審閱財務申報程序及內部監控及風險管理系統，並就此提供指引。審核委員會由三名獨立非執行董事組成。

審核委員會已審閱本公司所採納的會計政策及常規，並在建議董事會批准前已審閱本公司截至二零一七年十二月三十一日止年度的經審核財務報表。

核數師

本公司截至二零一七年十二月三十一日止年度之財務報表已由國富浩華（香港）會計師事務所有限公司審核。本公司將於股東週年大會上提呈一項決議案，續聘國富浩華（香港）會計師事務所有限公司為本公司之核數師。

於過去三年內，本公司概無更換核數師。

業務審視

業務表現和未來發展

本集團的業務表現和未來發展的討論載於「管理層討論與分析」之「業務回顧」及「未來展望」部份，該等討論為董事會報告的一部份。

財務關鍵表現指標

本集團的財務關鍵表現指標的分析載於「管理層討論與分析」之「財務回顧」部份，該等討論為董事會報告的一部份。

RISKS RELATING TO OUR BUSINESS

Our newly launched products may not be well received by the market.

The success of a pharmaceutical company depends, to a large extent, on whether the products it introduces to the market are well received by the market. The primary factors which may affect the acceptance of our products by the market include efficacy, quality and price. In particular, the introduction of new products requires substantial investment of capital resources and research and development efforts. If any of our new drugs is not well received by the market because its efficacy is not as good as expected, it is too expensive compared to other substitutes, or for any other reason, we may not be able to recoup the investment we have made in developing such new drug, in which case our financial condition and results of operations may be materially and adversely affected.

Our Group rely on third parties, such as hospitals, clinics and pharmacies, in selling our prescription and over-the-counter products.

We rely on different channels in selling our products in China. Our over-the-counter pharmaceutical products are sold mainly to consumers through pharmacies. Our prescription pharmaceutical products are sold mainly to hospitals and clinics for consumption by their patients. There is no assurance that pharmacies and hospitals and clinics will continue to stock and prescribe our products over those of our competitors, there are no contractual restrictions preventing our sales channels from selling our competitors' products. If our sales channels treat our competitors' products more favorably or stop selling our products, and we are unable to find appropriate substitutes, our business and results of operations may be materially and adversely affected.

RISKS RELATING TO OUR INDUSTRY

The pharmaceutical industry is extremely competitive.

Our business is subject to competition from other pharmaceutical manufacturers. Chinese and international pharmaceutical manufacturers engaged in the manufacture and sale of substitute or similar products to ours in China may have more capital resources, better research and development capabilities and more experience in manufacturing and marketing. Many of our competitors, including large pharmaceutical companies and other generic drug manufacturers, have employed various strategies intended to maximize their market share for previously-patented products. Competition is likely to intensify if (i) the number of manufacturers or distributors of substitute or similar products increases due to increased market demand or increased prices; (ii) competitors drastically reduce prices due to oversupply of products; or (iii) competitors develop new products or substitute products having comparable medicinal applications or therapeutic effects that may be used as direct substitutes for our products which are more effective with prices comparable to or lower than our products.

與本公司業務有關的風險

本公司的新產品未必受到市場歡迎。

醫藥公司成功與否，很大程度上取決於其產品是否受到市場歡迎，而影響市場對本公司產品接納程度的主要因素，則包括療效、質量與價格。其中，推介新產品尤其需要投入大量資本資源和研發力度。若因療效未如預期般理想、與其他替代品相比價格過於昂貴、或任何其他原因，以致本公司任何新藥未受到市場歡迎，則本公司未必能夠收回開發該等新藥的投資，如此可能會對本公司的財務狀況及經營業績造成實質性不利影響。

本集團依賴第三方（例如醫院、診所及藥房）銷售本公司的處方藥及非處方藥。

本公司依賴不同渠道於中國銷售本公司產品。本公司主要通過藥房向消費者銷售非處方藥品，而處方藥品則主要向醫院及診所銷售，供其病人使用。無法保證藥房及醫院及診所將繼續積存及以本公司的產品開方，而非本公司競爭對手的產品。此外，並無合同限制禁止本公司的銷售渠道銷售本公司競爭對手的產品。倘本公司的銷售渠道優待本公司競爭對手的產品，或停止銷售本公司產品，而本公司無法覓得合適替代者，則本公司的業務及經營業績或會受到實質性不利影響。

與行業有關的風險

藥業的激烈競爭。

本公司的業務需面對其他製藥生產商的競爭。於中國從事生產或銷售本公司產品的代替產品或類似產品的中國或國際製造商或擁有更多的資金來源、更優勝的研究及發展能力，及於生產及市場推廣上有更豐富的經驗。眾多的競爭者包括大型的製藥公司及其他仿製藥製造商，均運用了不同的策略以擴大已獲得專利權產品的市場佔有率。假如(i)生產及分銷代替產品或類似產品的製造商或分銷商的數目因市場需求上升或價格上升而增加；(ii)競爭者因產品供應過剩而大幅降價；或(iii)競爭者所發展的產品或代替產品擁有相近的醫藥用途或醫療功效，並可直接代替本公司的產品，並且更為有效，而價格與本公司的產品相若或更便宜，則本公司所面對的競爭將更加激烈。假如任何上述情況出現，本公司的盈利能力或會遭受不利影響。

Directors' Report

董事會報告

Our Company is subject to environmental regulations and may be exposed to liability and potential costs for environmental compliance.

We are subject to the PRC laws and regulations concerning the discharge of effluent water and solid waste during our manufacturing processes. We are required to obtain certain clearances and authorizations from governmental authorities for the treatment and disposal of such discharge. Any violation of these regulations may result in substantial fines, criminal sanctions, revocation of operating permits, shutdown of our facilities and obligation to take corrective measures. Our cost of complying with current and future environmental protection laws and regulations, and liabilities which may potentially arise from the discharge of effluent water and solid waste, may adversely affect our business, financial condition and results of operations.

The government may take steps towards the adoption of more stringent environmental regulations and there is no assurance that we will be at all times in full compliance with these regulatory requirements. Due to the possibility of unanticipated regulatory or other developments, the amount and timing of future environmental expenditures may vary substantially from those currently anticipated. If there is any unanticipated change in the environmental regulations, we may need to incur substantial capital expenditures to install, replace, upgrade or supplement our pollution control equipment or make operational changes to limit any adverse impact or potential adverse impact on the environment in order to comply with new environmental protection laws and regulations. If such costs become prohibitively expensive, we may be forced to modify, curtail or cease certain of our business operations.

ENVIRONMENTAL POLICY AND PERFORMANCE

The Group understands the importance of environmental protection to the sustained stable development of enterprises. Striving to strike the best balance between cost control and environmental protection, the Group consistently executes the measures of clean production, energy saving, reducing consumption, etc. The Group also carries out regular reviews on various environmental protection measures and routine jobs, to ensure that all environmental protection permission and approval required by the regulatory authorities of the PRC will be granted.

In the meantime, the Group endeavours to create an environmentally-friendly work environment to promote the environmental awareness to employees by encouraging them to use less electricity and paper, and recycle office supplies and other materials.

The Company shall issue the Environmental, Social and Governance Report separately in accordance with the requirements under the Listing Rules.

本公司須遵守環境法規及為達致環境標準承擔責任及潛在成本。

本公司需遵守有關生產過程中排放污水及固體廢物的中國法律及法規。本公司需為該等排放的處理及棄置從政府機關取得若干許可證及批准。違反這些法規可能引致大額罰款、刑事制裁、撤銷經營許可證、關閉設備及負責執行矯正措施。遵守現時及未來環境保護法律及法規的成本，以及排放污水及固體廢物所潛在產生的責任或會對本公司的業務、財務狀況及經營業績造成不利影響。

政府將逐步採取更嚴厲的環境法規，概不保證本公司將於所有時間均全面遵守這些法規要求。由於出現不可預知的法規及其他發展的可能性，未來環保開支的金額及時間計算可能與目前所估計的出現重大差異。假如環境法規出現任何不可預知的轉變，本公司將需作出重大的資本開支以安裝、更換、提升或補充本公司的污染控制器材或作出營運模式的轉變，藉此限制任何不利影響或對環境的潛在不利影響，以遵守新的環境保護法律及法規。假如該等成本高昂得無法負擔，本公司將被迫變更、縮減或停止本公司若干的業務營運。

環境政策及表現

本集團瞭解環境保護對企業持續穩定發展的重要性，並貫徹執行清潔生產、節能減耗及減少用量等措施，力求在成本控制及環保之間取得最佳平衡。本集團亦定期就各項環保措施及常規工作進行檢討，確保獲得所有中國監管機構所需的環保許可及批文。

本集團同時致力營造一個環保型的工作環境，向員工推廣環保意識，鼓勵節約用電、減少用紙、回收辦公用品及其他材料等。

本公司將按照上市規則的要求另行刊發《環境、社會及管治報告》。

LAWS AND REGULATIONS THAT HAVE SIGNIFICANT IMPACT ON THE COMPANY

The principal activities of the Group are manufacturing, marketing and selling of branded prescription and non-prescription drugs as well as Chinese pharmaceutical products in the PRC. The production of all pharmaceutical products must comply with the current Good Manufacturing Practice standard of the PRC, and be approved by the China Food and Drug Administration. The Group also needs to comply with the Production Safety Law, Law on Employment Contracts and Company Law of the PRC. As the Company is listed on the Main Board of the Stock Exchange, the Company is also required to comply with the Listing Rules and the disclosure requirements of the Hong Kong Companies Ordinance.

For the year ended 31 December 2017, the Group is not aware of any occurrence of material breach of laws or regulations that have significant impact on the Group.

The Group acknowledges that as the PRC is in the midst of the critical period for healthcare system reform, laws, regulations and policies regarding the healthcare and pharmaceutical industry will be updated frequently. Hence, it will pay close attention to the updates and timely implement the measures required by the relevant laws and regulations so as to ensure the business and operation are free from adverse effects.

IMPORTANT RELATIONS WITH STAKEHOLDERS

Employees

The Group endeavours to develop and maintain good working relationship with the employees. The Group provides its directors and senior management with continuous professional training, including seminars and workshops, such that the latest changes of regulatory requirements and corporate governance practices can be introduced. Aiming to raise the operational efficiency, the Group also organises various pre-employment and on-the-job trainings to deepen the employees' understanding of its business objectives and operation. In the aspect of safeguarding the occupational safety and health of employees, the Group spares no effort to provide employees with a safe work environment and enhance their health and safety awareness. In addition, the Group provides competitive remuneration, rewards program, retirement and medical benefits to attract and incentivise employees.

Suppliers

The Group selects the suppliers prudently and requires them to satisfy certain evaluation criteria, including track records, experience, financial strength, reputation, ability to manufacture high-quality products, etc. The Group has developed long-term collaborative relationship with various suppliers and endeavours to make sure that they comply with the Group's commitment to quality and ethics.

Sales Agents and Distributors

The Group sells pharmaceutical products to hospitals, clinics and drug stores through sales agents and distributors. The Group requires the sales agents and distributors to comply with the relevant laws and regulations and the Group's marketing policies. The Group also collaborates with the distributors by providing training for their frontline salespersons to ensure that they provide high-quality sales services.

對公司有重大影響的法律法規

本集團的業務主要是在中國製造、營銷和銷售品牌處方、非處方西藥和中成藥產品，所有藥品的生產均需符合中國現行生產質量管理規範標準，並通過國家食品藥品監督管理局的認證。本集團同時需要遵守中國的安全生產法、勞動合同法、公司法等。由於本公司在聯交所主板上市，因此本公司亦需要遵守上市規則和香港公司條例的披露規定。

截至二零一七年十二月三十一日止年度，本集團並無知悉有重大違反對其有重大影響的法律及法規的情況。

本集團明白，中國正處於醫療體制改革關鍵時期，醫療保健及製藥業的法律、法規和政策經常更新，故將密切關注，以適時執行相關法律及法規所要求的工作，確保業務及營運免受不利影響。

與權益人之重要關係

僱員

本集團致力與僱員建立及維繫良好的工作關係。本集團向董事及高級管理層提供持續專業培訓，包括舉辦講座及工作坊，以介紹監管要求及企業管治常規的最新動態。本集團亦舉辦各項職前及在職培訓，加深員工對業務目標及營運的認識，以提升本集團的營運效率。在保障員工的職業安全與健康方面，本集團亦不遺餘力，致力為員工提供安全的工作環境、增強其健康安全意識。另外，本集團提供具競爭性的薪酬待遇、獎勵計劃、退休和醫療福利，以吸引及激勵僱員。

供貨商

本集團審慎挑選供貨商，並要求其滿足若干評估標準，包括往績記錄、經驗、財務實力、聲譽、生產高質素產品的能力等。本集團已與多家供貨商建立長期的合作關係，並盡力確保他們遵守本集團對質素及道德的承諾。

銷售代理及經銷商

本集團透過銷售代理及經銷商向醫院、診所及藥店銷售藥品。本集團要求銷售代理及經銷商遵守相關法例、法規及本集團的銷售推廣政策。本集團亦與經銷商合作，提供培訓予其前線銷售人員，確保他們提供優質的銷售服務。

Directors' Report 董事會報告

Hospitals and Doctors

The pharmaceutical products of the Group are mainly sold to 27 key provinces, cities and autonomous regions around the country. The Group continues to organise and participate in promotional activities such as seminars and pharmaceutical product launch events. The Group also keeps in touch with, explains and illustrates the clinical application of the Group's pharmaceutical products to doctors within the sales network through sales agents and distributors.

By order of the Board

CHEN CHENGQING

Chairman

Hong Kong, 20 April 2018

醫院及醫生

本集團的藥品主要銷往全國27個重點省、市、自治區。本集團持續舉辦及參與研討會及藥品推介會等推廣活動，並透過銷售代理及經銷商與銷售網絡內的醫生保持聯繫，及向他們講解及說明本集團藥品的臨床應用。

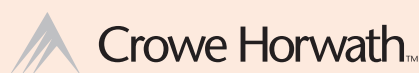
承董事會命

陳成慶

主席

香港，二零一八年四月二十日

Independent Auditor's Report 獨立核數師報告



國富浩華 (香港) 會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International

香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SANAI HEALTH INDUSTRY GROUP COMPANY LIMITED (FORMERLY KNOWN AS "WUYI INTERNATIONAL PHARMACEUTICAL COMPANY LIMITED") (Incorporated in the Cayman Islands with limited liability)

致三愛健康產業集團有限公司
(前稱「武夷國際藥業有限公司」)
股東的獨立核數師報告

(於開曼群島註冊成立的有限公司)

OPINION

We have audited the consolidated financial statements of Sanai Health Industry Group Company Limited (formerly known as "Wuyi International Pharmaceutical Company Limited") ("the Company") and its subsidiaries ("the Group") set out on pages 58 to 167, which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2(b) to the consolidated financial statements which indicates that the Group incurred a net loss of approximately RMB1,151,744,000 during the year ended 31 December 2017 and as of that date, the Group's current liabilities exceeded its current assets by RMB44,836,000. These conditions, along with other matters as set forth in note 2(b), indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

意見

吾等已審核載列於第58頁至第167頁三愛健康產業集團有限公司(前稱「武夷國際藥業有限公司」)(「貴公司」)及其附屬公司(統稱「貴集團」)的綜合財務報表，此綜合財務報表包括於二零一七年十二月三十一日的綜合財務狀況表、截至該日止年度的綜合損益表、綜合損益及其他全面收入表、綜合權益變動表及綜合現金流量表以及綜合財務報表附註，包括主要會計政策概要。

吾等認為，綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的《香港財務報告準則》(「《香港財務報告準則》」)真實而公允地反映 貴集團於二零一七年十二月三十一日的綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》的披露規定妥為編製。

意見的基礎

吾等已根據香港會計師公會頒佈的《香港核數準則》(「《香港核數準則》」)進行審核。吾等於該等準則項下的責任會在本報告核數師就審核綜合財務報表須承擔的責任一節中詳述。根據香港會計師公會之專業會計師道德守則(「守則」)，吾等獨立於 貴集團，並已遵循守則履行其他道德責任。吾等相信，吾等所獲得的審核憑證乃充足及適當，為吾等作出意見提供基礎。

有關持續經營之重大不確定因素

吾等垂注綜合財務報表附註2(b)，表明於截至二零一七年十二月三十一日止年度，貴集團產生淨虧損人民幣1,151,744,000元，而於有關日期，貴集團的流動負債超過其流動資產人民幣44,836,000元。該等狀況連同附註2(b)所載其他事宜顯示存在重大不明朗因素，可能對 貴集團繼續按持續經營基準之能力之能力產生重大疑問。該事項不影響已發表的審計意見。

Independent Auditor's Report

獨立核數師報告

KEY AUDIT MATTERS

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

Assessment of impairment of property, plant and equipment and land use rights

Refer to notes 16 and 17 to the consolidated financial statements and the accounting policies set out on note 2(j).

Key audit matter	How the matter was addressed in our audit
The carrying amounts of property, plant and equipment and land use rights are reviewed annually and adjusted for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.	Our procedures in related to management's impairment assessment included: <ul style="list-style-type: none"> discussing with management on the reasons for the poor performance of the Group during the year; and evaluating the reasons for such;
The Group has experienced a significant drop in revenue during the year due to the adverse impact on the Group by the external policies and environment on the pharmaceutical industry, the Group recognised impairment loss on property, plant and equipment and land use rights of RMB683,326,000 and RMB27,558,000 respectively for the year ended 31 December 2017.	<ul style="list-style-type: none"> discussing and evaluating management's identification of indicators of potential impairment and the methodology applied in the preparation of the discounted cash flow forecast with reference the requirements of the prevailing accounting standards, taking into account business changes during the year;
As at 31 December 2017, management recorded impairment losses on property, plant and equipment and land use rights, which have been written down to their estimated recoverable amounts based on fair value less costs of disposal with reference to a valuation report issued by an independent professional valuer.	<ul style="list-style-type: none"> assessing the competence, capability and objectivity of the external independent professional valuer engaged by the Group to estimate the recoverable amount and evaluating the methodology adopted by the external independent professional valuer; discussing with the external independent professional valuer on the scope, and assessing the appropriateness of the valuation methodologies used in determining the recoverable amounts based on our industry knowledge and market practices;

關鍵審核事項

根據吾等的專業判斷，關鍵審核事項為吾等審核於本期間綜合財務報表中最重要事項。吾等於審核綜合財務報表並就此形成意見時已從整體上處理此等事項，而不會就此等事項單獨發表意見。

物業、廠房及設備以及土地使用權的減值評估

請參閱綜合財務報表附註16及17以及附註2(j)所載會計政策。

關鍵審核事項	在審核中的處理方法
物業、廠房及設備及土地使用權之賬面值須每年審核，並於發生事件或情況變動顯示其賬面值可能無法收回時作出調整。	吾等就管理層的減值評估之程序包括： <ul style="list-style-type: none"> 與管理層討論 貴集團年內表現欠佳之原因及檢討原因；
由於醫藥行業外部政策及環境對本集團造成之不利影響，貴集團於年內經歷重大收益下跌。截至二零一七年十二月三十一日止年度，貴集團分別就物業、廠房及設備以及土地使用權確認減值虧損人民幣683,326,000元及人民幣27,558,000元。	<ul style="list-style-type: none"> 討論及檢討管理層識別潛在減值跡象及編製已貼現現金流量預測應用之方法（經參考現行會計準則要求及考慮年內業務變動）；
於二零一七年十二月三十一日，管理層錄得物業、廠房及設備及土地使用權減值虧損，經參考獨立專業估值師出具之估值報告後基於公平值減出售成本撇減至其估計可收回金額。	<ul style="list-style-type: none"> 評估 貴集團委聘以估計可收回金額之估值師是否勝任、具備能力及其客觀性以及外部獨立專業估值師採用之方法； 與外部獨立專業估值師討論用於釐定可收回金額估值方法（基於行業知識及市場慣例）之範圍及評估是否恰當；

Independent Auditor's Report

獨立核數師報告

KEY AUDIT MATTERS (Continued)

Assessment of impairment of property, plant and equipment and land use rights (Continued)

Key audit matter	How the matter was addressed in our audit
<p>The recoverable amount was determined based on the expected cash flows to be generated and discounted to their present value. The preparation of a discounted cash flow forecast involves the exercise of significant judgement, particularly in revenue growth and forecasting sales volumes, selling prices, production costs, capital expenditure and in determining an appropriate discount rate.</p> <p>We identified assessing impairment of property, plant and equipment and land use rights as a key audit matter because the selection of the various assumptions adopted in the discounted cash flow forecast.</p>	<ul style="list-style-type: none"> assessing the valuation methodologies and certain key assumptions used in determining the recoverable amounts with the assistance of our internal valuation specialists; challenging the key assumptions used in the discounted cash flow forecast which included forecasting sales volumes, selling prices, production costs, capital expenditure, historical information, etc; assessing the reasonableness of the key assumptions used by the external independent professional valuer such as revenue growth rate, discount rate and terminal growth rate by comparing these assumptions against relevant market data and industry research; comparing the actual results for the current year with management's forecasts prepared in the previous year to assess the historical accuracy of the management's forecasting process; and re-performing management's calculations of the key assumptions adopted in the cash flow forecasts.

關鍵審核事項 (續)

物業、廠房及設備以及土地使用權的減值評估 (續)

關鍵審核事項	在審核中的處理方法
<p>可收回金額基於預期產生之現金流量釐定及貼現至現值。編製已貼現現金流量預測涉及行使重大判斷，尤其是預測收益增長率及預測銷售量、售價、生產成本、資本開支以及釐定貼現率。</p> <p>我們將評估物業、廠房及設備以及土地使用權的減值確定為關鍵審計事項，因為貼現現金流量預測中各種採用假設的選擇。</p>	<ul style="list-style-type: none"> 於貴集團內部估值專家協助下評估用於釐定可收回金額的估值方法及若干關鍵假設； 對用於已貼現現金流量預測的關鍵假設(包括銷售量、售價、生產成本、資本開支、過往資料等)提出疑問； 透過對外部獨立專業估值師所用的關鍵假設，例如收益增長率、貼現率及終端增長率與市場數據及行業研究作出比較評估其合理性； 比較本年實際業績及管理層於過往年度製備之預測以評估管理層預測程序之過往準確性；及 重新進行已貼現現金流量預測應用的關鍵假設管理層計算。

Independent Auditor's Report

獨立核數師報告

KEY AUDIT MATTERS (Continued)

Assessment of impairment of goodwill and intangible assets arising from acquisition

Refer to notes 18 and 19 to the consolidated financial statements and the accounting policies set out on note 2(j).

Key audit matter

For the year ended 31 December 2017, the Group had recognised impairment loss on goodwill and intangible assets of RMB107,055,000 and RMB3,121,000 respectively.

The Group has experienced substantial change in the management of a subsidiary, resulting in the sales results fall short of below expectation during the year.

Management engaged an independent professional valuer to assist in performing impairment assessment on the goodwill and intangible assets using value in use calculations.

We identified goodwill and intangible assets impairment assessment as a key audit matter because significant management judgements were involved in the underlying assumptions of the impairment assessment.

How the matter was addressed in our audit

Our procedures in related to management's impairment assessment included:

- discussing and evaluating management's identification of indicators of potential impairment and the methodology applied in the preparation of the discounted cash flow forecast with reference the requirements of the prevailing accounting standards, taking into account business changes during the year;
- assessing the competence, capability and objectivity of the independent professional valuer engaged by the Group to estimate the recoverable amount and evaluating the valuation methodology adopted by the independent professional valuer; and
- comparing the actual results for the current year with management's forecasts prepared in the previous year to assess the historical accuracy of the management's forecasting process.

關鍵審核事項 (續)

商譽及因收購產生之無形資產的減值評估

請參閱綜合財務報表附註18及19以及附註2(j)所載會計政策。

關鍵審核事項

截至二零一七年十二月三十一日止年度，貴集團分別就商譽及無形資產確認減值虧損人民幣107,055,000元及人民幣3,121,000元。

貴集團一間附屬公司管理層經歷重大變動，致令年內銷售業績遠低於預期。

管理層委聘獨立專業估值師協助對商譽及無形資產按使用價值進行減值評估。

我們將商譽及無形資產的減值評估確定為關鍵審計事項，因為重大管理層判斷涉及減值評估的相關假設。

在審核中的處理方法

吾等就管理層的減值評估之程序包括：

- 討論及檢討管理層識別潛在減值跡象及編製已貼現現金流量預測應用之方法（經參考現行會計準則要求及考慮年內業務變動）；
- 評估 貴集團委聘以估計可收回金額之獨立專業估值師是否勝任、具備能力及其客觀性以及檢討獨立專業估值師採用之估值方法；及
- 比較本年實際業績及管理層於過往年度製備之預測以評估管理層預測程序之過往準確性。

Independent Auditor's Report

獨立核數師報告

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND OUR AUDITOR'S REPORT THEREON

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

綜合財務報表以外的資料及就此發出的核數師報告

董事須對其他資料承擔責任。其他資料包括年報中所包含的所有資料，惟不包括綜合財務報表及吾等就此發出的核數師報告。

吾等對綜合財務報表作出的意見並不涵蓋其他資料，且吾等不對其他資料發表任何形式的核證結論。

就審核綜合財務報表而言，吾等的責任是閱讀其他資料，從而考慮其他資料是否與綜合財務報表或吾等在審核過程中獲悉的資料存在重大不符，或似乎存在重大錯誤陳述。

倘若吾等基於已完成的工作作出結論，認為其他資料出現重大錯誤陳述，吾等須報告此事實。吾等就此並無須報告事項。

董事就綜合財務報表須承擔的責任

董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港《公司條例》之披露規定編製綜合財務報表，以令綜合財務報表作出真實而公允的反映，及落實其認為編製綜合財務報表所必要的內部控制，以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

在編製綜合財務報表時，董事須負責評估貴集團持續經營的能力，並披露與持續經營有關的事項（如適用），且除非董事有意將貴集團清盤或停止營運，或除此之外並無其他實際可行的辦法，否則董事須採用持續經營會計基準。

董事在審核委員會的協助下履行其職責，監督貴集團的財務報告流程。

Independent Auditor's Report

獨立核數師報告

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 persons for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

核數師就審核綜合財務報表須承擔的責任

吾等的目標是合理確定整體而言綜合財務報表是否不存在由於欺詐或錯誤而導致的重大錯誤陳述，並發出包含吾等意見的核數師報告。本報告僅向全體股東報告，除此之外別無其他目的。吾等不會就本報告的內容向任何其他人士負上或承擔任何責任。

合理保證屬高水平的核證，但不能保證根據香港核數準則進行的審核工作總能發現所有存在的重大錯誤陳述。錯誤陳述可源於欺詐或錯誤，倘個別或整體在合理預期情況下可影響使用者根據綜合財務報表作出的經濟決定時，被視為重大錯誤陳述。

吾等根據《香港核數準則》進行審核的工作之一，是運用專業判斷，在整個審核過程中抱持專業懷疑態度。吾等亦：

- 識別及評估綜合財務報表由於欺詐或錯誤而導致重大錯誤陳述的風險，因應該等風險設計及執行審核程序，獲得充足及適當的審核憑證為吾等的意見提供基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險較因錯誤而導致的重大錯誤陳述的風險為高。
- 了解與審核有關的內部控制，以設計恰當的審核程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及所作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基準的恰當性作出結論，且根據所得的審核憑證，決定是否存在與事件或情況有關的重大不確定性，而可能對貴集團持續經營的能力構成重大疑慮。倘吾等的結論認為存在重大不確定性，則須在核數師報告中提請對綜合財務報表中相關披露資料的關注或倘若有關披露資料不足，則修訂吾等的意見。吾等的結論是基於截至核數師報告日期所取得的審核憑證。然而，未來事件或情況可能導致貴集團停止繼續持續經營。

Independent Auditor's Report

獨立核數師報告

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement director on the audit resulting in this independent auditor's report is Sze Chor Chun, Yvonne.

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong, 20 April 2018

Sze Chor Chun, Yvonne
Practising Certificate Number P05049

核數師就審核綜合財務報表須承擔的責任(續)

- 評估綜合財務報表(包括披露資料)的整體列報、架構和內容,以及綜合財務報表是否已公允地列報相關交易及事項。
- 就貴集團內各實體或業務活動的財務資料獲得充足適當的審核憑證,以就綜合財務報表發表意見。吾等須負責指導、監督和執行集團審核。吾等仍須為吾等的審核意見承擔全部責任。

吾等就(其中包括)計劃審核範圍、審核時間及重大審核發現(包括吾等在審核期間識別出內部控制的任何重大缺陷)與審核委員會進行溝通。

吾等亦向審核委員會提交聲明,說明吾等已符合有關獨立性的相關道德規範,並就一切被合理認為會影響吾等獨立性的關係和其他事項以及相關保障措施(如適用)與彼等進行溝通。

從與審核委員會溝通的事項中,吾等確定本期綜合財務報表審核的最重要事項即為關鍵審核事項。除非法律或法規不容許公開披露此等事項或在極罕有的情況下,吾等釐定披露此等事項可合理預期的不良後果將超過其產生的公眾利益而不應在吾等報告中予以披露,否則吾等會在核數師報告中描述此等事項。

本獨立核數師報告的審核工作董事為史楚珍。

國富浩華(香港)會計師事務所有限公司
執業會計師
香港,二零一八年四月二十日

史楚珍
執業證書號碼 P05049

Consolidated Statement of Profit or Loss

綜合損益表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

		Note	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Revenue	收益	8	62,534	263,025
Cost of sales	銷售成本		(119,311)	(245,062)
Gross (loss)/profit	毛(虧)/利		(56,777)	17,963
Other income	其他收入	9	1,803	14,196
Net loss on disposal of property, plant and equipment	出售物業、廠房及設備 之虧損淨額		-	(7)
Distribution costs	分銷費用		(4,739)	(15,478)
Administrative expenses	行政費用		(39,528)	(82,781)
Finance costs	融資成本	10(a)	(12,695)	(2,117)
Impairment loss on land use rights	土地使用權減值虧損	17	(27,558)	(15,261)
Impairment loss on property, plant and equipment	物業、廠房及設備減值虧損	16	(683,326)	(316,841)
Impairment loss on other intangible assets	其他無形資產減值虧損	18	(3,121)	-
Impairment loss on goodwill	商譽減值虧損	19	(107,055)	-
Impairment loss on amounts due from an associate	應收一間聯營公司款項減值 虧損	23	(89,915)	-
Impairment loss on investment in an associate	於一間聯營公司投資減值 虧損	21	(4,795)	-
Impairment loss on other receivable	其他應收款之減值虧損	23	(2,540)	-
Written off on property, plant and equipment	物業、廠房及設備撇銷	16	(66)	(89,931)
Written off on inventories	存貨撇銷	22	(4,544)	(13,036)
Share of results of an associate	應佔一間聯營公司業績		-	(105)
Loss before taxation	除稅項前虧損	10	(1,034,856)	(503,398)
Income tax	所得稅	13	(116,888)	107,140
Loss for the year attributable to owners of the Company	本公司擁有人應佔年內虧損		(1,151,744)	(396,258)
Loss per share - Basic and diluted	每股虧損 - 基本及攤薄	15	RMB(47.8) cents 人民幣(47.8)分	RMB(20.0) cents 人民幣(20.0)分

The notes on pages 64 to 167 form part of these financial statements.

第64至167頁的附註構成本財務報表之一部分。

Consolidated Statement of Profit or Loss and Other Comprehensive Income

綜合損益及其他全面收益表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Loss for the year	年內虧損	(1,151,744)	(396,258)
Other comprehensive loss for the year, net of income tax	年內其他全面虧損，扣除所得稅		
Items that may be reclassified subsequently to profit or loss:	其後或會重新分類為損益之項目：		
Exchange differences on translation of foreign operations	換算海外業務產生之匯兌差額	(530)	—
Total comprehensive loss for the year attributable to owners of the Company	本公司擁有人應佔年內 全面虧損總額	(1,152,274)	(396,258)

The notes on pages 64 to 167 form part of these financial statements.

第64至167頁的附註構成本財務報表之一部分。

Consolidated Statement of Financial Position

綜合財務狀況表

As at 31 December 2017 於二零一七年十二月三十一日

		Note	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	16	191,263	750,373
Land use rights	土地使用權	17	7,714	36,137
Goodwill	商譽	19	–	107,055
Other intangible assets	其他無形資產	18	–	3,918
Deferred tax assets	遞延稅項資產	30(b)	49,740	169,736
Interests in an associate	於一間聯營公司權益	21	–	4,795
Finance lease receivables	財務租賃應收款項	24	29,878	–
			278,595	1,072,014
Current assets	流動資產			
Inventories	存貨	22	39,369	14,133
Trade and other receivables	貿易應收款項及其他應收款項	23	83,079	112,280
Tax recoverable	可收回稅項	30(a)	302	336
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產	26	–	41,977
Finance lease receivables	財務租賃應收款項	24	42,982	–
Loan receivables	貸款應收款項	25	25,000	–
Cash and cash equivalents	現金及現金等價物	27	61,725	147,547
			252,457	316,273
Current liabilities	流動負債			
Trade and other payables	貿易應付款項及其他應付款項	28	13,916	49,546
Secured bank loans	有抵押銀行貸款	29	281,942	85,600
Current taxation	當期稅項	30(a)	1,435	988
			297,293	136,134
Net current (liabilities)/assets	淨流動(負債)/資產		(44,836)	180,139
Total assets less current liabilities	總資產減流動負債		233,759	1,252,153
Non-current liabilities	非流動負債			
Deposit received	已收按金	28	4,640	–
Deferred tax liabilities	遞延稅項負債	30(b)	9,894	13,736
			14,534	13,736
Net assets	淨資產		219,225	1,238,417
Capital and reserves	資本及儲備			
Share capital	股本	31(b)	27,009	21,762
Reserves	儲備		192,216	1,216,655
Total equity attributable to owners of the Company	本公司擁有人應佔總權益		219,225	1,238,417

Approved and authorised for issue by the board of directors on 20 April 2018 and signed on its behalf by:

Chen Chengqing
陳成慶
Chairman
主席

已於二零一八年四月二十日經董事會批准及授權刊發，並由以下人士代表簽署：

Hung Hoi Lan
洪海瀾
Executive Director
執行董事

The notes on pages 64 to 167 form part of these financial statements.

第64至167頁的附註構成本財務報表之一部分。

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

		Attributable to owners of the Company 本公司擁有人應佔									
		Share capital 股本 (note 31(b)) (附註 31(b)) RMB'000 人民幣千元	Share premium 股份溢價 (note 31(c)(i)) (附註 31(c)(i)) RMB'000 人民幣千元	Share Option reserve 購股權儲備 (note 31(c)(vi)) (附註 31(c)(vi)) RMB'000 人民幣千元	Special reserve 特別儲備 (note 31(c)(ii)) (附註 31(c)(ii)) RMB'000 人民幣千元	Capital reserve 資本儲備 (note 31(c)(iii)) (附註 31(c)(iii)) RMB'000 人民幣千元	Statutory surplus reserve 法定盈餘儲備 (note 31(c)(iv)) (附註 31(c)(iv)) RMB'000 人民幣千元	Translation reserve 匯兌儲備 (note 31(c)(vii)) (附註 31(c)(vii)) RMB'000 人民幣千元	Non-distributable reserve 不可分派儲備 (note 31(c)(v)) (附註 31(c)(v)) RMB'000 人民幣千元	Retained profits/losses (accumulated) (保留溢利／ (累計虧損) RMB'000 人民幣千元	Total equity 總權益 RMB'000 人民幣千元
At 1 January 2016	於二零一六年一月一日	18,527	980,979	-	(124,106)	53,000	262,004	-	23,752	331,309	1,545,465
Loss and total comprehensive loss for the year	年內虧損及全面虧損總額	-	-	-	-	-	-	-	-	(396,258)	(396,258)
Shares issued under placement (note 31(b)(ii))	根據配售發行之股份 (附註 31(b)(ii))	3,235	66,059	-	-	-	-	-	-	-	69,294
Equity-settled share-based transactions (note 32)	以權益結算以股份為基礎之交易 (附註 32)	-	-	19,916	-	-	-	-	-	-	19,916
Transfer to statutory surplus reserve	轉撥至法定盈餘儲備	-	-	-	-	-	2,193	-	-	(2,193)	-
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日 及二零一七年一月一日	21,762	1,047,038	19,916	(124,106)	53,000	264,197	-	23,752	(67,142)	1,238,417
Loss for the year	年內虧損	-	-	-	-	-	-	-	-	(1,151,744)	(1,151,744)
Other comprehensive loss	其他全面虧損	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	換算海外業務之匯兌差額	-	-	-	-	-	-	(530)	-	-	(530)
Loss and total comprehensive loss for the year	年內虧損及全面虧損總額	-	-	-	-	-	-	(530)	-	(1,151,744)	(1,152,274)
Shares issued under placement (note 31(b)(iii))	根據配售發行之股份 (附註 31(b)(iii))	3,832	84,878	-	-	-	-	-	-	-	88,710
Shares issued upon exercise of share option (note 31(b)(iv))	於行使購股權後發行之股份 (附註 31(b)(iv))	1,415	63,659	(19,916)	-	-	-	-	-	-	45,158
Disposal of a subsidiary (note 38)	出售一間附屬公司(附註 38)	-	-	-	-	-	(786)	-	-	-	(786)
At 31 December 2017	於二零一七年十二月三十一日	27,009	1,195,575	-	(124,106)	53,000	263,411	(530)	23,752	(1,218,886)	219,225

The notes on pages 64 to 167 form part of these financial statements.

第64至167頁的附註構成本財務報表之一部分。

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Operating activities	經營活動		
Loss before tax	除稅前虧損	(1,034,856)	(503,398)
Adjustments for:	為下列各項調整：		
Interest income	利息收入	(1,037)	(1,877)
Finance cost	融資成本	12,695	2,117
Net loss on disposal of property, plant and equipment	出售物業、廠房及設備之淨虧損	-	7
Gain on disposal of a subsidiary	出售一間附屬公司之收益	(746)	-
Depreciation of property, plant and equipment	物業、廠房及設備折舊	80,225	74,794
Amortisation of other intangible assets	其他無形資產攤銷	797	66
Amortisation of land use rights	土地使用權的攤銷	865	1,234
Written off on property, plant and equipment	物業、廠房及設備撇銷	66	89,931
Write off on inventories	存貨撇銷	4,544	13,036
Equity-settled share-based payment expenses	以權益估算以股份為基礎的支出	-	19,916
Exchange gain, net	匯兌收益淨額	(466)	-
Share of results of an associate	應佔聯營公司業績	-	105
Loss on disposal on financial assets	出售按公平值記入損益		
at fair value through profit or loss	之財務資產之虧損	2,111	-
Changes in fair value on financial assets	按公平值計入損益之		
at fair value through profit or loss	金融資產公平值變動	-	(9,308)
Impairment loss on property, plant and equipment	物業、廠房及設備減值虧損	683,326	316,841
Impairment loss on land use rights	土地使用權減值虧損	27,558	15,261
Impairment loss on other intangible assets	其他無形資產減值虧損	3,121	-
Impairment loss on goodwill	商譽減值虧損	107,055	-
Impairment loss on amounts due from an associate	應收一間聯營公司款項減值虧損	89,915	-
Impairment loss on investment in an associate	於一間聯營公司投資減值虧損	4,795	-
Impairment loss on other receivables	其他應收款之減值虧損	2,540	-
		(17,492)	18,725
Changes in working capital	營運資金變動		
(Increase)/decrease in inventories	存貨(增加)/減少	(29,780)	3,616
(Increase)/decrease in trade and other receivables	貿易應收款項及其他應收款項(增加)/減少	(62,483)	34,884
Increase/(decrease) in trade and other payables	貿易應付款項及其他應付款項增加/(減少)	11,683	(90,451)
Payment for purchase of financial assets	按公平值計入損益之		
at fair value through profit or loss	金融資產的購買付款	-	(32,669)
Increase in finance lease receivables	財務租賃應收款項增加	(72,860)	-
Cash used in operations	經營活動所用現金	(170,932)	(65,895)
Income tax paid – The People's Republic of China (the "PRC")	已付所得稅 – 中華人民共和國(「中國」)	(287)	(4,393)
Net cash used in operating activities	經營活動(所用)/所得現金淨額	(171,219)	(70,288)

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

			2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Note 附註				
Investing activities	投資活動			
Interest received	已收利息		266	1,877
Increase in loan receivables	貸款應收款項增加		(25,000)	-
Net cash outflows from acquisition of a subsidiary	收購一間附屬公司現金流出淨額	37	-	(16,774)
Net cash outflow from investment in an associate	投資一間聯營公司現金流出淨額		-	(4,900)
Payment for the purchase of property, plant and equipment	購置物業、廠房及設備的付款		(204,513)	(435,477)
Proceeds from sale of property, plant and equipment	銷售物業、廠房及設備所得款項		-	85
Settlement of contingent consideration payable	結算應付或然代價公平值	37	(44,643)	-
Proceeds from disposal of financial assets at fair value through profit of loss	出售按公平值計入損益之金融資產之所得款項		39,866	-
Net cash used in investing activities	投資活動所用現金淨額		(234,024)	(455,189)
Financing activities	融資活動			
Interest paid	已付利息		(10,725)	(2,117)
Proceeds from issue of new shares, net of issuance costs	發行新股份(扣除發行成本)所得款項		133,868	69,294
Proceeds from new bank loans	新銀行貸款所得款項		196,900	105,600
Repayment of bank loans	償還銀行貸款		(558)	(55,000)
Net cash generated from financing activities	融資活動所得現金淨額		319,485	117,777
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額		(85,758)	(407,700)
Cash and cash equivalents at 1 January	於一月一日的現金及現金等價物		147,547	555,247
Effect of foreign exchange rates changes	外匯變動之影響		(64)	-
Cash and cash equivalents at 31 December	於十二月三十一日的現金及現金等價物		61,725	147,547
Analysis of the balances of cash and cash equivalents	現金及現金等價物結餘分析			
Cash and cash equivalents at 31 December	於十二月三十一日的現金及現金等價物	27(a)	61,725	147,547

The notes on pages 64 to 167 form part of these financial statements.

第64至167頁的附註構成本財務報表之一部分。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

1. GENERAL

Sanai Health Industry Group Company Limited (formerly known as “Wuyi International Pharmaceutical Company Limited”) (the “Company”) was incorporated in the Cayman Islands on 21 March 2006 and registered as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “Cayman Companies Law”) and acts as an investment holding company. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 1 February 2007. The addresses of the registered office and principal place of business of the Company are Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands and Unit 1309, 13/F., West Tower, Shun Tak Centre, Sheung Wan, Hong Kong respectively. The principal activities of its principal subsidiaries are the development, manufacturing, marketing and sales of pharmaceutical products, sales of pharmaceutical related software, provision of consultancy services, general trading and provision of finance leasing services.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

1. 一般資料

三愛健康產業集團有限公司(前稱為武夷國際藥業有限公司)(「本公司」)根據開曼群島公司法(「開曼群島公司法」)第22章(一九六一年第三條法例)(經綜合及修訂)於二零零六年三月二十一日在開曼群島註冊成立為受豁免有限公司並作為一家投資控股公司。其股份於二零零七年二月一日於香港聯合交易所有限公司(「聯交所」)主板上市。本公司的註冊辦事處及主要營業地點的地址分別為Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands及香港上環信德中心西座13樓1309室。本公司主要附屬公司的主要業務為從事醫藥產品開發、製造、市場推廣及銷售,以及銷售醫藥相關軟件、提供顧問服務、一般貿易及提供融資租賃服務。

2. 主要會計政策

a) 合規聲明

本財務報表是按照香港會計師公會(「香港會計師公會」)頒佈的所有適用的香港財務報告準則(「香港財務報告準則」)(此統稱包括所有適用的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的披露規定編製。本財務報表亦有遵照聯交所證券上市規則(「上市規則」)的適用披露規定。

香港會計師公會已頒佈若干新訂及經修訂香港財務報告準則,該等香港財務報告準則於本集團之現行會計期間首次生效或可供提早採納。附註3提供首次應用此等新訂及經修訂準則所引致之任何會計政策變動之資料,以於本財務報表中反映現行及過往會計期間與本集團相關者為限。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in an associate.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). These financial statements are presented in Renminbi (“RMB”), rounded to the nearest thousand except for per share data. RMB is the Company’s functional and the Group’s presentation currency.

The measurement basis used in the preparation of the financial statements is the historical cost basis except as otherwise set out in the accounting policies below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 4.

2. 主要會計政策 (續)

b) 財務報表的編製基準

截至二零一七年十二月三十一日止年度的綜合財務報表涵蓋本公司及其附屬公司(統稱為「本集團」)及本集團於聯營公司權益。

本集團各實體財務報表所載之項目乃按實體經營的主要經濟環境之貨幣(「功能貨幣」)計量。該等財務報表以人民幣(「人民幣」)呈列，湊整至最接近千位數，惟每股數據除外。人民幣為本公司之功能貨幣及本集團之呈列貨幣。

編製財務報表所用的計量基準為歷史成本法(所載者另有規定除外)。

按照香港財務報告準則編製財務報表時，管理層必須作出影響政策應用及所呈報資產、負債、收入及開支數額之判斷、估計及假設。在沒有其他明顯可參考的渠道下，其資產及負債的賬面值有關結果將由乃以過往經驗及多項其他於有關情況下視作合理之因素為基準的估計及有關假設組成。實際結果可能有別於此等估計數字。

估計及相關假設按持續基準予以檢討。僅影響該期間之會計估計修訂於修訂估計期間確認，倘修訂影響現時及日後期間，則於修訂之期間及日後期間確認。

管理層在應用香港財務報告準則時所作出對該等財務報表有重大影響的判斷，以及估計不確定性的主要來源載列於附註4。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of preparation of the financial statements (Continued)

Going concern basis

During the year ended 31 December 2017, the Group incurred a net loss of RMB1,151,744,000 (2016: RMB396,258,000), and as of that date, the Group had net current liabilities of RMB44,836,000 (2016: net current assets of RMB180,139,000). These conditions, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company have taken steps to improve the Group's liquidity and solvency position, having regard to the following: (i) the Company expected to have the ability to and can successfully renew interest-bearing bank borrowings in aggregate of RMB167,542,000 as at 31 December 2017 and (ii) obtained loan facilities of HK\$150,000,000 (equivalent to approximately RMB120,000,000) granted by a non-banking financial institution in Hong Kong in April 2018; and (iii) the Company expected to adjust the selling price and undertake cost measures for the year ending 31 December 2018. The directors are of the opinion that the Group will be able to generate sufficient funds to meet its financial obligations when they fall due in the foreseeable future. Accordingly, the consolidated financial statements of the Group have been prepared on a going concern basis.

The validity of the going concern assumption on which the consolidated financial statements are prepared is dependent on the successful and favourable outcomes of the steps being taken by the directors as described above.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

2. 主要會計政策 (續)

b) 財務報表的編製基準 (續)

持續經營基準

截至二零一七年十二月三十一日止年度，本集團產生淨虧損約人民幣1,151,744,000元（二零一六年：人民幣396,258,000元），而於有關日期，本集團有流動負債淨額人民幣44,836,000元（二零一六年：流動資產淨額人民幣180,139,000元）。該等狀況顯示存在重大不明朗因素，可能對本集團繼續按持續經營基準之能力及其後對於一般業務過程中變現其資產及償還負債之能力產生重大疑問。

經考慮到以下各項，本公司董事已採取行動改善本集團的流動資金及償付能力狀況：(i) 本公司預期有能力可於二零一七年十二月三十一日重續計息銀行借貸合共人民幣167,542,000元；(ii) 於二零一八年四月獲得香港一間非銀行金融機構授出可動用貸款融資150,000,000港元（相當於約人民幣120,000,000元）；及(iii) 截至二零一八年十二月三十一日止年度本公司預期調整售價及進行成本計量。董事認為本集團將可產生充裕資金應付其在可預見未來到期的財務承擔。因此，本集團之綜合財務報表已按持續經營基準編製。

編製綜合財務報表所依據之持續經營假設是否有效取決於上述董事所採取措施是否取得良好成果。

倘本集團無法繼續持續經營，則須進行調整，將資產價值重列至可收回金額，並就可能產生之任何額外負債作出撥備，以及將非流動資產及負債分別重新分類為流動資產及負債。該等綜合財務報表尚未反映這些潛在調整之影響。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(j)).

d) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

2. 主要會計政策(續)

c) 附屬公司

附屬公司指受本集團控制的實體。當本集團因參與某實體對可變回報承擔風險或享有權利，及有能力藉對實體行使其權力而影響其回報，則本集團控制該實體。當評估本集團是否有權力時，只考慮實質權利(由本集團及其他人士持有)。

於附屬公司的投資自獲得控制權當日起併入綜合財務報表，直至控制權結束當日為止。集團公司間的結餘及交易以及從集團公司間交易產生的任何未變現現金流量，均於編製綜合財務報表時全數對銷。從集團公司間交易產生的未變現虧損，在沒有證據顯示出現減值的情況下按未變現收益的相同方式予以對銷。

本集團於現有附屬公司的擁有權益變動

本集團於一間附屬公司的權益變動(其不會導致失去控制權)入賬為股權交易，而綜合權益內之控股及非控股權益金額已作調整，以反映相關權益的變動，但並不會對商譽作出調整及不會確認損益。

倘本集團失去一間附屬公司之控制權，則會入賬為出售該附屬公司的全部權益，而收益或虧損會於損益表確認。於失去控制權當日在前附屬公司保留之權益按公平值確認，而有關金額被視為於初步確認金融資產之公平值，或(如適用)初步確認為聯營公司或合營企業之投資成本。

於本公司的財務狀況表內，於附屬公司的投資乃按成本減減值虧損列賬(見附註2(j))。

d) 聯營公司

聯營公司乃指本集團可以對其管理層發揮重大影響力的實體，包括參與其財務及經營決策，而非控制或聯合控制管理層。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Associates (Continued)

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 2(j)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

2. 主要會計政策 (續)

d) 聯營公司 (續)

於聯營公司的投資乃按權益法列入綜合財務報表，除非其被分類為持作出售。根據權益法，投資初步按成本入賬，按本集團佔被投資公司可識別資產淨值於收購日期公平值超出投資成本之任何差額(如有)作出調整。其後，投資就本集團佔被投資公司資產淨值之收購後變動及任何有關投資之減值虧損(見附註2(j))作出調整。任何收購日期超過成本之差額、本集團佔被投資公司於收購後之除稅後業績及任何年度減值虧損於綜合損益表內確認，而本集團佔被投資公司於收購後之除稅後其他全面收益項目於綜合損益及其他全面收益表確認。

如本集團應佔聯營公司之虧損超過其應佔權益，則本集團的權益將減至零，並會終止確認進一步虧損，惟集團所承擔之法律或推定責任或代表被投資公司償付之承擔除外。就此而言，本集團之權益為按權益法計算之投資賬面值，連同實質上構成本集團於聯營公司的投資淨值之集團長期權益。

集團與其聯營公司之間交易所產生之未變現損益，均按本集團於被投資公司所佔的權益比率抵銷，倘未變現虧損顯示已轉讓資產出現減值，則該等未變現虧損會即時於損益中確認。

倘於聯營公司之投資成為於合營企業的投資(反之亦然)，保留權益不會予以重新計量。投資反而繼續按權益法入賬。

於所有其他情況下，當本集團不再對聯營公司擁有重大影響力時，則按出售於該被投資公司的全部權益入賬，所產生之收益或虧損於損益中確認。任何於失去重大影響力在前被投資公司保留的權益按公平值確認及該金額被視為於初步確認金融資產時的公平值。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) i) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Incomes Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

2. 主要會計政策(續)

e) i) 業務合併

業務收購乃採用收購法入賬。於業務合併轉撥之代價按公平值計量，而計算方法為本集團所轉撥之資產、本集團對被收購方前擁有人產生之負債及本集團於交換被收購方之控制權所發行之股權於收購日期之公平值之總和。與收購有關之成本一般於產生時在損益中確認。

於收購日期，所收購可識別資產及所承擔負債按其公平值確認，惟下列項目除外：

- 遞延稅項資產或負債及與僱員福利安排有關之負債或資產分別根據香港會計準則第12號「所得稅」及香港會計準則第19號「員工福利」確認及計量；
- 與被收購方以股份支付款項安排或本集團之以股份支付款項安排替換被收購方以支付款項安排有關的負債或權益工具於收購日期根據香港財務報告準則第2號「以股份支付款項」計量；及
- 根據香港財務報告準則第5號「持作出售之非流動資產及已終止經營業務」劃分為持作出售之資產(或出售組合)根據該項準則計量。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) i) Business combinations (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

2. 主要會計政策(續)

e) i) 業務合併(續)

商譽乃以所轉讓之代價、任何非控股權益於被收購方中所佔金額及收購方以往持有之被收購方股權公平值(如有)之總和超出所收購可識別資產及所承擔的負債於收購日期之淨值之部份計量。倘經過評估後，所收購可識別資產及所承擔負債於收購日期之淨值超出所轉讓代價、任何非控股權益於被收購方中所佔金額以及收購方以往持有之被收購方股權公平值(如有)之總和，則超出部份即時於損益內確認為議價收購收益。

屬現時擁有權益且於清盤時讓持有人有權按比例分佔相關附屬公司資產淨值之非控股權益，可初步按非控股權益應佔被收購方可識別資產淨值之已確認金額比例計量。計量基準視乎每項交易而作出選擇。其他類別之非控股權益乃按其公平值計量。

當本集團於業務合併中轉讓之代價包括或然代價安排產生之資產或負債時，或然代價按其收購日期公平值計量，並視為於業務合併中所轉撥之代價一部份。或然代價之公平值變動(證實為計量期間調整)可回顧調整，而就商譽作出相應調整。計量期間調整乃於「計量期間」(其不可超過自收購日期起計一年)內所獲得之有關於收購日期存在之事實及情況之額外資料所產生之調整。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) i) Business combinations (Continued)

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

2. 主要會計政策(續)

e) i) 業務合併(續)

或然代價之隨後入賬並無確認為計量期間調整，而取決於或然代價如何劃分。劃分為權益之或然代價並無於隨後申報日期重新計量，而其隨後結算於權益內入賬。劃分為資產或負債之或然代價於隨後申報日期重新計量至公平值，而相應之盈利或虧損於損益表中確認。

倘業務合併分階段完成，本集團先前於被收購方持有之股權重新計量至收購日期(即本集團獲得控制權當日)之公平值，而所產生之損益(如有)於損益中確認。過往於收購日期前於其他全面收益確認之被收購方權益所產生款額重新分類至損益(倘有關處理方法適用於出售權益)。

倘業務合併之初步會計處理於合併發生之申報期末尚未完成，則本集團報告未完成會計處理之項目臨時數額。該等臨時數額會於計量期間(見上文)予以調整，或確認額外資產或負債，以反映於收購日期已存在而倘知悉將可能影響該日已確認款額之事實與情況所取得之新資訊。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) ii) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

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, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

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 (or of any of the cash-generating unit within group of cash-generating units in which the Group monitors goodwill).

2. 主要會計政策(續)

ii) 商譽

收購業務產生之商譽按於業務收購結束時確定之成本值減累計減值虧損(如有)列賬。

就減值測試而言，商譽乃分配至本集團各現金產生單位(或現金產生單位組別)，預期會受惠於合併所產生之協同效益，即為內部管理目的監察商譽之最低水平且不大於經營分部。

本集團會每年或於有關單位可能出現減值跡象時更頻繁地對商譽獲分配之現金產生單位(或現金產生單位組別)進行減值測試。就報告期內收購所產生之商譽，獲分配商譽之現金產生單位(或現金產生單位組合)會於報告期末前進行減值測試。倘可收回金額低於其賬面值，本集團會首先分配減值虧損以調減任何商譽獲分配單位之賬面值，然後根據單位中每項資產之賬面值按比例調減該單位(或現金產生單位組別)其他資產之賬面值。

出售有關現金產生單位時，商譽應佔之金額乃於釐定出售之損益金額時入賬(或本集團監察商譽之現金產生單位組合內之任何現金產生單位)。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Other investments in equity securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries and associates, are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in note 2(s) (v) and (ii).

Investments in securities which do not fall into any of the above category are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the investment revaluation reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(j)). Dividend income from equity securities is recognised in profit or loss in accordance with the policy set out in note 2(s)(v).

When the investments are derecognised or impaired, the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

2. 主要會計政策(續)

f) 於股本證券的其他投資

本集團及本公司關於股本證券的投資(於附屬公司及一間聯營公司的投資除外)政策如下:

股本證券投資最初以公平值(亦即其交易價格)列賬,惟釐定初始確認之公平值有別於交易價格,而公平值以相同資產或負債在活躍市場之報價作依據,或採用僅輸入可觀察市場數據之估值技術。成本包括應佔交易成本,惟下文另行指出之成本除外。該等投資其後根據其分類按下文入賬:

持作交易的證券投資分類為流動資產。由此產生的任何交易費用均於產生時在損益中確認。公平值於各報告期末重新計量,所產生的任何盈虧會於損益中確認。於損益中確認的淨盈虧並不包括有關投資所賺取的任何股息或利息,因為有關股息或利息乃根據附註2(s)(v)及(ii)所載之政策確認。

不屬於上述任何類別之證券投資歸類為可供出售證券。於每個報告期末,公平值會重新計量,任何因此產生之盈虧在其他全面收益中確認,並在權益內之投資重估儲備內分開累積。此之例外情況為股本證券投資倘於交投活躍之市場並無同一工具之報價且其公平值無法可靠地計量,則按成本減去減值虧損於財務狀況表確認(見附註2(j))。股本證券使用實際利息法計算的股息收入分別按附註2(s)(v)所載之政策於損益確認。

倘若這些投資不再被確認或減值時,在權益確認的累計損益會重新分類至損益內。投資於本集團承諾購買/出售投資或到期日時予以確認/不再確認。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Property, plant and equipment

Property, plant and equipment, including buildings held for use in the production or supply of goods, or for administrative purposes, other than construction in progress, are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual values, if any, using the straight-line method over their estimated useful lives, at the following rates per annum:

Buildings	3.33% or over the unexpired term of lease, if shorter
Furniture, fixtures and equipment	10%-20%
Leasehold improvements	10%-20%
Motor vehicles	20%
Plant and machinery	10%-20%

For those impaired property, plant and equipment, including buildings, furniture, fixtures and equipment and plant and equipment in one of the factories in Jianyang City, Fujian Province, the PRC, not fully depreciated, depreciation is provided based on book value after deducting impairment provision over the estimated useful life.

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are recognised in profit or loss during the reporting period in which they are incurred.

2. 主要會計政策(續)

g) 物業、廠房及設備

物業、廠房及設備(包括用於生產或供應貨品或作行政用途的樓宇)(在建工程除外)按成本減累計折舊以及任何累計減值虧損列賬。

物業、廠房及設備項目按下列年率計算折舊,減其估計剩餘價值(如有)以直線法在估計可使用年內撇銷其成本:

樓宇	3.33%或於未屆滿租期內(以較短者為準)
傢具、固定裝置及設備	10%-20%
租賃物業裝修	10%-20%
汽車	20%
廠房及機器	10%-20%

就該位於中國福建省建陽市一家工廠的已減值但未完全折舊的物業、廠房及設備(包括樓宇、傢具、固定裝置及設備以及廠房及機器),折舊乃根據賬面值經扣除減值撥備後按於估計可使用年期計提。

當物業、廠房及設備的各部分有著顯著不同的可使用年期,項目的成本將會按合理基準分配,而每個部分將作個別折舊。資產的可使用年期及其剩餘價值(如有)每年進行審閱。

歷史成本包括收購該等項目直接引致的開支。成本可能亦包括由權益轉撥的外幣購買物業、廠房及設備符合現金流量對沖之任何收益/虧損。

期後成本僅在與該項目相關的未來經濟效益很可能歸於集團,而且能可靠地計量該項目成本的情況下,始計入有關資產的賬面值,或確認為獨立的資產(如適用)。重置部分之賬面值則取消確認。其他修理及維修成本則在其產生的財政期間在損益賬中支銷。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Property, plant and equipment (Continued)

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

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Properties, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties, plant and equipment are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

h) Intangible assets (other than goodwill)

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. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses. Other development expenditure is recognised as an expense in the period in which it is incurred.

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.

2. 主要會計政策 (續)

g) 物業、廠房及設備 (續)

若資產的賬面值高於其估計可收回價值，其賬面值即時撇減至可收回金額。

物業、廠房及設備項目報廢或出售時產生的盈虧乃按出售所得款項淨額與項目的賬面值之間的差額釐定，盈虧於報廢或出售日期於損益表內確認。

用作生產、供應或行政用途之在建物業、廠房及設備按成本減已經確認的減值虧損列賬。成本包括專業費用及(就合資格資產而言)根據本集團會計政策資本化的借款費用。該等物業、廠房及設備在竣工並用於預定用途時分類至物業、廠房及設備的適當類別。該等資產與其他物業資產按相同基準，在可用作其擬定用途時開始計算折舊。

h) 無形資產 (商譽除外)

內部產生的無形資產 – 研發支出

研究活動的支出於產生期間列作開支。倘產品或過程技術上或商業上可行，且本集團具備充裕資源並有意完成開發工作，則開發活動之開支將撥充資本。撥充資本開發成本乃按成本減累計攤銷及減值虧損列賬。其他開發支出於產生期間列作費用。

個別收購的無形資產

個別收購的具備有限可使用年期的無形資產按成本減累計攤銷及任何累計減值虧損入賬。具備有限可使用年期的無形資產攤銷於其估計可使用年期內以直線法確認。估計可使用年期及攤銷方法於各個申報期末予以檢討，而估計之任何變動影響按未來適用法予以入賬。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Intangible assets (other than goodwill) (Continued)

Intangible assets acquired separately (Continued)

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Product development costs	5 years
Patents	5 years
Software	5 years

Both the period and method of amortisation are reviewed annually.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss in the period when the asset is derecognised.

i) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

2. 主要會計政策 (續)

h) 無形資產 (商譽除外) (續)

個別收購的無形資產 (續)

使用年期有限的無形資產攤銷乃以直線法按資產的估計可使用年期於損益中扣除。下列使用年期有限的無形資產自彼等可供使用之日起攤銷，彼等估計可使用年限如下：

產品開發成本	5年
專利	5年
軟件	5年

攤銷期間及方法均會每年進行檢討。

於業務合併中收購的無形資產

於業務合併中收購並與商譽分開確認的無形資產，按收購日期的公平值(被視為其成本)初步確認。

於初步確認後，於業務合併中收購的無形資產按與另行收購之無形資產相同的基準，按成本減累計攤銷及累計減值虧損呈報。

終止確認無形資產

無形資產於出售或當預期使用或出售不會產生未來經濟利益時終止確認。於終止確認無形資產所產生之任何盈虧乃以出售所得款項淨額與資產賬面值之差額計量，並於該資產終止確認之期間於損益確認。

i) 租賃資產

倘集團決定某項安排(包括一項交易或一連串交易)涉及轉讓一項可於協定期間內使用特定資產之權利以換取一筆或一連串付款，則該項安排屬於或包含一項租約。該項決定乃基於對安排內容之評估而作出，而不論該項安排是否採取租約之法律形式。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Leased assets (Continued)

i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and
- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

ii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged as expenses in the accounting period in which they are incurred.

2. 主要會計政策(續)

i) 租賃資產(續)

i) 出租予本集團之資產分類

本集團根據將擁有權之絕大部分風險及回報轉讓予本集團之租賃所持資產分類為融資租賃項下所持資產。擁有權之絕大部分風險及回報不會轉讓予本集團之租賃則分類為經營租賃，惟下列除外：

- 以經營租賃方式持有但在其他方面均符合投資物業定義的物業，會按照每項物業的基準歸類為投資物業。如果歸類為投資物業，其入賬方式會如同以融資租賃持有一樣；及
- 以經營租賃持作自用的土地於租賃開始時，其公平值未能與上蓋樓宇的公平值分開計量時，則按融資租賃持有的方式處理，惟樓宇亦明確以經營租賃持有者除外。就此而言，租賃開始當時為租賃首次獲本集團計入、或取代前期租賃、或該等樓宇的建築日期之較後發生者為準。

ii) 經營租賃費用

倘若本集團以經營租賃持有資產使用權，以租賃作出的支付將於租期之會計期間按相同數額分期計入損益，惟若有另一種更能反映租賃資產衍生的利益模式的基準除外。所獲租賃減免在損益確認為已付淨租金總額一部分。或然租金將於所產生的會計期間列為支出註銷。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Leased assets (Continued)

iii) Finance leasing income

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

iv) Leasehold land and building for own use

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element 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, unless it is clear that both elements are operating leases in which case the entire property is accounted for as an operating lease. Specifically, the entire consideration (including any lumpsum upfront payments) are allocated between the leasehold 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 initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "land use rights" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is under finance lease.

2. 主要會計政策(續)

i) 租賃資產(續)

iii) 融資租賃收入

根據融資租約應收承租人款項已按本集團於租約之淨投資金額確認為應收款項。融資租賃收入已分配至會計期間，以反映本集團就租約之未付淨投資之經常周期回報率。

iv) 持作自用的租賃土地及樓宇

當租賃包括土地及樓宇部分，本集團根據評估各部分之所有權的風險與報酬是否絕大部分轉移至本集團而將其劃分，除非肯定兩個部分均屬經營租賃，於此情況下，整份租約歸類為經營租賃。具體而言，最低租金(包括任何一筆過預付款項)於租約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。

租金在可靠分配的情況下，被列為經營租賃的租賃土地權益於財務狀況表中呈列為「土地使用權」，並於租期內以直線基準攤銷。當租賃款項不能在土地和樓宇元素之間可靠地分配時，通常將全部租賃歸為融資租賃，並計入物業、廠房及設備。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Impairment of assets

i) Impairment of investments in equity securities and receivables

Investments in equity securities and other current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For investments in associates accounted for under the equity method in the consolidated financial statements (see note 2(d)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(j)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(j)(ii).

2. 主要會計政策 (續)

j) 資產減值

i) 股本證券投資及應收款項之減值

按成本值或攤銷成本列賬之股本證券投資及其他流動與非流動應收款項會於各報告日期止進行檢討，以判斷有否存在客觀減值證據。減值之客觀證據包括本集團注意到以下一項或多項虧損事項之顯著數據：

- 債務人有重大財務困難；
- 違反合約，如拖欠償還利息或本金；
- 債務人可能破產或進行其他財務重組；
- 科技、市場、經濟或法律環境有重大改變而對債務人有不利影響；及
- 於權益工具之一項投資之公平值重大或持續下跌低於其成本。

如存在任何上述證據，則會釐定及確認減值虧損如下：

- 就按權益法於綜合財務報表列賬之於聯營公司投資而言（見附註2(d)），減值虧損的計量方法乃根據附註2(j)(ii)比較投資可收回金額與其賬面值。倘根據2(j)(ii)釐定可收回金額所用估計出現有利變動時，則撥回減值虧損。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Impairment of assets (Continued)

i) Impairment of investments in equity securities and receivables (Continued)

- For trade and other current receivables and other financial assets carried at amortised cost, 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 financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

2. 主要會計政策 (續)

j) 資產減值 (續)

i) 股本證券投資及應收款項之減值 (續)

- 就按攤銷成本列賬之貿易應收款項及其他即期應收款項以及其他金融資產而言，減值虧損按資產之賬面值與按金融資產最初之實際利率（即此等資產最初確認時計算所得之實際利率）（如貼現影響重大）估計之未來現金流量現值之差額計算。如該等金融資產具備類似之風險特徵，例如類似的逾期情況及並未單獨被評估為出現減值，則有關的評估會同時進行。金融資產之未來現金流量會根據與該組被評估資產具有類似信貸風險特徵資產之過往虧損情況一同減值。

倘於其後期間減值虧損金額有所減少，而客觀上與確認減值虧損後發生之事件有關，有關減值虧損會透過損益撥回。減值虧損之撥回不應導致資產之賬面值超過其在以往年度沒有確認任何減值虧損而應已釐定之數額。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Impairment of assets (Continued)

i) Impairment of investments in equity securities and receivables (Continued)

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables, other receivables and amounts due from an associate included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables, other receivables and amounts due from an associate directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- land use rights;
- other intangible assets;
- prepayments and deposits;
- goodwill;
- interests in an associate; and
- investments in subsidiaries in the Company's statement of financial position.

2. 主要會計政策 (續)

j) 資產減值 (續)

i) 股本證券投資及其他應收款項之減值 (續)

減值虧損從相應資產中直接撇銷，惟如包含在貿易應收款項及其他應收款項內的貿易應收款項、其他應收款項及應收一間聯營公司款項，其是否可以收回屬難以預料，而並非微乎其微，則就其確認之減值虧損不會從相應的資產中直接撇銷。在此情況下，呆賬之減值虧損以撥備賬記錄。倘本集團確認能收回應收款項之機會微乎其微，則被視為不可收回之金額會直接從貿易應收款項、其他應收款項及應收一間聯營公司款項中撇銷，而在撥備賬中就有關債務保留之任何金額會被撥回。倘之前計入撥備賬之款項在其後收回，則有關款項於撥備賬撥回。撥備賬之其他變動及其後收回先前直接撇銷之款項均於損益中確認。

ii) 其他資產之減值

本公司會於每個報告期末審閱內部及外界所得資料，以確定下列資產是否出現減值或(商譽除外)先前已確認之減值虧損不再存在或已經減少：

- 物業、廠房及設備；
- 土地使用權；
- 其他無形資產；
- 預付款及按金；
- 商譽；
- 於聯營公司權益；及
- 本公司財務狀況表內於附屬公司的投資。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Impairment of assets (Continued)

ii) Impairment of other assets (Continued)

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (that is, a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

2. 主要會計政策 (續)

j) 資產減值 (續)

ii) 其他資產之減值 (續)

倘出現任何該等跡象，則估計資產之可收回數額。此外，就尚未可供使用之商譽無形資產而言，其可收回數額會每年估計（不論有否出現減值跡象）。

– 計算可收回數額

資產之可收回數額乃指其公平值減出售成本與使用價值兩者中之較高者。在評估使用價值時，估計日後現金流量乃根據除稅前貼現率貼現至現值，而該貼現率須能反映市場現行對款項的時間價值及資產獨有風險之評估。倘某項資產之現金流量大致上不能獨立於其他資產之現金流量，則就可獨立產生現金流量之最小資產組別（即現金產生單位）釐定可收回數額。

– 確認減值虧損

倘資產或其所屬之現金產生單位之賬面值超過其可收回數額，則於損益表確認減值虧損。就現金產生單位確認之減值虧損而言，其首先用作減少已分配至現金產生單位（或單位類別）之任何商譽之賬面值，其後按比例用作減少單位（或單位類別）其他資產之賬面值，惟資產之賬面值將不得減少至低於其個別公平值減出售成本（如能計量）或使用價值（如能計算）。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Impairment of assets (Continued)

ii) Impairment of other assets (Continued)

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34 *Interim Financial Reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see note 2(j)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

2. 主要會計政策 (續)

j) 資產減值 (續)

ii) 其他資產之減值 (續)

– 減值虧損撥回

就除商譽外之資產而言，倘用作釐定可收回數額之估計出現有利變動，則須撥回減值虧損。與商譽有關的減值虧損則不會撥回。

減值虧損撥回只限於該資產並未計算過往年度所確認之減值虧損時之賬面值。減值虧損撥回之數於確認有關撥回之年度計入損益內。

iii) 中期財務報告及減值

根據香港聯合交易所有限公司證券上市規則，本集團須根據香港會計準則第34號「中期財務報告」就財政年度首六個月編製中期財務報告。於中期完結時，本集團採用於財政年度完結時應採用之同一減值測試、確認及撥回準則（見附註2(j)(i)及(ii)）。

於中期期間就商譽確認之減值虧損、可供出售股本證券及以成本列賬之無報價股本證券並無於往後期間撥回。即使若在中期期間相關的財政年度完結時評估減值就毋須確認任何虧損或只有些微虧損，情況亦同樣不變。因此，倘可供出售股本證券之公平值於餘下年度期間或其後任何其他期間增加，則有關增加於其他全面收益（並無於損益）內確認。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

l) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see note 2(j)(i)).

m) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

n) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are carried at cost.

2. 主要會計政策 (續)

k) 存貨

存貨以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，並包括一切採購成本、轉換之成本及將存貨移至現址及達致現況而產生之其他成本。

可變現淨值指在日常業務過程中之估計售價，減估計完成成本及估計銷售成本。

於出售存貨時，該等存貨之賬面值於確認有關收益之期間列作開支。存貨撇減至可變現淨值之款額及所有存貨虧損均於撇減或虧損之期間內列作開支。因撇減存貨而撥回之款項，均於撥回期間內列作存貨開支數額之減少。

l) 貿易應收款項及其他應收款項

貿易應收款項及其他應收款項初步按公平值確認，其後使用實際利率法按攤銷成本減呆賬減值虧損後列賬，惟倘應收款項為向非關連人士作出且無固定還款期之免息貸款或貼現之影響不大情況則作別論。於該等情況下，應收款項按成本減呆賬減值撥備列賬（見附註2(j)(i)）。

m) 計息借貸

計息借貸按公平值減去應佔交易成本後初始確認。初始確認後，計息借貸以攤銷成本列賬，而初始確認的金額與贖回價值之間的任何差異，連同任何應付利息和費用，均以實際利息法於借貸期內在損益賬中確認。

n) 貿易應付款項及其他應付款項

貿易應付款項及其他應付款項初步按公平值確認，其後則按攤銷成本列賬，惟在貼現影響屬並不重大之情況下，會按成本列賬。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

p) Employee benefits

i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

ii) Share-based payments

Share options granted to employees

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

2. 主要會計政策(續)

o) 現金及現金等價物

現金及現金等價物包括銀行及手頭現金、銀行及其他金融機構之活期存款、可隨時轉換為既定數額現金而沒有重大價值變動風險之短期高流動性投資，到期日為於購入日期起計為期三個月以下。

p) 僱員福利

i) 短期僱員福利及定額供款退休計劃之供款

薪金、年度花紅、有薪年假、定額供款退休計劃之供款及非貨幣福利成本於僱員提供相關服務之年度內累計。如遞延付款或結算會造成重大之影響，此等數額會以現值列賬。

ii) 以股份為基礎之付款

授予僱員之購股權

授予僱員之購股權公平值於股本中之購股權儲備相應增加而確認為僱員成本。公平值於授出日計算，並考慮授出購股權時之條款及條件。如僱員於無條件獲授購股權前須先符合歸屬條件，則計入購股權歸屬之可能性後，估計之購股權公平值總額按歸屬期計算。

於歸屬期內，將檢討預期歸屬之購股權數目。對過往年度確認的累計公平值所作之任何調整將於檢討年度列支／計入損益內，相應之調整會於購股權儲備反映，惟初始僱員開支合資格於資產中確認除外。在歸屬日，確認為支出之數額將作出調整，以反映歸屬的實際購股權數目（相應之調整將於購股權儲備反映），惟只有因本公司之股份市價致使歸屬情況未能達到而引致之廢除外。權益金額於購股權儲備內確認，直至購股權被行使（在此情況下將轉撥至股份溢價賬）或購股權屆滿（在此情況下將直接撥回保留溢利內）。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Employee benefits (Continued)

ii) Share-based payments (Continued)

Share options granted to consultants

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share options reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

q) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

2. 主要會計政策 (續)

p) 僱員福利 (續)

ii) 以股份為基礎之付款 (續)

向諮詢人授出購股權

為獲取貨品或服務而發行的購股權按所獲取貨品或服務之公平值計量。除非公平值不能被可靠計量，於該情況下，所獲取貨品或服務參考已授出購股權公平值計量。當本集團取得貨品或對手方提供服務時，所獲取貨品或服務之公平值確認為開支，並於權益(購股權儲備)中相應增加，惟貨品或服務合資格確認為資產時則除外。

iii) 辭退福利

辭退福利於本集團不可再收回所提供之福利時或本集團確認重組成本(涉及支付解僱福利)時(以較早者為準)確認。

q) 所得稅

本年度所得稅包括當期所得稅和遞延所得稅資產與負債的變動。當期所得稅和遞延所得稅資產與負債的變動均在損益中確認，但與在其他全面收益或直接在權益中確認的項目有關，則相關稅務款項分別在其他全面收益或直接在權益中確認。

當期所得稅是按本年度應課稅所得，根據在報告期末已生效或實質上已生效的稅率計算的預期應付稅項，加上以往年度應付稅項的任何調整。

遞延所得稅資產與負債分別由可抵扣和應課稅暫時差異產生。暫時差異是指資產與負債在財務報表上的賬面金額跟這些資產與負債的計稅基礎的差異。遞延所得稅資產也可以由未利用可抵扣虧損和未利用稅款抵減產生。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Income tax (Continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination) and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

2. 主要會計政策(續)

q) 所得稅(續)

除了某些有限的例外情況外，所有遞延所得稅負債和遞延所得稅資產(只限於很可能獲得能利用該遞延所得稅資產來抵扣的未來應課稅溢利)都會確認。支持確認由可抵扣暫時差異所產生遞延所得稅資產的未來應課稅溢利包括因轉回目前存在的應課稅暫時差異而產生的數額；但這些轉回的差異必須與同一稅務機關和同一應課稅實體有關，並預期在可抵扣暫時差異預計轉回的同一期間或遞延所得稅資產所產生可抵扣虧損可向後期或向前期結轉的期間內轉回。在決定目前存在的應課稅暫時差異是否足以支持確認由未利用可抵扣虧損和稅款抵減所產生的遞延所得稅資產時，亦會採用同一準則，即差異是否與同一稅務機關和同一應課稅實體有關，以及是否預期在能夠使用未利用可抵扣虧損和稅款抵減撥回的同一年間內轉回。

確認遞延所得稅資產及負債的有限例外情況，乃有關來自不可扣稅的商譽、資產或負債之初步確認，而其並不影響會計或應課稅溢利(非企業合併之部分)的暫時差異，以及於附屬公司之投資的暫時差異，倘屬應課稅差異，僅以本集團可控制撥回時間，且在可預見未來不可能撥回有關差異之情況為限；或倘屬可扣稅差異，則以有可能於日後撥回差異之情況為限。

已確認遞延所得稅額是按照資產與負債賬面金額的預期實現或結算方式，根據已生效或在報告期末實質上已生效的稅率計量。遞延所得稅資產與負債均不折現計算。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Income tax (Continued)

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2. 主要會計政策 (續)

q) 所得稅 (續)

本集團會在每個報告期末審閱遞延所得稅資產的賬面金額。如果本集團預期不再可能獲得足夠的應課稅溢利以抵扣相關的稅務利益，該遞延所得稅資產的賬面金額便會調低；但是如果日後有可能獲得足夠的應課稅溢利，有關減額便會轉回。

由派發股息所產生的額外所得稅乃在支付有關股息責任獲確認時確認。

當期和遞延所得稅結餘及其變動額會分開列示，並且不予抵銷。倘本公司或本集團有法定行使權以當期所得稅資產抵銷當期所得稅負債，並且符合以下附帶條件的情況下，當期和遞延所得稅資產才可以分別抵銷當期和遞延所得稅負債：

- 當期所得稅資產與負債：本公司或本集團計劃按淨額基準結算，或同時變現該資產和結算該負債；或
- 遞延所得稅資產與負債：這些資產與負債必須與同一稅務機關就以下其中一項徵收的所得稅有關：
 - 同一應課稅實體；或
 - 不同的應課稅實體，這些實體計劃在日後每個預計有大額遞延所得稅負債需要結算或大額遞延所得稅資產可以收回的期間內，按淨額基準實現當期所得稅資產和結算當期所得稅負債，或同時變現該資產和結算該負債。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) Provisions and contingent liabilities

i) *Contingent liabilities assumed in business combinations*

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 2(r)(ii). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with note 2(r)(ii).

ii) *Other provisions and contingent liabilities*

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of an outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. 主要會計政策(續)

r) 撥備及或然負債

i) *於業務合併時所承擔的或然負債*

於業務合併時所承擔的或然負債為於收購日的現有責任，按公平值作初步確認(惟公平值須能可靠地計量)。初步確認其公平值後，該等或然負債會按初始確認金額減累計攤銷(如適用)及根據附註2(r)(ii)釐定的金額兩者中的較高者確認。無法可靠地計量公平值或並非收購日現有責任的於業務合併時所承擔的或然負債根據附註2(r)(ii)作披露。

ii) *其他撥備及或然負債*

若將須以經濟利益流出以結算本集團或本公司由於過往事項而產生之法定或推定責任之時間或金額不明確之責任，而相關流出可作出可靠估計時，將就其他責任確認撥備。若金錢時間值屬重大，撥備須按預期結算責任之支出之現值入賬。

若流出經濟利益之可能性微乎其微，或相關數額未能作出可靠估計時，該責任將披露為或然負債，惟流出經濟利益之可能性極低者除外。僅由於一項或多項未來事項之發生或不發生而確認是否存在之可能責任亦須披露為或然負債，惟流出經濟利益之可能性極低者除外。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

i) Sale of goods

Revenue is recognised when goods are delivered at the customers' premises, which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

ii) Interest income

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

iii) Service income

Service income is recognised in profit or loss when the services are delivered.

iv) Finance leasing income

Finance leasing income, including handling fee income and interest from finance leasing business, is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

v) Dividends

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

t) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

2. 主要會計政策(續)

s) 收入確認

收入乃按已收或應收代價的公平值計算。倘本集團可能獲得經濟利益，而收入與成本(如適用)能可靠地計算，收入按下列方式於損益中確認：

i) 銷售貨品

於貨物交付至客戶物業時，即客戶接收貨物以及擁有權相關之風險及回報時確認收入，收入不包括增值稅或其他銷售稅項且已扣除任何貿易折扣。

ii) 利息收入

利息收入於其產生時採用實際利率法確認。

iii) 服務收入

服務收入於提供服務時於損益內確認。

iv) 融資租賃收入

融資租賃收入(包括手續費收入及融資租賃業務利息)已分配至會計期間，以反映本集團就租約之未付淨投資之經常周期回報率。

v) 股息

上市投資之股息收入於投資股價除息時確認。

t) 外幣匯兌

於年內所發生之外幣交易按交易日的匯率換算。以外幣計值的貨幣資產及負債按報告期末的匯率換算。匯兌收益及虧損則在損益內確認。

以外幣的過往成本計量的非貨幣資產及負債使用交易日的現行匯率換算。按公平值列賬以外幣計值的非貨幣資產及負債則使用釐定公平值當日的現行匯率換算。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

t) Translation of foreign currencies (Continued)

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2. 主要會計政策(續)

t) 外幣匯兌(續)

海外業務業績按交易日現行的概約匯率換算為人民幣。財務狀況表項目(包括倘於二零零五年一月一日或之後收購海外業務而合併所產生的商譽)均按報告期末的收市匯率換算為人民幣。所產生的匯率差額於其他全面收益中確認並獨立累計在權益中匯兌儲備內。

出售海外業務(即出售本集團海外業務的全部權益,涉及失去附屬公司(包括海外業務),或部分出售擁有海外業務之聯營公司之權益,而保留權益成為金融資產)控制權之出售,本公司擁有人應佔該業務於權益累計之所有匯兌差額重新分類至損益。

此外,就部分出售(即不會導致本集團失去控制權)一間附屬公司(包括海外業務)而言,按比例所佔的累計匯兌差額乃重新計入非控股權益且不會於損益中確認。對於所有其他部分出售(即部分出售聯營公司,而並無造成本集團失去重大影響力),則按比例佔之累計匯兌差額重新分類至損益。

u) 借貸成本

借貸成本直接來自收購、建設或生產必須經過較長時期準備方可作為擬定用途或出售使用的資產並予以資本化為該項資產成本的一部分。其他借貸成本於其產生期間支銷。

借貸成本於就合資格資產產生開支、產生借貸成本及進行對於使資產可用於原定用途或出售而言屬必需的活動時開始資本化為資產的部分成本。倘對於使合資格資產可用於原定用途或出售而言屬必需的絕大部分活動被中斷或已完成,則借貸成本暫停或終止資本化。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

v) Related parties

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 the Group's parent.

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.
- v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- vi) The entity is controlled or jointly controlled by a person identified in (a).

2. 主要會計政策 (續)

v) 關連人士

a) 倘屬以下人士，即該人士或該人士關係密切的家庭成員與本集團有關連：

- i) 控制或共同控制本集團；
- ii) 對本集團有重大影響；或
- iii) 為本集團或本集團母公司的主要管理層成員。

b) 倘符合下列任何條件，即該實體與本集團有關連：

- i) 該實體及本集團為同一集團的成員公司(即各母公司、附屬公司及同系附屬公司為互相關連)。
- ii) 一間實體為另一實體的聯營公司或合營企業(或另一實體為成員公司之集團旗下成員公司之聯營公司或合營企業)。
- iii) 兩間實體均為同一第三方的合營企業。
- iv) 一間實體為第三方實體的合營企業，而另一實體為該第三方實體的聯營公司。
- v) 該實體為本集團或與本集團有關連之實體就僱員利益設立的離職福利計劃。
- vi) 該實體受附註(a)所指的人士控制或共同控制。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

v) Related parties (Continued)

b) An entity is related to the Group if any of the following conditions applies: (Continued)

vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

viii) The entity, or any member of a group of which it is a part, provide key management personnel services to the Group or to the Group's parent.

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

w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Board of directors ("Board"), being the chief operating decision maker, for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2. 主要會計政策 (續)

v) 關連人士 (續)

b) 倘符合下列任何條件，即該實體與本集團有關連：(續)

vii) 於附註(a)(i)所指的人士對該實體有重大影響或屬該實體(或該實體的母公司)主要管理層成員。

viii) 該實體或該實體所屬集團的任何成員公司向該集團或集團母公司提供主要管理層成員服務。

一名人士之近親為預期在與有關實體交易時可影響該人士或受該人士影響之家庭成員。

w) 分部報告

財務報表所報告之經營分部及各分部項目之款項乃定期向董事會(「董事會」)(首席營運決策人)提供之財務資料中確認，以分配資源予本集團不同業務及地區以及評估該等業務及地區之表現。

就財務報告而言，個別重大經營分部不會合併，惟分部間有類似經濟特點及在產品及服務性質、生產過程的性質、客戶種類或類別、用作分銷產品或提供服務的方法以及監管環境性質方面相類似則除外。個別非重大之經營分部倘符合大部分上述準則，可予合併處理。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

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

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note 27. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 27, the application of these amendments has had no impact on the Group's consolidated financial statements.

Amendments to HKAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments provide guidance on how an entity determines, in accordance with HKAS 12 *Income Taxes*, whether to recognise a deferred tax asset in relation to unrealised losses of a debt instrument that is measured at fair value under certain specific facts and circumstances, such as it is probable that all the contractual cash flows of the debt instrument will be collected and any gains/losses on the debt instrument are taxable (deductible only when realised).

3. 應用新訂及經修訂香港財務報告準則 ("香港財務報告準則")

香港會計師公會已頒佈多項香港財務報告準則的修訂，該等修訂於本集團的當前會計期間首次生效：

香港會計準則第7號修訂本	披露計劃
香港會計準則第12號修訂本	就未變現虧損確認遞延稅項資產
香港財務報告準則修訂本第12號	作為香港財務報告準則二零一四年至二零一六年週期的年度改進之一部份

香港會計準則第7號修訂本披露計劃

本集團已於本年度首次採用該等修訂本。該等修訂本要求實體作出披露，以使財務報表使用者可評估融資活動所產生的負債之變動，包括因現金及非現金變動而產生的變動。此外，該等修訂本亦要求，如金融資產在過往產生現金流量或未來的現金流量計入融資活動的現金流量，則需要披露該等金融資產的變動。

具體而言，該等修訂本規定披露以下變動：(i) 融資現金流量產生之變動；(ii) 取得或失去附屬公司或其他業務控制權產生之變動；(iii) 外幣匯率變動之影響；(iv) 公平值變動；及(v) 其他變動。

有關該等項目期初及期末結餘之對賬已於附註27提供。根據修訂本之過渡條文，本集團並無披露去年之比較資料。除於附註27之額外披露外，應用該等修訂本並無對本集團綜合財務報表造成影響。

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

該等修訂本提供指引，釐定實體如何根據香港會計準則第12號「所得稅」，在若干特定事實及情況下（例如，有可能在日後收到債務工具之所有合約現金流量而且債務工具之任何收益／虧損均可課稅（僅可於變現時扣抵）），釐定是否確認與債務工具（按公平值計算）之未變現虧損有關的遞延稅項資產。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

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

Amendments to HKFRS 12 As part of the Annual Improvements to HKFRSs 2014-2016 Cycle

The Group has applied the amendments to HKFRS 12 included in the *Annual Improvements to HKFRSs 2014-2016 Cycle* for the first time in the current year. The amendments to HKAS 28 *Investments in Associates and Joint Ventures* included in the annual improvements are not yet mandatorily effective and they have not been early applied by the Group.

HKFRS 12 states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that except for summarised financial information, all other disclosure requirements under HKFRS 12 are applicable.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. ACCOUNTING JUDGEMENTS AND ESTIMATES

a) Critical accounting judgements

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

i) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives, and related depreciation charges for its property, plant and equipment. The estimates are based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charges where useful lives are less than previously estimated lives. It will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore affect the depreciation charges in future periods.

3. 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）

香港財務報告準則12號修訂本作為香港財務報告準則二零一四年至二零一六年週期的年度改進之一部份

本集團已於本年度首次採用計入二零一四年至二零一六年週期的年度改進之香港財務報告準則12號修訂本。計入年度改進之香港會計準則第28號修訂本於聯營公司及合營企業並無強制生效及並無被本集團提早採用。

香港財務報告準則第12號規定，實體毋須就分類為持作待售（或包括於分類為持作待售的出售組別）之附屬公司、聯營公司或合營企業之權益提供概要財務資料。該等修訂本澄清，除概要財務資料外，香港財務報告準則第12號項下所有其他披露規定為可適用。

本集團並無於本年度採用尚未生效之任何新訂準則或詮釋。

4. 會計判斷及估計

a) 重大會計判斷

於應用本集團會計政策時，管理層作出下列會計判斷：

i) 物業、廠房及設備之可使用年期

本集團的管理層為其物業、廠房及設備釐定估計可使用年期及有關折舊支出。此估計以相似性質及功能之物業、廠房及設備之實際可使用年期之過往經驗為基準。倘可使用年期少於先前估計水平，管理層將提高折舊支出。其將沖銷或減記亦棄用或售出的技術上已屬陳舊或並非策略性質的資產。實際經濟年限可能不同於估計可使用年期。定期審查可能引致可折舊年期變動，從而影響未來期間的折舊支出。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

4. ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

a) Critical accounting judgements (Continued)

ii) Income taxes

The Group is mainly subject to income taxes in Hong Kong and the PRC. Significant judgment is 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 income tax provisions in the period in which such determination is made.

b) Key sources of estimation uncertainty

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.

i) Impairment of intangible assets (other than goodwill)

The policy for impairment of intangible assets (other than goodwill) of the Group is based on an evaluation of their recoverable amount with reference to expected future cash flows based on management's estimation. A considerable amount of judgement is required in estimating the expected future cash flows from the Group's pharmaceutical products under development and software. If the recoverable amounts are less or more than expected than the carrying amounts of the intangible assets (other than goodwill), or changes in facts and circumstances which may result in revisions of the estimated future cash flows, impairment or reversal of impairment loss may be required.

During the year, impairment loss on intangible assets (other than goodwill) recognised in profit or loss amounted to approximately RMB3,121,000 (2016: RMBNil).

The carrying amount of intangible assets (other than goodwill) as at 31 December 2017 was RMBNil (2016: RMB3,918,000) (see note 18).

4. 會計判斷及估計(續)

a) 重大會計判斷(續)

ii) 所得稅

本集團主要須繳納香港及中國所得稅。釐定所得稅撥備時須作出重大判斷。日常業務中有多項交易和計算未能確定最終稅項。本集團根據會否應繳額外稅項的估計，就預期稅項事宜確認負債。倘有關的最終稅項與結果與最初入賬的金額不同，則差額會影響釐定稅項期間的所得稅及遞延稅項撥備。

b) 估計不確定性的主要來源

以下是於報告期間結束時有關未來的主要假設及估計不明朗因素的其他主要來源，有關假設及來源可能具有導致資產及負債的賬面值於下一財政年度內作出大幅調整的重大風險。

i) 無形資產減值(商譽除外)

本集團的無形資產(商譽除外)減值的政策的基礎，是按管理層的估計並參照日後現金流量後對有關資產可收回金額的評估。在估計本集團現正開發的藥品及軟件的預期未來現金流量時，須作出重大的判斷。倘可收回金額少於或高於無形資產(商譽除外)的賬面值，或事實及情況有變可能導致更改估計未來現金流量，則須作出減值或撥回減值虧損。

年內，於損益內確認之無形資產(商譽除外)減值虧損約為人民幣3,121,000元(二零一六年：人民幣零元)。

於二零一七年十二月三十一日無形資產(商譽除外)的賬面值為人民幣零元(二零一六年：人民幣3,918,000元)(見附註18)。

4. ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

b) Key sources of estimation uncertainty (Continued)

ii) Impairment of property, plant and equipment and land use rights

Property, plant and equipment and land use rights are reviewed for impairment whenever events or change in circumstances indicate that the carrying amounts may not be recoverable. The recoverable amounts have been determined based on the higher of value-in-use calculations or fair value less costs of disposal calculations. The calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal and value in use; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could affect the net present value used in the impairment test and as a result affect the Group's financial position and results of operations.

During the year, impairment loss on property, plant and equipment and land use rights recognised in profit or loss amounted to approximately RMB683,326,000 (2016: RMB316,841,000) and RMB27,558,000 (2016: RMB15,261,000) respectively.

The carrying amounts of property, plant and equipment and land use rights as at 31 December 2017 were RMB191,263,000 (2016: RMB750,373,000 (see note 16) and RMB7,714,000 (2016: RMB36,137,000) (see note 17) respectively.

4. 會計判斷及估計(續)

b) 估計不確定性的主要來源(續)

ii) 物業、廠房及設備以及土地使用權減值

一旦事件或情況變化表明或不能收回賬面值，則會對物業、廠房及設備進行減值審查。可收回金額已根據使用價值計算結果或公平值減出售費用計算結果當中之較高者釐定。該等計算方法須應用判斷及估計。

管理層須就資產減值方面作出判斷，特別須評估：(i) 是否經已發生可能顯示有關資產價值可能無法收回之事件；(ii) 資產賬面值是否可獲可收回金額(即公平值減出售成本與使用價值之較高者)支持；及(iii) 將用於編製現金流預測之適當主要假設，包括此等現金流預測是否以適當利率貼現。管理層於評估減值時選定假設(包括現金流預測之貼現率或增長率假設)之變動，可對減值測試所用之淨現值構成影響，從而影響本集團的財務狀況及經營業績。

年內，於損益內確認之物業、廠房及設備以及土地使用權之減值虧損分別約為人民幣683,926,000元(二零一六年：人民幣316,841,000元)及人民幣27,558,000元(二零一六年：人民幣15,261,000元)。

於二零一六年十二月三十一日，物業、廠房及設備及土地使用權的賬面值分別為人民幣191,263,000元(二零一六年：人民幣750,373,000元)(見附註16)及人民幣7,714,000元(二零一六年：人民幣36,137,000元)(見附註17)。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

4. ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

b) Key sources of estimation uncertainty (Continued)

iii) *Estimated impairment of receivables*

Impairment losses on receivables are assessed and provided based on management's regular review of ageing analysis and evaluation of collectability. The directors have assessed the creditworthiness and past collection history of each individual customer or borrower. Any increase or decrease in impairment losses on receivables would affect profit or loss in future periods.

As at 31 December 2017, the carrying amount of trade and other receivables was RMB24,314,000 (net of allowance for doubtful debts of RMBNil) (2016: RMB112,042,000, net of allowance for doubtful debts of RMBNil) (see note 23), the carrying amount of finance lease receivables was RMB72,860,000 (2016: RMBNil) and the carrying amount of loan receivables was RMB25,000,000 (2016: RMBNil) respectively.

iv) *Estimated net realisable value of inventories*

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sales. The Group writes down slow-moving or obsolete inventories based on an assessment of the net realisable value of the inventories. Write-down of inventories will be made where events or changes in circumstances indicate that the net realisable value is less than cost. The determination of net realisable value requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying amount of the inventories and the amount of inventory written down in the period in which such estimate has been changed.

As at 31 December 2017, the carrying amount of inventories was RMB39,369,000 (2016: RMB14,133,000) (see note 22).

4. 會計判斷及估計(續)

b) 估計不確定性的主要來源(續)

iii) *應收款項之估計減值*

應收款之減值虧損乃根據管理層對賬齡分析及可收回性評估之定期檢討而評估及提供。董事已評估各個別客戶及貸款人之信貸及過往收回歷史。應收款之減值虧損之任何增加或減少可影響未來期間之損益。

於二零一七年十二月三十一日，貿易應收款項的賬面值為人民幣24,314,000元(扣除呆賬撥備人民幣零元)(二零一六年：人民幣112,042,000元，扣除呆賬撥備人民幣零元)(見附註23)、融資租賃應收款之賬面值為人民幣72,860,000元(二零一六年：人民幣零元)及融資租賃應收款之賬面值為人民幣25,000,000元(二零一六年：人民幣零元)。

iv) *存貨之估計可變現淨值*

存貨之可變現淨值乃其於日常業務過程中之估計售價，扣除估計完成之成本及進行銷售的必要開支。本集團根據對存貨可變現淨值之評估結果撇減滯銷或陳舊存貨。倘事件或情況變化顯示存貨之可變現淨值低於成本值，則將撇銷存貨。釐定可變現淨值需要運用判斷及估計。倘預期與原先估計有別，則該差額將對該估計出現變化之期間之存貨賬面值及撇減存貨金額構成影響。

於二零一七年十二月三十一日，存貨的賬面值為人民幣39,369,000元(二零一六年：人民幣14,133,000元)(見附註22)。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

4. ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

b) Key sources of estimation uncertainty (Continued)

v) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy set out in note 2(e)(ii). The recoverable amount of an asset or a cash-generating unit has been determined based on its value-in-use calculations. These calculations require the use of estimates. There are a number of assumptions and estimates involved for the preparation of cash flow projections for the period covered by the approved budget and the estimated terminal value. Key assumptions include the expected operating margin, growth rates and selection of discount rates, to reflect the risks-involved and the earnings multiple that can be realised for the estimated terminal value. Management prepared the financial budgets reflecting actual performance and market development expectations. Judgement is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections and therefore the result of the impairment reviews.

Details of impairment change and key assumptions are disclosed in note 19.

As at 31 December 2017, the carrying amount of goodwill was RMBNil (2016: RMB107,055,000) (see note 19).

vi) Recoverability of deferred tax assets

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. In assessing the amount of deferred income tax assets that need to be recognised, the Group considers future taxable income and ongoing prudent and feasible tax planning strategies. In the event that the Group's estimates of projected future taxable income and benefits from available tax strategies are changed, adjustments to the recorded amount of net deferred income tax assets and income tax expense would be made.

As at 31 December 2017, the carrying amount of deferred tax assets was RMB49,740,000 (2016: RMB169,736,000) (see note 30(b)).

4. 會計判斷及估計(續)

b) 估計不確定性的主要來源(續)

v) 商譽減值

本集團每年根據附註2(e)(ii)所載會計政策測試商譽是否減值。資產或現金產生單位的可收回金額基於使用價值釐定。相關計算要求使用估計。編製核准預算及估計最終價值期間的現金流預測涉及多項假設及估計。主要假設包括預計毛利率、增長率及就估計最終價值選擇貼現率以反映所涉風險以及可變現的市盈率。管理層編製反映實際表現和市場發展預期的財政預算時，須作出判斷，以釐定現金流預測所採用的主要假設以及嚴重影響現金流預測乃至減值檢討結果的主要假設之變化。

減值變動及主要假設之詳情載於附註19。

於二零一七年十二月三十一日，商譽的賬面值為人民幣零元(二零一六年：人民幣107,055,000元)(見附註19)。

vi) 遞延稅項資產之可收回性

僅在可能有未來應課稅溢利用於抵銷暫時性差額的情況下才會確認相關的遞延所得稅資產。於評估須確認的遞延所得稅資產金額時，本集團會考慮未來應課稅收入及持續審慎可行的稅務規劃策略。倘本集團對預計未來應課稅收入的估計及由可施行稅務策略獲得的裨益出現變動，則會對遞延所得稅資產及所得稅負債淨額的記錄金額作出調整。

於二零一七年十二月三十一日，遞延稅項資產之賬面值為人民幣49,740,000元(二零一六年：人民幣169,736,000元)(見附註30(b))。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

4. ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

b) Key sources of estimation uncertainty (Continued)

vii) Withholding tax on the distributable profits of the Group's PRC subsidiaries

Pursuant to the PRC Enterprise Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement became effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors.

The Group has made provision for withholding tax on dividends expected to be remitted from group entities incorporated in the PRC based on the Group's general dividend policy for the net profits generated by the Group's PRC subsidiaries after 1 January 2008. The Group provided withholding tax for such undistributed profits as deferred tax liabilities. The directors of the Company will regularly review the dividend distribution policy of its subsidiaries from time to time.

As at 31 December 2017, the carrying amount of deferred tax liabilities arising from withholding tax on distributable profits was RMB9,894,000 (2016: RMB12,740,000) (see note 30(b)).

4. 會計判斷及估計(續)

b) 估計不確定性的主要來源(續)

vii) 本集團中國附屬公司的可分派盈利預扣稅

根據中國企業所得稅法，在中國成立的外商投資企業向境外投資者宣派股息須徵收10%的預扣稅。該項規定自二零零八年一月一日起生效，適用於二零零七年十二月三十一日之後的盈利。倘中國與境外投資者所在司法權區訂有稅收協定，則可能應用更低的預扣稅率。

本集團已根據本集團有關於二零零八年一月一日後本集團中國附屬公司所產生純利的一般股息政策就預計從在中國註冊成立的集團實體匯出的股息，計提預扣稅撥備。本集團就上述未分配盈利預扣稅計提遞延稅項負債。本公司董事會不時檢討其附屬公司的股息分派政策。

於二零一七年十二月三十一日，可分派溢利預扣稅產生的遞延稅項負債之賬面值為人民幣9,894,000元(二零一六年：人民幣12,740,000元)(見附註30(b))。

5. FINANCIAL INSTRUMENTS BY CATEGORIES

5. 按類別劃分之金融工具

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Financial assets	金融資產		
Financial assets at fair value through profit or loss – held-for-trading	按公平值計入損益之金融資產 – 待售投資	–	41,977
Loans and receivables (including cash and cash equivalents)	貸款及應收款項(包括現金及現金等價物)	183,899	259,589
		183,899	301,566
Financial liabilities	金融負債		
Amortised cost	攤銷成本	294,739	90,199
Contingent consideration payable included under trade and other payables	或然負債包括在貿易應收款項及其他應收款項	–	44,643
		294,739	134,842

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The main risks arising from the Group's financial instruments are currency risk, interest rate risk, credit risk, liquidity risk and equity price risk. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

a) Currency risk

The Group currently does not have a foreign currency hedging policy but the directors monitor its foreign exchange exposures and will consider hedging significant foreign currency exposures should the need arises.

i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risks arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. The currencies giving rise to these risks are primarily United States Dollars ("USD") and Hong Kong Dollars ("HK\$"). For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rates at the year end date.

6. 財務風險管理及金融工具公平值

本集團因金融工具而面臨之主要風險為貨幣風險、利率風險、信貸風險、流動資金風險及股票價格風險。本集團承受的風險及本集團為降低該等風險而使用財務風險管理政策於下文描述。

a) 貨幣風險

本集團現時並無外匯對沖政策，但董事監控其外匯風險，並於需要時考慮對沖重大外匯風險。

(i) 貨幣風險

下表詳列於報告期末本集團以實體功能貨幣之外之其他貨幣列值之已確認資產或負債產生之貨幣風險。產生該類風險的貨幣主要為美元(「美元」)及港元(「港元」)。就呈報而言，風險金額以人民幣呈列，並以報告期末的即期匯率換算。

Exposure to foreign currency (expressed in RMB'000)

外幣風險(以人民幣千元列值)

		2017		2016	
		二零一七年		二零一六年	
		United States Dollars	Hong Kong Dollars	United States Dollars	Hong Kong Dollars
		美元	港元	美元	港元
Cash and cash equivalents	現金及現金等價物	7	55,922	7	39,669
Trade and other receivables	貿易及其他應收款項	-	17,157	-	-
Trade and other payables	貿易及其他應付款項	-	(3,941)	-	(2,691)
Contingent consideration payable	應付或然代價	-	-	-	(44,643)
Net exposure arising from recognised assets and liabilities	已確認資產及負債產生的風險淨額	7	69,138	7	(7,665)

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

a) Currency risk (Continued)

ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after tax and accumulated losses that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies.

HK\$ 港元

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the group entities' profit or loss after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for 2016.

In the opinion of the directors, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

6. 財務風險管理及金融工具公平值 (續)

a) 貨幣風險 (續)

(ii) 敏感度分析

下表列示於報告期末本集團面臨重大風險的外匯匯率於該日出現變動(假設所有其他可變風險保持不變)對本集團除稅後虧損產生的即時變動。就此而言，假設港元與美元間的聯繫匯率不會因美元兌其他貨幣之價值發生任何變動而受到重大影響。

2017 二零一七年		2016 二零一六年	
Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses 對除稅後虧損 及累計虧損 之影響	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses 對除稅後虧損 及累計虧損 之影響
外匯匯率 增加/(減少)	RMB'000 人民幣千元	外匯匯率 增加/(減少)	USD'000 千美元 RMB'000 人民幣千元
5%	(3,457)	5%	383
(5%)	3,457	(5%)	(383)

上表所載分析結果指為呈列目的而將以對應功能貨幣計量的各集團實體除稅後溢利或虧損及權益按報告期末現行匯率兌換為人民幣的綜合即時影響。

敏感性分析假設外匯匯率變動已應用於重新計量使本集團於報告期末面臨外匯風險的金融工具。分析按與二零一六年相同的基準進行。

董事認為，由於於報告期末面臨的年末風險未能反映本年內之風險，故敏感度分析對外匯固有之風險不具代表性。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

b) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings (note 29). The Group currently does not use any derivative contracts to hedge its exposure to interest rate risks. However, the management of the Group will consider hedging significant interest rate exposures should the need arises.

i) Interest rate profile

The following details the interest rate profile of the Group's bank borrowings at the end of the reporting period:

6. 財務風險管理及金融工具公平值 (續)

b) 利率風險

本集團面臨有關浮息現金及現金等價物(附註29)固息銀行借款的公平值利率風險。本集團目前沒有使用任何衍生合約對沖利率風險。然而，若有需要，本集團管理層將考慮對重大利率風險安排對沖。

i) 利率詳情

以下為於報告期末本集團的銀行借貸的利率詳情：

	2017 二零一七年		2016 二零一六年	
	Range of interest rates		Range of Interest rates	
	利率範圍		利率範圍	
	%	RMB'000 人民幣千元	%	RMB'000 人民幣千元
Fixed rate borrowings:				
Secured bank loans				
定息貸款：				
有抵押銀行貸款	4.57%- 6.31%	281,942	4.57%- 4.79%	85,600

ii) Sensitivity analysis

All of the bank borrowings of the Group which are fixed rate instruments are insensitive to any change in interest rates. A change in interest rates at the end of the reporting period would not affect profit or loss.

ii) 敏感度分析

本集團按固息計算之所有銀行借貸不受任何利率變動的影響。於報告期末，利率變動不會影響損益。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

c) Credit risk

- i) Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.
- ii) The Group's credit risk is primarily attributable to trade and other receivables, finance lease receivables and loan receivables. In order to minimise the credit risks, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, management reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors consider that the Group's credit risk is significantly reduced. Normally, the Group does not obtain collateral from its debtors.

6. 財務風險管理及金融工具公平值 (續)

c) 信貸風險

- i) 信貸風險指交易對手未履行其合約責任而導致本集團財務虧損之風險。本集團已採納僅處理信譽良好的交易對手之政策，作為一種減輕因違約所致之財務虧損風險的方法。
- ii) 本集團之信貸風險主要來自貿易及其他應收款項、財務租賃應收款項及貸款應收款項。為了最大限度地降低信貸風險，管理層已委派一組人員負責制訂信貸限額、信貸審批及其他監控程序，以確保採取跟進措施收回逾期債項。此外，於報告期末，管理層評估每項個別債項之可收回金額，以確保就不可收回金額作出充分之減值虧損。就此而言，董事認為本集團之信貸風險已大幅降低。通常，本集團並無自其債務人獲得抵押品。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

c) Credit risk (Continued)

- iii) In respect of cash and cash equivalents, the Group has a concentration of credit risk as approximately 76% are held by a financial institution (At 31 December 2016: the Group has concentration of credit risk as 76% of the balances are placed in two financial institutions located in the PRC). The Group controls its credit risk on bank balances through regularly review of their credit rating. Given the high credit rating, management does not expect the financial institution will fail to meet its obligations.
- iv) In respect of trade and other receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor. At the end of the reporting period, the Group had a concentration risk as 55% (2016: 80%) of the total trade and other receivables was due from a customer (2016: due from an associate).
- v) For finance lease receivables, the Group has a concentration of credit risk as 68% receivables were due from a party as at 31 December 2017 (2016: Nil). The party is a private company with no history of default.
- vi) For loan receivables, the amount was due from an independent third party as at 31 December 2017. The balance was fully settled by 26 March 2018.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables, finance lease receivables and loan receivables are set out in notes 23, 24 and 25 respectively.

6. 財務風險管理及金融工具公平值 (續)

c) 信貸風險 (續)

- iii) 就現金及現金等價物而言，本集團信貸風險集中度約76%由一間金融機構持有(於二零一六年十二月三十一日：本集團的信貸風險集中度約76%的結餘乃存於中國境內兩間金融機構)。透過定期審議相關信貸評級，本集團控制其銀行結餘的信貸風險。鑒於其高信貸評級，管理層預期有關金融機構可履行其責任。
- iv) 就貿易應收款項及其他應收款項而言，本集團所面臨之信貸風險主要受各債務人之個別特色所影響。於報告期末，本集團存在集中風險，因貿易及其他應收款項中的55%(二零一六年：80%)乃由一名客戶(二零一六年：聯營公司)所欠。
- v) 就財務租賃應收款項而言，本集團信貸風險集中度約68%應收款項為於二零一七年十二月三十一日之應收一方款項(二零一六年：零)。該方為私人公司，並無違約記錄。
- vi) 就貸款應收款項而言，該等款項為於二零一七年十二月三十一日之應收獨立第三方款項。款項已於二零一八年三月二十六日全數清還。

有關本集團所面臨貿易應收款項及其他應收款項財務租賃收款及貸款應收款項產生的信貸風險之定量披露分別載於附註23、24及25。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

d) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to the parent company's board approval. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables detail the Group's remaining contractual maturities at the end of the reporting period for their financial liabilities. The tables have been drawn up based on contractual undiscounted cash flows of financial liabilities and based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

6. 財務風險管理及金融工具公平值 (續)

d) 流動資金風險

本集團內個別營運實體負責其自身現金管理(包括現金盈餘短期投資)及募集貸款以應付預期現金需求,惟須受母公司董事會批准。本集團之政策乃為定期監控其流動資金要求及其借貸契約之合規性,以確保維持充足現金金額及來自主要金融機構之足夠可靠資金來源,配合其短期及長期資金需求。

下表詳述本集團於報告期末其金融負債之餘下合約到期日。該表乃按金融負債合約未貼現現金流量為基準編製,並按本集團可能被要求付款的最早日期為基準。該表包括利息及本金現金流量。

		Weighted average effective interest rate 加權平均 實際利率 %	Within 1 year or on demand 1年以內 或按要求 RMB'000 人民幣千元	More than 1 year but less than 2 years 1年以上 但2年以內 RMB'000 人民幣千元	More than 2 years but less than 5 years 2年以上 但5年以內 RMB'000 人民幣千元	Total undiscounted cash flows 未折現現金 流量總額 RMB'000 人民幣千元	Carrying amount at the end of the reporting period 於報告期末 的賬面值 RMB'000 人民幣千元
Non-derivative financial liabilities 非衍生金融負債							
2017 二零一七年							
Trade payables	貿易應付款項	Nil%	4,101	-	-	4,101	4,101
Other payables	其他應付款項	Nil%	8,696	-	-	8,696	8,696
Secured bank loans	有抵押銀行貸款	4.8%	136,728	151,843	-	288,571	281,942
			149,525	151,843	-	301,368	294,739
2016 二零一六年							
Trade payables	貿易應付款項	Nil 無	22	-	-	22	22
Other payables	其他應付款項	Nil 無	49,220	-	-	49,220	49,220
Secured bank loans	有抵押銀行貸款	4.6%	1,975	86,869	-	88,844	85,600
			51,217	86,869	-	138,086	134,842

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as financial assets at fair value through profit or loss.

The Group's listed investments are listed on the Stock Exchange and are included in the Hang Seng Index (the "Index"). Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the Index and other industry indicators, as well as the Group's liquidity needs.

At 31 December 2017, it is estimated that an increase/ (decrease) of 10% (2016: 10%) in the relevant stock market index with all other variables held constant would have decreased/increased the Group's loss after tax (and accumulated losses) and other components of consolidated equity as follows:

6. 財務風險管理及金融工具公平值 (續)

e) 股價風險

本集團須承擔分類為按公平值計入損益的金融資產之股權投資產生的股價變動風險。

本集團的上市投資於聯交所上市，並列入恆生指數(「指數」)內。買入或賣出買賣證券乃按每日監控個別證券之表現(與指數及其他行業指標比較)以及本集團的流動資金需要，而作出買賣決定。

於二零一七年十二月三十一日，假設其他變數維持不變，估計相關股市指數減少／增加10%(二零一六年：10%)，本集團的除稅後虧損(及累計虧損)及綜合權益其他組成部分將增加／減少如下：

2017 二零一七年		2016 二零一六年	
Effect on loss after tax and accumulated losses 對除稅後 虧損及累計 虧損之影響 %	Effect on other components of equity 對綜合權益 其他組成 部分之影響 RMB'000 人民幣千元	Effect on loss after tax and accumulated losses 對除稅後 虧損及累計 虧損之影響 %	Effect on other components of equity 對綜合權益 其他組成 部分之影響 RMB'000 人民幣千元
Increase	10%	-	10%
Decrease	10%	-	10%

Change in the relevant equity
price risk variable:

股本價格風險變數
之變動：

Increase 增加
Decrease 減少

The sensitivity analysis indicates the instantaneous change in the Group's loss after tax (and accumulated losses) and other components of consolidated equity that would arise assuming that the changes in the stock market index had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index.

敏感度分析顯示，假設股市指數或其他相關風險變數之變動已於報告期末產生，並已應用於重新計量本集團所持有之金融工具，而該等工具令本集團於報告期末須承受股本價格風險，對本集團之除稅後虧損(及累計虧損)及綜合權益的其他部份將會造成之即時影響。亦假設本集團股本投資之公平值將根據與股市指數之歷來相互關係而變動。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

f) Fair value measurement

i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

6. 財務風險管理及金融工具公平值 (續)

f) 公平值計量

i) 按公平值計量之金融資產及負債

公平值層級

下表呈列本集團金融工具之公平值，該等金融工具於報告期末按經常性基準計量，並分類為香港財務報告準則第13號，公平值計量所界定之三級公平值架構。將公平值計量分類之層級乃經參考如下估值方法所用數據之可觀察性及重要性後釐定：

- 第一級估值：僅使用第一級輸入數據（即於計量日同等資產或負債於活躍市場之未經調整報價）計量之公平值。
- 第二級估值：使用第二級輸入數據（即未能達到第一級之可觀察輸入數據）且並未使用重大不可觀察輸入數據計量之公平值。不可觀察輸入數據為無市場數據之輸入數據。
- 第三級估值：使用重大不可觀察輸入數據計量之公平值。

本集團的財務總監負責就財務報告進行所需的資產及負債之公平值計量（包括第三層級公平值計量）。財務總監就此等公平值計量直接向董事會匯報。財務總監與董事會每年至少兩次討論估值程序及有關結果。

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

f) Fair value measurement (Continued)

Recurring fair value measurements	經常性公平值計量
Assets:	資產：
Financial assets at fair value through profit or loss	按公平值計入損益的金融資產

Fair value at 31 December 2017 於二零一七年 十二月三十一日	Fair value measurements as at 31 December 2017 categorised into 於二零一七年十二月三十一日 分類為以下類別的公平值計量		
	Level 1	Level 2	Level 3
之公平值	第一層級	第二層級	第三層級
RMB'000	RMB'000	RMB'000	RMB'000
人民幣千元	人民幣千元	人民幣千元	人民幣千元

Recurring fair value measurements	經常性公平值計量
Assets:	資產：
Financial assets at fair value	按公平值計入損益
through profit or loss	之金融資產

Fair value at 31 December 2016	Fair value measurements as at 31 December 2016 categorised into 於二零一六年十二月三十一日 分類至以下級別之公平值		
於二零一六年 十二月三十一日 之公平值	Level 1 第一級	Level 2 第二級	Level 3 第三級
RMB'000	RMB'000	RMB'000	RMB'000
人民幣千元	人民幣千元	人民幣千元	人民幣千元

Liabilities:	負債：
Contingent consideration payable	應付或然代價

44,643	—	—	44,643
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During the years ended 31 December 2016 and 2017, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

截至二零一六年及二零一七年十二月三十一日止年度，第一級與第二級之間並無轉移，亦無轉入或轉出第三級。本集團之政策為於公平值層級之間發生轉移的報告期末確認有關轉移。

Information about Level 3 fair value measurements

As at 31 December 2016, the fair value of the contingent consideration arrangement is RMB44,643,000 was estimated by applying the income approach and based on the valuation performed by an independent professional qualified valuer. The fair value estimates are based on assumed profit of Fujian Liumai Medical Services Co., Ltd. ("Fujian Liumai") of RMB8,000,000. This is a level 3 fair value measurement. The key unobservable inputs of the valuation were: (i) expected volatility of 53.7%; (ii) risk free rate of 3.21% and the estimated profits of Fujian Liumai.

有關第三級公平值計量之資料

於二零一六年十二月三十一日，或然代價安排之公平值人民幣44,643,000元乃應用收入法及根據獨立專業合資格估值師進行的估值而估計。該公平值估計乃基於福建六脈醫療服務有限公司（「福建六脈」）之假設溢利人民幣8,000,000元。此乃為第三級公平值計量。估值之主要不可觀察輸入數據為：(i)預期波幅53.7%；(ii)無風險利率3.21%及福建六脈之估計溢利。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

f) Fair value measurement (Continued)

The major unobservable input to the valuation is the expected volatility. A slight increase in the expected volatility used in isolation would result in an increase in the fair value measurement.

The potential undiscounted amount of all future payments that the Group could be required to make under this arrange is between RMBNil and RMB44,643,000.

The movements during the period in the balance of Level 3 fair value measurements are as follows:

At beginning of year	年初
Acquisition of a subsidiary (note 37)	收購一間附屬公司(附註37)
Cash consideration paid	已付現金代價
At end of year	年末

g) Fair value of financial assets and liabilities carried at other than fair value

The directors of the Company consider the carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2017 and 2016 respectively.

6. 財務風險管理及金融工具公平值(續)

f) 公平值計量(續)

估值之主要不可觀察輸入數據為預期波幅。所用預期波幅輕微增加將導致公平值計量增加。

本集團須根據此安排支付的全部未來付款的潛在未折現金額介乎人民幣零元至人民幣44,643,000元。

期內在第三級公平值計量結餘中的變動如下：

2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
44,643	-
-	44,643
(44,643)	-
-	44,643

g) 按公平值以外列賬之金融資產及金融負債之公平值

本公司董事認為，本集團金融工具的賬面值按成本或攤銷成本列賬，與於二零一七年及二零一六年十二月三十一日之公平值並無重大差額。

7. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Board (the chief operating decision maker) for the purposes of resources allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

7. 分類資料

本集團以分部管理業務，而分部則以業務範圍劃分。按與董事會(主要經營決策者)就資源分配和表現評估作內部報告資料一致的方式，本集團已呈列下列三個可呈報分部。本集團並無將營運分部合併以組成以下之可呈報分部。

7. SEGMENT INFORMATION (Continued)

- i) Pharmaceutical products: development, manufacturing, marketing and sales of pharmaceutical products, sales of pharmaceutical related software and provision of consultancy services;
- ii) Finance leasing: provision of finance leasing services; and
- iii) Other general trading: trading of goods other than pharmaceutical products.

As an effort to diversify the business of the Group, the Group has commenced the business of finance leasing and other general trading during the year ended 31 December 2017 and thus the results of these two new segments are included in the segment reporting.

a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Board monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of financial assets at fair value through profit or loss, interests in an associate, deferred tax assets and other corporate assets. Segment liabilities include trade and other payables attributable to the activities of the individual segments and borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit/(loss) is "adjusted earnings/(loss) before interest, taxes, depreciation and amortisation", where "interest" is regarded as including interest income from bank deposits and interest exposure on bank and other borrowings and "depreciation and amortisation" is regarded as including impairment losses on non-current assets and trade and other receivables. The Group's earnings/(loss) are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning segment profit/(loss), the Board is provided with segment information concerning revenue, interest income, depreciation, amortisation, impairment losses, finance costs and additions to non-current segment assets used by segments in their operations.

7. 分類資料 (續)

- i) 醫藥產品：開發、製造、市場推廣及銷售醫藥產品，銷售醫療相關軟件及提供顧問服務；
- ii) 融資租賃：提供融資租賃服務；及
- iii) 其他一般貿易：買賣醫藥產品以外之商品。

為致力多元化發展本集團之業務，截至二零一七年十二月三十一日止年度，本集團展開融資租賃服務以及其他一般貿易業務，因而產生上述兩個新分部，並已納入分部報告。

a) 分部業績、資產及負債

在評估分部表現及分配分部間資源時，董事會根據以下基準監控可歸屬每一可呈報分部之業績、資產及負債。

分類資產包括所有有形、無形資產及流動資產，惟按公平值計入損益之金融資產、一間聯營公司之利息、遞延稅項資產及其他公司資產除外。分類負債包括個別分類之活動應佔之貿易應付款項及其他應付款項及借貸，由分類直接管理。

收益及支出乃經參考該等分類產生之銷售額及支出(該等分類應佔之折舊或攤銷資產產生之支出除外)分配至報告分類。

用於呈報分部溢利/(虧損)之方法為「經調整扣除息、稅、折舊及攤銷前溢利/(虧損)」，其中「利息」包括銀行存款利息收入及銀行及其他借貸的利息風險、「折舊及攤銷」包括非流動資產及貿易應付款項及其他應付款項之減值虧損。本集團之溢利/(虧損)對並非指定屬於個別分類之項目作出進一步調整，如董事及核數師之酬金以及其他公司行政開支。

除取得有關經營溢利/(虧損)之分部資料外，董事會獲提供之分部資料有關收益、利息收入、折舊、攤銷、減值虧損、融資成本及各分部經營時所用新增非流動分部資產。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

7. SEGMENT INFORMATION (Continued)

a) Segment results, assets and liabilities (Continued)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2(w).

Information regarding the Group's reportable segments as provided to the Board for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2017 and 2016 is set out below.

7. 分類資料 (續)

a) 分部業績、資產及負債 (續)

呈報分部的會計政策與附註2(w)所述本集團的會計政策相同。

有關本集團呈報分部之資料載列如下，該等資料乃提供予董事會以分配資源及評估分部於截至二零一七年及二零一六年十二月三十一日止年度之表現。

		Pharmaceutical products 醫藥產品		Finance leasing 融資租賃		Other general trading 其他一般貿易		Total 總計	
		2017 二零一七年 RMB'000 人民幣千元 (re-presented) (重列)	2016 二零一六年 RMB'000 人民幣千元 (re-presented) (重列)	2017 二零一七年 RMB'000 人民幣千元 (re-presented) (重列)	2016 二零一六年 RMB'000 人民幣千元 (re-presented) (重列)	2017 二零一七年 RMB'000 人民幣千元 (re-presented) (重列)	2016 二零一六年 RMB'000 人民幣千元 (re-presented) (重列)	2017 二零一七年 RMB'000 人民幣千元 (re-presented) (重列)	2016 二零一六年 RMB'000 人民幣千元 (re-presented) (重列)
Reportable segment revenue from external customers	來自外部客戶之呈報分部收益	30,152	263,025	3,115	N/A 不適用	29,267	N/A 不適用	62,534	263,025
Reportable segment profit/(loss) (adjusted EBITDA)	呈報分部溢利/(虧損) (經調整 EBITDA)	(7,105)	(78,477)	1,885	N/A 不適用	(828)	N/A 不適用	(6,048)	(78,477)
Interest income from bank deposits	銀行存款利息收入	265	1,877	1	N/A 不適用	-	N/A 不適用	266	1,877
Interest expense	利息支出	(12,695)	(2,117)	-	N/A 不適用	-	N/A 不適用	(12,695)	(2,117)
Depreciation and amortisation for the year	年內折舊及攤銷	(81,887)	(75,920)	-	N/A 不適用	-	N/A 不適用	(81,887)	(75,920)
Written off on property, plant and equipment	物業、廠房及設備撥回	-	(89,931)	-	N/A 不適用	-	N/A 不適用	-	(89,931)
Written off on inventories	存貨撥回	(4,544)	(13,036)	-	N/A 不適用	-	N/A 不適用	(4,544)	(13,036)
Impairment loss on:	以下項目減值虧損：								
- plant and equipment	- 廠房及設備	(683,326)	(316,841)	-	N/A 不適用	-	N/A 不適用	(683,326)	(316,841)
- goodwill	- 商譽	(107,055)	-	-	N/A 不適用	-	N/A 不適用	(107,055)	-
- investment in an associate	- 於一間聯營公司投資	(4,795)	-	-	N/A 不適用	-	N/A 不適用	(4,795)	-
- amounts due from an associate	- 應收一間聯營公司款項	(89,915)	-	-	N/A 不適用	-	N/A 不適用	(89,915)	-
- other intangible assets	- 其他無形資產	(3,121)	-	-	N/A 不適用	-	N/A 不適用	(3,121)	-
- land use rights	- 土地使用權	(27,558)	(15,261)	-	N/A 不適用	-	N/A 不適用	(27,558)	(15,261)
- other receivable	- 其他應收款項	(2,540)	-	-	N/A 不適用	-	N/A 不適用	(2,540)	-
Reportable segment assets	呈報分部資產	290,687	1,131,787	74,374	N/A 不適用	59,945	N/A 不適用	424,506	1,131,787
Additions to non-current segment assets during the year	年內非流動分部資產添置	204,513	435,477	-	N/A 不適用	-	N/A 不適用	204,513	435,477
Reportable segment liabilities	呈報分部負債	(290,130)	(133,443)	(6,615)	N/A 不適用	(2,416)	N/A 不適用	(299,161)	(133,443)

Note:

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year.

附註：

上述呈報分部收益指外部客戶產生之收益。年內並無分部間銷售。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

7. SEGMENT INFORMATION (Continued)

7. 分類資料 (續)

b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

b) 呈報分部收益、損益、資產及負債之對賬

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元 (re-presented) (重列)
Revenue	收益		
Reportable segment revenue from external customers	來自外部客戶之呈報分部收益	62,534	263,025
Loss	虧損		
Reportable segment loss derived from Group's external customers	來自本集團外部客戶之呈報分部虧損	(6,048)	(78,477)
Share of results of an associate	應佔一間聯營公司業績	-	(105)
Other income	其他收入	1,032	1,877
Depreciation and amortisation	折舊及攤銷	(81,887)	(75,920)
Finance costs	融資成本	(12,695)	(2,117)
Impairment losses on non-current assets	非流動資產減值虧損	(825,855)	(332,102)
Impairment losses on other receivables	其他應收款之減值虧損	(92,455)	-
Unallocated head office and corporate other revenue and net income	未分配總辦事處及公司其他營業外收入及淨收入	771	12,319
Unallocated head office and corporate expenses	未分配總辦事處及公司開支		
- staff cost (including director's emoluments)	- 員工成本 (包括董事酬金)	(2,784)	(3,928)
- written off of property, plant and equipment	- 物業、廠房及設備撇銷	(66)	-
- others	- 其他	(14,869)	(24,945)
Consolidated loss before taxation	綜合稅前虧損	(1,034,856)	(503,398)

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

7. SEGMENT INFORMATION (Continued)

b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities (Continued)

Assets

Reportable segment assets	呈報分部資產
Interests in associates	於聯營公司之權益
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產
Deferred tax assets	遞延稅項資產
Unallocated head office and corporate assets	未分配總辦事處及公司資產

Consolidated total assets

綜合總資產

Liabilities

Reportable segment liabilities	呈報分部負債
Deferred tax liabilities	遞延稅項負債
Unallocated head office and corporate liabilities	未分配總辦事處及公司負債

Consolidated total liabilities

綜合總負債

c) Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services.

Sales of pharmaceutical products	銷售醫藥產品
Sales of pharmaceutical related software	銷售醫藥相關軟件
Provision of consultancy services	提供顧問服務
Trading of electronic and other products	電子元件及其他產品
Finance leasing income	融資租賃收入

Total

合計

7. 分類資料 (續)

b) 呈報分部收益、損益、資產及負債之對賬 (續)

2017	2016
二零一七年	二零一六年
RMB'000	RMB'000
人民幣千元	人民幣千元
	(re-presented)
	(重列)

424,506	1,131,787
-	4,795
-	41,977
49,740	169,736
56,806	39,992
531,052	1,388,287
299,161	133,443
9,894	13,736
2,772	2,691
311,827	149,870

c) 來自主要產品及服務之收益

以下為本集團來自主要產品及服務之收益分析：

2017	2016
二零一七年	二零一六年
RMB'000	RMB'000
人民幣千元	人民幣千元

26,188	262,742
1,026	-
2,938	283
29,267	-
3,115	-
62,534	263,025

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

7. SEGMENT INFORMATION (Continued)

d) Geographic Information

(i) Revenue from external customers

The following is an analysis of geographical location of the Group's revenue from external customers, based on the location at which the services were provided or the goods delivered.

Hong Kong	香港
PRC (place of domicile)	中國(所在地)

(ii) Non-current assets

No non-current assets information is presented for the Group's geographical location, as over 90% of the Group's non-current assets (excluding deferred tax assets) are located on the PRC.

e) Information about major customers

Revenue of approximately RMB22,900,000 (2016: RMB11,364,000) are derived from a single external customer attributable to "other general trading" segment (2016: "pharmaceutical products" segment).

7. 分類資料(續)

d) 地區資料

(i) 來自外部客戶之收入

下表載列有關本集團來自外部客戶之收入的所在地區之資料。客戶所地區按提供服務或貨品付運地點劃分。

Revenues from external customers

外部客戶產生之收益

2017	2016
二零一七年	二零一六年
RMB'000	RMB'000
人民幣千元	人民幣千元
	(re-presented)
	(重列)

25,178	-
37,356	263,025

62,534	263,025
--------	---------

(ii) 非流動資產

本集團並無呈列關於非流動資產的地區資料，因本集團超過90%的非流動資產(不包括遞延稅項資產)位於中國。

e) 有關主要客戶之資料

約人民幣22,900,000元(二零一六年：人民幣11,364,000元)之收益乃產生自分屬「其他一般貿易」板塊一名單一外部客戶(二零一六年：「製藥產品」分部)。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

8. REVENUE

The principal activities of the Group are the development, manufacturing, marketing and sales of pharmaceutical products, sales of pharmaceutical related software, provision of consultancy services, other general trading and provision of finance leasing services.

The amount of each significant category of revenue recognised during the year are as follows:

Sales of pharmaceutical products	銷售醫藥產品
Sales of pharmaceutical related software	銷售醫藥相關軟件
Provision of consultancy services	提供顧問服務
Trading of electronic and other products	電子元件及其他產品
Finance leasing income	融資租賃收入
Total	合計

8. 收益

本集團的主要業務為醫藥產品開發、製造、市場推廣及銷售，以及銷售醫藥相關軟件、提供顧問服務、其他一般貿易及提供融資租賃服務。

年內確認之各重大類別之收益之金額如下：

2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
26,188	262,742
1,026	—
2,938	283
29,267	—
3,115	—
62,534	263,025

9. OTHER INCOME

Bank interest income	銀行利息收入
Loan interest income	貸款利息收入
Total interest income on financial assets not at fair value through profit or loss	並非按公平值計入損益之金融資產的利息收入總額
Changes in fair value on financial assets at fair value through profit or loss	按公平值計入損益之金融資產公平值變動
Exchange gain, net	匯兌收益淨額
Sundry income	雜項收入
Gain on disposal of a subsidiary	出售一間附屬公司收益

9. 其他收益

2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
266	1,877
771	—
1,037	1,877
—	9,308
—	2,984
20	27
746	—
1,803	14,196

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

10. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

10. 除稅項前虧損

除稅項前虧損已扣除／(計入)以下各項：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
a) Finance costs	融資成本		
Interest on bank borrowings	銀行借貸利息	12,695	2,117
Total interest expenses on financial liabilities not at fair value through profit or loss	並非按公平值計入損益之金融負債的利息開支總額	12,695	2,117
b) Staff costs	員工成本		
Directors' emoluments (note 11)	董事薪酬(附註11)	1,179	2,926
Other staff costs	其他員工成本		
– Contributions to defined contribution retirement plans	– 定額供款退休計劃供款	1,544	4,143
– Salaries, wages and other benefits	– 薪金、工資及其他福利	14,299	26,106
Total staff costs **	員工總成本 **	17,022	33,175
c) Other items	其他項目		
Depreciation of property, plant and equipment ** (note 16)	物業、廠房及設備折舊 ** (附註16)	80,225	74,794
Amortisation of other intangible assets (note 18)	其他無形資產攤銷 (附註18)	797	66
Amortisation of land use rights (note 17)	土地使用權攤銷 (附註17)	865	1,234
Auditor's remuneration	核數師酬金	1,427	1,609
Equity-settled share-based payment expenses	以權益結算以股份為基礎的付款支出	–	19,916
Exchange loss/(gain), net	匯兌虧損／(收益)淨額	3,016	(2,984)
Impairment loss on property, plant and equipment (note 16)	物業、廠房及設備減值虧損 (附註16)	683,326	316,841
Impairment loss on land use rights (note 17)	土地使用權減值虧損 (附註17)	27,558	15,261
Impairment loss on other intangible assets (note 18)	其他無形資產之減值虧損 (附註18)	3,121	–

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

10. LOSS BEFORE TAXATION (Continued)

10. 除稅項前虧損(續)

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
c) Other items (Continued)	其他項目(續)		
Impairment loss on goodwill (note 19)	商譽之減值虧損(附註19)	107,055	—
Impairment loss on amounts due from an associate (note 23)	應收一間聯營公司款項之減值虧損(附註23)	89,915	—
Impairment loss on investment in an associate (note 21)	於一間聯營公司投資之減值虧損(附註21)	4,795	—
Impairment loss on other receivable (note 23)	其他應收款項之減值虧損(附註23)	2,540	—
Written off on property, plant and equipment (note 16)	物業、廠房及設備撇銷(附註16)	66	89,931
Written off on inventories (note 22)	存貨撇銷(附註22)	4,544	13,036
Net loss on disposal of property, plant and equipment	出售物業、廠房及設備之淨虧損	—	7
Operating lease payments in respect of rented premises	就租賃物業支付的經營租約付款	1,159	1,025
Cost of inventories # (note 22)	存貨成本#(附註22)	114,432	244,906
Research and development costs *	研發成本*	2,199	4,135
Loss on disposal of financial asset at fair value through profit or loss	出售按公平值計入損益之金融資產的虧損	2,111	—
#	Cost of inventories includes approximately RMB80,263,000 (2016: RMB76,401,000) relating to staff costs and depreciation which amount is also included in the respective total amounts disclosed separately above.	#	存貨成本包括與員工成本及折舊有關的約人民幣80,263,000元(二零一六年: 人民幣76,401,000元), 該金額亦包括於上文單獨披露的各項費用總金額。
*	Research and development costs includes approximately RMB2,098,000 (2016: approximately RMB3,972,000) relating to staff costs and depreciation which amount is also included in the respective total amounts disclosed separately above.	*	研發成本包括有關員工成本及折舊約人民幣2,098,000元(二零一六年: 約人民幣3,972,000元), 該金額亦包括於上文單獨披露的各項費用總金額。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

11. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

11. 董事薪酬

根據香港公司條例第383(1)條與公司(董事利益信息披露)法規第二部分披露之董事薪酬載列如下：

		2017 二零一七年				2016 二零一六年			
		Contributions to defined Salaries, allowances and other benefits			Total	Contributions to defined Salaries, allowances and other benefits			Total
		Fees	Retirement plans	Retirement plans		Fees	Retirement plans	Retirement plans	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Executive directors	執行董事								
Chen Chengqing (note a)	陳成慶先生(附註a)	173	-	-	173	-	-	-	-
	(Chairman)								
Hung Hoi Lan (note b)	洪海瀾(附註b)	173	-	-	173	-	-	-	-
Zhang Rong Qing (note c)	張榮慶(附註c)	26	-	-	26	-	-	-	-
Lin Ou Wen (note d)	林歐文(附註d)	422	-	-	422	1,001	244	53	1,298
Lin Qing Ping (note e)	林慶平(附註e)	-	-	-	-	470	172	37	679
Xu Chao Hui (note f)	許朝輝(附註f)	-	-	-	-	83	76	17	176
Lin Min (note g)	林敏(附註g)	34	-	-	34	100	122	26	248
Non-executive directors	非執行董事								
Tang Bin (note h)	唐彬(附註h)	-	-	-	-	56	-	-	56
John Yang Wang (note i)	王陽(附註i)	-	-	-	-	67	-	-	67
Wen Cyrus Jun-Ming (note j)	聞俊銘(附註j)	-	-	-	-	-	-	-	-
Independent non-executive directors	獨立非執行董事								
Liu Jun (note k)	劉軍(附註k)	-	-	-	-	67	-	-	67
Lam Yat Cheong (note k)	林日昌(附註k)	-	-	-	-	67	-	-	67
Du Jian (note k)	杜建(附註k)	-	-	-	-	67	-	-	67
Zhang Jie (note l)	張捷(附註l)	56	-	-	56	67	-	-	67
Zhang Xue Wen (note l)	張學文(附註l)	56	-	-	56	67	-	-	67
Wu Cheng Han (note l)	吳成翰(附註l)	56	-	-	56	67	-	-	67
Wang Zi Hao (note m)	王子豪(附註m)	61	-	-	61	-	-	-	-
Tu Fang Kui (note m)	屠方魁(附註m)	61	-	-	61	-	-	-	-
Zhang Rong Qing (note m)	張榮慶(附註m)	35	-	-	35	-	-	-	-
Long Jun (note n)	隆軍(附註n)	26	-	-	26	-	-	-	-
		1,179	-	-	1,179	2,179	614	133	2,926

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

11. DIRECTORS' EMOLUMENTS (Continued)

Notes:

- a) Mr. Chen Chengqing was appointed as executive director and chairman on 17 February 2017 and 16 June 2017 respectively.
- b) Ms. Hung Hoi Lan was appointed as executive director on 17 February 2017.
- c) Mr. Zhang Rong Qing was appointed as non-executive director on 16 June 2017, re-designated from independent non-executive director to an executive director on 15 September 2017.
- d) Mr. Lin Ou Wen was retired as executive director on 16 June 2017.
- e) Mr. Lin Qing Ping was resigned as executive director on 2 June 2016, re-appointed on 30 June 2016 and resigned on 14 October 2016.
- f) Mr. Xu Chao Hui was resigned as executive director on 2 June 2016.
- g) Mr. Lin Min was appointed as executive director on 30 June 2016 and resigned on 17 February 2016.
- h) Mr. Tang Bin was resigned as non-executive director on 2 June 2016.
- i) Mr. John Yang Wang was resigned as non-executive director on 30 June 2016.
- j) Mr. Wen Cyrus Jun-Ming was appointed as non-executive on 15 June 2015 and resigned on 3 March 2016.
- k) Mr. Liu Jun, Mr. Lam Yat Cheong and Mr. Du Jian were resigned as independent non-executive director on 30 June 2016.
- l) Mr. Zhang Jie, Mr. Zhang Xue Wen and Mr. Wu Cheng Han were appointed as independent non-executive director on 30 June 2016 and retired on 16 June 2017.
- m) Mr. Wang Zi Hao and Mr. Tu Fang Kui were appointed as independent non-executive director on 16 June 2017.
- n) Mr. Long Jun was appointed as independent non-executive director on 15 September 2017.

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 during the year. None of the directors has waived any emoluments during the years ended 31 December 2017 and 2016.

11. 董事薪酬(續)

附註：

- a) 陳成慶先生分別於二零一七年二月十七日及二零一七年六月十六日獲委任為執行董事及主席。
- b) 洪海瀾女士於二零一七年二月十七日獲委任為執行董事。
- c) 張榮慶先生於二零一七年六月十六日獲委任為非執行董事，並於二零一七年九月十五日由獨立非執行董事調任為執行董事。
- d) 林歐文先生於二零一七年六月十六日退任執行董事。
- e) 林慶平先生於二零一六年六月二日辭任執行董事，於二零一六年六月三十日獲重新委任及於二零一六年十月十四日辭任。
- f) 許朝暉先生於二零一六年六月二日辭任執行董事。
- g) 林敏先生於二零一六年六月三十日獲委任為執行董事及於二零一七年二月十七日辭任。
- h) 唐彬先生於二零一六年六月二日辭任非執行董事。
- i) 王陽先生於二零一六年六月三十日辭任非執行董事。
- j) 聞俊銘先生於二零一五年六月十五日獲委任為非執行董事及於二零一六年三月三日辭任。
- k) 劉軍先生、林日昌先生及杜建先生於二零一六年六月三十日辭任獨立非執行董事。
- l) 張捷先生、張學文先生及吳成翰先生於二零一六年六月三十日獲委任為獨立非執行董事及於二零一七年六月十六日退任。
- m) 王子豪先生及屠方魁先生於二零一七年六月十六日獲委任為獨立非執行董事。
- n) 隆軍先生於二零一七年九月十五日獲委任為獨立非執行董事。

於年內，本集團概無向任何董事支付任何酬金，作為其加入本集團或在其加入本集團時的獎勵或離職補償。於截至二零一七年及二零一六年十二月三十一日止年度，概無董事放棄任何酬金。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

12. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, included one director (2016: three directors) of the Company whose emoluments are disclosed in note 11. The aggregate of the emoluments in respect of the remaining four (2016: two) individuals were as follows:

Salaries and other emoluments	薪金及其他酬金
Contributions to defined contribution retirement plans	定額供款退休計劃供款

The emoluments of the four (2016: two) individuals with the highest emoluments are within the following band:

Emoluments band	酬金範圍
Nil – HK\$1,000,000 (approximately equivalent to RMB865,000 (2016: RMB855,000))	零至1,000,000 港元 (約等於人民幣865,000 元 (二零一六年：人民幣804,000 元))
HK\$1,000,001 – HK\$1,500,000 (approximately equivalent to RMB1,297,000 (2016: RMB1,283,000))	1,000,001 港元至1,500,000 港元 (約等於人民幣1,297,000 元 (二零一六年：人民幣1,283,000 元))

No emoluments was paid by the Group to the above individuals as an inducement to join or upon joining the Group or as for loss of office during the year. None of the above individuals has waived any emoluments during the years ended 31 December 2017 and 2016.

12. 最高薪人士

五名最高薪人士中，包括一名本公司董事(二零一六年：三名本公司董事)，彼等之酬金披露於附註11。餘下四名(二零一六年：兩名)人士的酬金總額如下：

2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
2,596	1,249
74	49
2,670	1,298

四名(二零一六年：兩名)最高薪人士之酬金介乎下列組別：

Number of individuals 人數	2017 二零一七年	2016 二零一六年
	4	1
	-	1
	4	2

於年內，本集團概無支付任何酬金予上述人士，作為其加入本集團或在其加入本集團時的獎勵或離職補償。於截至二零一七年及二零一六年十二月三十一日止年度，概無上述人士放棄任何酬金。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

13. INCOME TAX

a) Income tax recognised in profit or loss

Current tax	當期稅項
Hong Kong Profits Tax	
PRC Enterprise Income Tax ("EIT")	中國企業所得稅 (「企業所得稅」)
Deferred taxation (note 30(b)(i))	遞延稅項(附註30(b)(i))

In accordance with the relevant laws and regulations in the PRC, one of the PRC subsidiaries of the Group, Fujian Liumai Medical Services Co., Ltd. ("Fujian Liumai") is exempted from PRC EIT for two years ended 31 December 2016 and 2017, followed by a 50% reduction for the next three years ending 31 December 2018 to 31 December 2020.

For other PRC subsidiaries of the Group, PRC EIT is calculated at 25% (2016: 25%) in accordance with the relevant laws and regulations in the PRC.

Hong Kong Profits Tax have been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong subsidiaries for the year ended 31 December 2017 (2016: No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits in Hong Kong for the year).

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

13. 所得稅

a) 於損益內確認之所得稅

2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
159	—
575	—
116,154	(107,140)
116,888	(107,140)

根據中國相關法律及法規，本集團的其中一間中國附屬公司，福建六脈醫療服務有限公司(「福建六脈」)，享有截至二零一六年及二零一七年十二月三十一日止兩個年度企業所得稅全免及截至二零一八年十二月三十一日至二零二零年十二月三十一日止未來三個年度企業所得稅減半徵收的稅務優惠。

就本集團其他中國附屬公司而言，中國企業所得稅乃根據中國相關法律法規按25%(二零一六年：25%)計算。

於截至二零一七年十二月三十一日止年度本集團香港附屬公司已按估計應課稅溢利之16.5%撥備香港利得稅(二零一六年：由於本集團於年內在香港並無任何應課稅溢利，故並無作出香港利得稅撥備)。

根據開曼群島規則及法規，本集團毋須支付任何開曼群島利得稅。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

13. INCOME TAX (Continued)

b) Reconciliation between tax expense and accounting loss at applicable tax rates:

Loss before tax	除稅前虧損
Notional tax on loss before tax, calculated at the rates applicable in the countries concerned	按相關國家的適用稅率計算除稅前虧損的名義稅項
Tax effect of non-deductible expenses	不可扣減費用的稅務影響
Tax effect of non-taxable income	非應課稅收益之稅務影響
Tax effect of tax loss not recognised	未確認稅項虧損之稅務影響
Tax effect of share of results of an associate	應佔一間聯營公司業績之稅務影響
Tax effect of deductible temporary differences not recognised	未確認可扣減臨時差額之稅務影響
Reversal of deferred tax assets recognised in prior years (note 30(b)(i))	回撥以前年度確認之遞延稅資產 (附註30(b)(i))
Tax effect of income tax at concessionary rate	所得稅優惠稅率之影響
Statutory tax concession	法定之稅務優惠
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries (note 30(b)(i))	本集團中國附屬公司可分派溢利之預扣稅影響 (附註30(b)(i))
Actual tax expense/(credit)	實際稅項開支/(抵免)

13. 所得稅(續)

b) 按適用稅率計算的稅項開支與會計虧損對賬如下：

2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
(1,034,856)	(503,398)
(254,792)	(123,965)
39,381	20,471
(14,188)	(18,735)
53,275	16,945
—	26
177,721	—
119,000	—
(637)	—
(26)	—
(2,846)	(1,882)
116,888	(107,140)

14. DIVIDENDS

The directors of the Company do not recommend the payment of a final dividend for both years ended 31 December 2017 and 2016.

14. 股息

本公司董事建議不就截至二零一七年及二零一六年十二月三十一日止兩個年度派付末期股息。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

15. LOSS PER SHARE

a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately RMB1,151,744,000 (2016: RMB396,258,000) and the weighted average number of 2,408,020,719 ordinary shares (2016: 1,983,786,200 ordinary shares) in issue during the year, calculated as follows:

Loss attributable to owners of the Company (basic)	本公司擁有人應佔虧損 (基本)
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Weighted average number of ordinary shares (basic)	普通股加權平均數 (基本)
--	---------------

Weighted average number of ordinary shares for the purpose of basic earnings per share	為計算每股基本盈利之普通股加權平均數
--	--------------------

b) Diluted loss per share

For the year ended 31 December 2017, diluted loss per share was the same as the basic loss per share as there is no dilutive potential ordinary shares outstanding.

For the year ended 31 December 2016, no adjustment has been made to the basic loss per share amount presented as the impact of the share options had anti-dilutive effect on the basic loss per share amount presented.

The calculation of diluted loss per share is based on the loss attributable to owners of the Company of RMB1,151,744,000 (2016: RMB396,258,000) and the weighted average number of 2,408,020,719 (2016: 1,983,786,200) ordinary shares in issue during the year.

15. 每股虧損

a) 每股基本虧損

每股基本虧損乃根據年內本公司擁有人應佔虧損約人民幣1,151,744,000元(二零一六年: 人民幣396,258,000元)以及加權平均數2,408,020,719股普通股(二零一六年: 1,983,786,200股普通股)計算, 計算如下:

2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
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(1,151,744)	(396,258)
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2017 二零一七年 RMB'000 千元	2016 二零一六年 RMB'000 千元
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2,408,021	1,983,786
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b) 每股攤薄虧損

截至二零一七年十二月三十一日止年度, 由於並無已發行具潛在攤薄效應的普通股, 故每股攤薄虧損與每股基本虧損相同。

截至二零一六年十二月三十一日止年度, 由於購股權對每股基本虧損列值金額具有反攤薄影響, 故並未對每股基本虧損列值金額作出調整。

每股攤薄虧損乃根據年內本公司擁有人應佔虧損人民幣1,151,744,000元(二零一六年: 人民幣396,258,000元)以及已發行加權平均2,408,020,719股(二零一六年: 1,983,786,200股)普通股計算。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

16. PROPERTY, PLANT AND EQUIPMENT

16. 物業、廠房及設備

		Buildings 樓宇 RMB'000 人民幣千元	Leasehold improvement 租賃 物業裝修 RMB'000 人民幣千元	Furniture, fixtures and equipment 傢具、 固定裝置 及設備 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Plant and machinery 廠房及機器 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Cost	成本						
At 1 January 2016	於二零一六年一月一日	220,256	269	44,131	7,892	1,006,544	1,279,092
Additions	添置	-	-	3	-	435,474	435,477
Disposal	出售	-	-	-	(2,446)	-	(2,446)
Acquisitions through business combination (note 37)	透過業務合併收購 (附註37)	-	-	23	-	-	23
Written off (note (c))	撇銷(附註(c))	(10,730)	-	-	-	(115,200)	(125,930)
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日	209,526	269	44,157	5,446	1,326,818	1,586,216
Additions	添置	-	-	5	-	204,508	204,513
Derecognised on disposal of a subsidiary (note 38)	取消確認出售一間附屬公司(附註38)	-	-	(46)	-	(7)	(53)
Written off	撇銷	-	(269)	-	-	-	(269)
At 31 December 2017	於二零一七年十二月三十一日	209,526	-	44,116	5,446	1,531,319	1,790,407
Accumulated depreciation and impairment	累計折舊及減值						
At 1 January 2016	於二零一六年一月一日	48,735	33	39,691	7,125	386,977	482,561
Charge for the year	年內開支	5,596	170	532	168	68,328	74,794
Impairment losses recognised in profit or loss (note (d))	於損益中確認的減值虧損(附註(d))	46,258	-	1,155	-	269,428	316,841
Eliminated on disposals of assets	出售資產時抵銷	-	-	-	(2,354)	-	(2,354)
Written off (note (c))	撇銷(附註(c))	(772)	-	-	-	(35,227)	(35,999)
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日	99,817	203	41,378	4,939	689,506	835,843
Charge for the year	年內開支	3,889	-	399	167	75,770	80,225
Impairment losses recognised in profit or loss (note (d))	於損益中確認的減值虧損(附註(d))	82,698	-	1,849	-	598,779	683,326
Eliminated on disposal of a subsidiary (note 38)	出售一間附屬公司時抵銷(附註38)	-	-	(41)	-	(6)	(47)
Written off	撇銷	-	(203)	-	-	-	(203)
At 31 December 2017	於二零一七年十二月三十一日	186,404	-	43,585	5,106	1,364,049	1,599,144
Carrying amounts	賬面值						
At 31 December 2017	於二零一七年十二月三十一日	23,122	-	531	340	167,270	191,263
At 31 December 2016	於二零一六年十二月三十一日	109,709	66	2,779	507	637,312	750,373

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

- a) As at 31 December 2017, the approval for applications of house ownership certificates for buildings of the Group with a total carrying amount of RMB23,122,000 (2016: RMB109,709,000) were still in progress.
- b) At 31 December 2017, property, plant and equipment with a net book value of approximately RMB28,547,000 (2016: RMB138,834,000) was pledged to banks as collateral against the bank loans of RMB281,942,000 (2016: RMB85,600,000) (note 29).
- c) On 10 September 2016 and 8 November 2016, the operations of all the production compartments in the Group's production plant located in the Haixi Industrial and Trading Development Zone in Jianyang City, Fujian Province, China (the "Haixi Plant") have been temporarily suspended (the "Suspension") due to typhoon Meranti and rupture of the main underground steam pipelines connecting all the production compartments. These incidents have caused damage to the production facilities. The Group therefore written off property, plant and equipment with carrying amounts of approximately RMB89,931,000 during the year ended 31 December 2016.
- d) Impairment loss

For the year ended 31 December 2017

During the year ended 31 December 2017, the Group has experienced a significant drop in revenue due to (i) the loss of customers resulted from suspension of the operations of all the production compartments in the Group's production plant located in the Haixi Plant from late 2016 to early 2017 Development Zone in Jianyang City, Fujian Province, China (the "Haixi Plant") in late 2016; (ii) the implementation of "Two-Invoice System" and "Drug Concentration Procurement"; (iii) failure of one of the major products of the Group to be listed in the National Medical Insurance Directory; (iv) few months' suspension period of oral products production in 2017 due to GMP Certification; and (v) rectification on certain production units in October 2017.

The management of the Group therefore performed an impairment review of the recoverable amount related to Haixi Plant. For the purposes of impairment testing of the Haixi Plant, property, plant and equipment and land use rights located at the Haixi Plant was allocated to one cash generating unit ("CGU") of sales of pharmaceutical products.

The recoverable amounts of the CGU is determined based on management estimation of fair value less cost of disposal of the CGU and with reference to the valuation performed by an independent professional valuer, using the discounted cash flow forecast and with reference to the recent growth rate in the pharmaceutical industry.

The major assumptions used included discount rate of 9% and the projected sales volume for the CGU which has taken into account the existing directors' consideration that the future performance of the CGU will be consistent with the CGU's past and management's expectation for the market development. The fair value on which the recoverable amount is based is categorised as a Level 3 measurement.

The key assumptions used on the calculations are on follows:

Market growth rate	8%
Long-term growth rate	3%
Cost of disposal	14.4%

16. 物業、廠房及設備(續)

附註：

- a) 於二零一七年十二月三十一日，本集團總面值為人民幣23,122,000元(二零一六年：人民幣109,709,000元)之樓宇房屋所有權證申請等待批准。
- b) 於二零一七年十二月三十一日，賬面淨值約為人民幣28,547,000元(二零一六年：人民幣138,834,000元)的物業、廠房及設備已作為人民幣281,942,000元(二零一六年：人民幣85,600,000元)的銀行貸款的抵押物抵押予銀行(附註29)。
- c) 於二零一六年九月十日及二零一六年十一月八日，因颱風莫蘭蒂及通往各生產車間主管道破裂，本集團位於中國福建省建陽市海西工貿開發區的生產廠房(「海西廠房」)各生產車間暫停生產(「停產」)。該等事件已對生產設備造成損壞。截至二零一六年十二月三十一日止年度，本集團因此撇銷賬面值約人民幣89,931,000元之物業、廠房及設備。
- d) 減值虧損

截至二零一七年十二月三十一日止年度

截至二零一七年十二月三十一日止年度，本集團收益經歷重大下滑，由於(i)本集團海西廠房的全部生產車間於二零一六年年末至二零一七年初停止運作所致之客戶流失；(ii)「兩票制」及「藥品集中採購」的落實；(iii)本集團一項主要產品未能進入了國家醫保目錄；(iv)由於GMP證書於二零一七年年中止生產口服產品數月；及(v)於二零一七年十月若干生產車間整修。

本集團管理層因此對海西廠房相關可收回金額進行減值檢討。為對海西廠房進行減值測試，位於海西廠房的物業、廠房及設備以及土地使用權分配至醫藥產品銷售的一個現金產生單位(「現金產生單位」)。

現金產生單位的可收回金額基於管理層估計公平值減現金產生單位出售成本及經參考獨立專業估值師利用貼現現金流量預測及醫藥行業近期增長率後進行之估值。

所用主要假設包括貼現率9%及現金產生單位預測銷售量(經計及現有董事對此等現金產生單位之未來表現將與現金產生單位之過去表現一致的考量及管理層對市場發展之預期)。可收回金額公平值及基於第三級分類計量。

用於計算關鍵假設如下：

市場增長率	8%
長期增長率	3%
出售成本	14.4%

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes: (Continued)

d) Impairment loss (Continued)

During the year ended 31 December 2017, impairment losses of RMB683,326,000 and RMB27,558,000 has been recognised in property, plant and equipment and land use rights (note 17) respectively.

For the year ended 31 December 2016

During the year ended 31 December 2016, as a result of the drop in sales demand, suspension of production due to the upgrading and enhancement of existing production equipment for new GMP certification and the continuously deepening of the pharmaceutical system reform in China, the Group has experienced significant drop in revenue and gross profit during the period. The management of the Group therefore performed an impairment review of the recoverable amount related to the Haixi Plant. For the purposes of impairment testing of the Haixi Plant, property, plant and equipment and land use rights located at the Haixi Plant was allocated to one cash generating unit ("CGU") of sales of pharmaceutical products.

The recoverable amount of the relevant cash-generating unit of approximately RMB786,398,000 was determined on the basis of value in use calculations. Value in use calculations was based on the discount rate of 13.5% and cash flow projections prepared from financial forecasts approved by the management for the next five years. The cash-generating unit cash flows beyond the 5-year period were extrapolated using a growth rate of 3%. Other key assumptions for the value in use calculation related to the estimation of cash inflows/outflows which included budgeted sales and expected gross margins during the budget period which had been determined based on past performance and management's expectations for the market development.

In performing the impairment testing, the directors of the Company had also made reference to a valuation performed by an independent professional valuer, APAC Assets Valuation and Consulting Limited.

During the year ended 31 December 2016, impairment losses of RMB316,841,000 and RMB15,261,000 have been recognised in property, plant and equipment and land use rights (note 17) respectively.

16. 物業、廠房及設備 (續)

附註：(續)

d) 減值虧損 (續)

於截至二零一七年十二月三十一日止年度內，本集團分別就物業、廠房及設備以及土地使用權(附註17)確認減值虧損人民幣683,326,000元及人民幣27,558,000元。

截至二零一六年十二月三十一日止年度

截至二零一六年十二月三十一日止年度，由於銷售需求下降、為取得新的藥品生產質量管理規範證書而對現有生產設備進行升級及提升而停止生產以及中國持續深化改革醫藥制度，本集團於期內之收益及毛利大幅減退。本集團管理層對與海西廠房有關的可收回金額作出減值審查。就海西廠房之減值測試而言，位於海西廠房之物業、廠房及設備以及土地使用權已分配為單一項作為銷售醫藥產品的現金產生單位。

相關現金產生單位之可收回金額約人民幣786,398,000元乃基於使用價值計算方式釐定。使用價值乃基於折現率約為13.5%及從財務預測編製並經由管理層批准的未來五年現金流量預測計算。超過五年期之現金產生單位現金流量乃採用3%增長率推算。有關使用價值計算的其他主要假設乃與預期期內預算銷售及預期毛利率包括的現金流入/流出估計有關，而預算期乃根據過往表現及管理層對市場發展的預測釐定。

在進行減值測試時，本公司董事亦已參考獨立專業估值師亞太資產評估有限公司進行的估值。

截至二零一六年十二月三十一日止年度，減值虧損人民幣316,841,000元及人民幣15,261,000元已分別於物業、廠房及設備以及土地使用權(附註17)內確認。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

17. LAND USE RIGHTS

17. 土地使用權

		RMB'000 人民幣千元
Cost	成本	
At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	於二零一六年一月一日、二零一六年十二月 三十一日、二零一七年一月一日及 二零一七年十二月三十一日	64,030
Accumulated amortisation and impairment	累計攤銷及減值	
At 1 January 2016	於二零一六年一月一日	11,398
Amortisation for the year	年內攤銷	1,234
Impairment losses recognised in profit or loss (note 16(d))	於損益內確認的減值虧損(附註 16(d))	15,261
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及 二零一七年一月一日	27,893
Amortisation for the year	年內攤銷	865
Impairment losses recognised in profit or loss (note 16(d))	於損益內確認的減值虧損(附註 16(d))	27,558
At 31 December 2017	於二零一七年十二月三十一日	56,316
Carrying amount	賬面值	
At 31 December 2017	於二零一七年十二月三十一日	7,714
At 31 December 2016	於二零一六年十二月三十一日	36,137
i) As at 31 December 2017, land use rights with a net book value of approximately RMB6,040,000 (2016: RMB28,308,000) was pledged to banks as collateral against bank loans of RMB281,942,000 (2016: RMB85,600,000) (note 29).	i) 於二零一七年十二月三十一日， 賬面淨值為約人民幣6,040,000元 (二零一六年：人民幣28,308,000 元)的土地使用權已抵押予 銀行，作為銀行貸款人民幣 281,942,000元(二零一六年：人 民幣85,600,000元)的抵押品(附 註29)。	

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

18. OTHER INTANGIBLE ASSETS

18. 其他無形資產

		Patents	Product development costs	Software	Total
		專利	產品開發成本	軟件	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Cost	成本				
At 1 January 2016	於二零一六年一月一日	16,230	7,977	-	24,207
Written off	撇銷	-	(127)	-	(127)
Acquisitions through business combinations (note 37)	透過業務合併收購(附註37)	-	-	3,984	3,984
At 31 December 2016, 1 January 2017 and 31 December 2017	於二零一六年十二月三十一日、二零一七年一月一日及二零一七年十二月三十一日	16,230	7,850	3,984	28,064
Accumulated amortisation and impairment	累計攤銷及減值				
At 1 January 2016	於二零一六年一月一日	16,230	7,977	-	24,207
Charge for the year	年內開支	-	-	66	66
Written off	撇銷	-	(127)	-	(127)
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日	16,230	7,850	66	24,146
Charge for the year	年內開支	-	-	797	797
Impairment losses recognised in profit or loss (note 19)	於損益中確認的減值虧損(附註19)	-	-	3,121	3,121
At 31 December 2017	於二零一七年十二月三十一日	16,230	7,850	3,984	28,064
Carrying amount	賬面值				
At 31 December 2017	於二零一七年十二月三十一日	-	-	-	-
At 31 December 2016	於二零一六年十二月三十一日	-	-	3,918	3,918

The amortisation charge for the year is included in "administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

本年度之攤銷費用乃計入綜合損益及其他全面收益表「行政費用」中。

The above intangible assets have finite useful lives and are amortised on a straight-line basis over its estimated useful life of five years, except for certain of the intangible assets which are not yet available for use.

上述無形資產具有有限可使用年期，以直線法按其估計可使用年期於五年內攤銷，惟尚不可動用的若干無形資產除外。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

19. GOODWILL

Cost	成本
At 1 January	於一月一日
Acquisition through business combination (note 37)	透過業務合併收購(附註37)
At 31 December	於十二月三十一日
Accumulated impairment losses	累計減值虧損
At 1 January	於一月一日
Impairment loss recognised in profit or loss	於損益內確認的減值虧損
At 31 December	於十二月三十一日
Carrying amount	賬面值
At 31 December	於十二月三十一日

Impairment tests for cash-generating units containing goodwill

The carrying amount of goodwill was allocated to a CGU as follows:

Sales of pharmaceutical related software and provision of consultancy service	銷售軟件及提供顧問服務
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For the year ended 31 December 2017

Based on the annual impairment test performed, an impairment loss of RMB107,055,000 has been recognised. The recoverable amount of the cash-generating unit determined based on value in use calculation is estimated to be RMBNil. The intangible assets of RMB3,121,000 (note 18) was also impaired during the year.

Assumptions used in the value in use calculation are determined with reference to the cash flow projections prepared and approved by the management based on past performance and management's expectation for the market development and evaluation of the future business prospect.

19. 商譽

2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
107,055	-
-	107,055
107,055	107,055
-	-
107,055	-
107,055	-
-	107,055

現金產生單位的減值測試包括商譽。

商譽之賬面值已分配至如下現金產生單位：

2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
-	107,055

截至二零一七年十二月三十一日止年度

基於已進行之年度減值測試，已確認減值虧損人民幣107,055,000元。現金產生單位的可收回金額基於使用價值釐定並估計為人民幣零元。人民幣3,121,000元的無形資產(附註18)亦於年內減值。

用於使用價值計算之假設乃經參考管理層基於過往表現及管理層對市場發展的預測製備及批准之現金流量預測及檢討未來業務前景後釐定。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

19. GOODWILL (Continued)

For the year ended 31 December 2017 (Continued)

The impairment loss arose as a result of the following factors: (i) the substantial change in the management team of Fujian Liumai in 2017 which could not be properly handled in a timely manner, and resulted in the sales of Fujian Liumai fell far short of expectation; (ii) the fast-changing development pace with the industry; and (iii) management's evaluation of the future business prospect of Fujian Liumai.

For the year ended 31 December 2016

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

The key assumptions, long-term growth rate and discount rate used in the value-in-use calculations are as follows:

Gross margin	毛利率	69%
Long term growth rate	長期增長率	3%
Pre-tax discount rate	除稅前貼現率	12.5%

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development. The long term growth rates used was adopted based on the PRC long term projected inflation as sourced from the International Monetary Fund. The discount rates used are pre-tax and reflect specific risks relating to the business.

At 31 December 2017, the recoverable amount of the CGU was as follows.

Recoverable amount 可收回金額

19. 商譽 (續)

截至二零一七年十二月三十一日止年度 (續)

減值虧損由於下列因素產生：(i) 福建六脈管理團隊於二零一七年的重大變動致令交接未能及時進行及導致福建六脈銷售業績遠低於預期；(ii) 行業發展步伐瞬息萬變；及(iii) 管理層對福建六脈未來業務前景的評估。

截至二零一六年十二月三十一日止年度

現金產生單位之可收回金額乃根據使用價值計算釐定。該等計算乃使用管理層批准涵蓋五年期間之財務預算所作出之除稅前現金流量預測。五年期間後之現金流量則使用下文所述估計增長率推算。該增長率並無超逾現金產生單位所經營業務之長期平均增長率。

於使用價值計算中使用的主要假設、長期增長率及貼現率如下：

用於釐定預算毛利率之價值之基準為緊隨預算年度前一年達至的平均毛利率，已就預期效率提升及預期市場發展而增加。所使用長期增長率乃根據來源於國際貨幣基金組織的中國長期預計通脹採納。所用貼現率為除稅前，並反映與業務有關的特殊風險。

於二零一七年十二月三十一日，現金產生單位之可收回金額如下。

2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
-	107,055

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

20. SUBSIDIARIES

The following is a list of principal subsidiaries at 31 December 2017:

20. 附屬公司

以下為於二零一七年十二月三十一日的主要附屬公司的名單：

Name of subsidiary 附屬公司名稱	Place of incorporation and business 註冊成立及經營地點	Particulars of issued and paid up capital/ registered capital 已發行及繳足股本/ 註冊資本詳情	Proportion of ownership interest 所有權百分比			Principal activity 主要業務
			Group's effective interest 本集團實益權益	Held by the Company 本公司持有	Held by a subsidiary 附屬公司持有	
Sanai International Investment Company Limited (formerly known as "Wuyi International Pharmaceutical Investment Company Limited" ("Sanai BVI"))	British Virgin Islands ("BVI")/ Hong Kong	10,000 ordinary shares of US\$1 each	100%	100%	–	Investment holding
Sanai International Investment Company Limited (前稱「武夷國際藥業投資有限公司」)(「三愛 BVI」)	英屬處女群島 (「英屬處女群島」)/香港	10,000 股每股面值 1 美元的普通股				投資控股
Wuyi International Pharmaceutical (Hong Kong) Company Limited 武夷國際藥業(香港)有限公司	Hong Kong 香港	1 ordinary share 1 股普通股	100%	–	100%	Investment holding 投資控股
Fujian Sanai Pharmaceutical Company Limited ("Fujian Sanai") (note (iii)) 福建三愛藥業有限公司 (「福建三愛」)(附註(iii))	PRC wholly-foreign-owned enterprise for a term of 50 years commencing 18 January 2000 中國，外商獨資企業， 二零零零年一月十八日 起計為期五十年	Registered capital RMB290,780,000 註冊資本 人民幣 290,780,000 元	100%	–	100%	Develop, manufacture, marketing and sales of pharmaceutical products 開發、製造、營銷及銷售醫藥產品
Fuzhou Sanai Pharmaceutical Company Limited ("Fuzhou Sanai") (note (iii)) 福州三愛藥業有限公司 (「福州三愛」)(附註(iii))	PRC wholly-foreign-owned enterprise for a term of 50 years commencing 1 January 2004 中國，外商獨資企業， 二零零四年一月一日 起計為期五十年	Registered capital US\$19,810,000 註冊資本 19,810,000 美元	100%	–	100%	Investment holding/ Develop, manufacture, marketing and sales of pharmaceutical products 投資控股/開發、製造、營銷及銷售醫藥產品
Fujian Liumai Medical Services Co., Limited ("Fujian Liumai") (note (iii)) 福建六脈醫療服務有限公司 (「福建六脈」)(附註(iii))	PRC wholly-foreign-owned enterprise for a term of 30 years commencing 21 August 2014 中國，外商獨資企業， 二零一四年八月二十一日 起計為期 30 年	Registered capital RMB810,000,000 註冊資本 人民幣 810,000,000 元	100%	–	100%	Sales of pharmaceutical related software and provision of consultancy services 銷售醫藥相關軟件及提供顧問服務
China Green Energy Interactive Development Limited 中國綠色能源互動發展有限公司	Hong Kong 香港	10,000,000 ordinary shares 10,000,000 股普通股	100%	–	100%	General trading 一般貿易

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

20. SUBSIDIARIES (Continued)

20. 附屬公司(續)

Name of subsidiary 附屬公司名稱	Place of incorporation and business 註冊成立及經營地點	Particulars of issued and paid up capital/ registered capital 已發行及 繳足股本/ 註冊資本詳情	Proportion of ownership interest 所有權百分比			Principal activity 主要業務
			Group's effective interest 本集團 實益權益	Held by the Company 本公司 持有	Held by a subsidiary 附屬公司 持有	
Union Development Financial Leasing (Shenzhen) Company Limited (note (iii))	PRC wholly-foreign-owned enterprise for a term of 30 years commencing 5 December 2016	Registered capital RMB120,000,000	100%	–	100%	Provision of finance leasing services
聯合發展融資租賃(深圳)有限公司(附註(iii))	中國·外商獨資企業，二零一六年十二月五日 起計為期30年	註冊資本 人民幣 120,000,000 元				提供融資租賃服務
Zhejiang Sanai Biotechnology Limited (note (iii))	PRC wholly-foreign-owned enterprise for a term of 10 years commencing 8 September 2017	Registered capital HK\$30,000,000	100%	–	100%	General trading
浙江三愛生物科技有限公司(附註(iii))	中國·外商獨資企業，二零一七年九月八日 起計為期十年	註冊資本 30,000,000 港元				一般貿易

Notes:

- i) None of the subsidiaries had any debt securities outstanding at the end of the reporting period, or at any time during the year.
- ii) The English names of the subsidiaries are presented for identification purposes only.

附註：

- i) 於報告期末或年內任何時間，概無附屬公司有任何未償還的債務證券。
- ii) 附屬公司之英文名稱僅供識別。

21. INTERESTS IN AN ASSOCIATE

21. 於聯營公司權益

The following list contains only the particulars of the Group's associate, which is an unlisted company whose quoted market price is not available:

下表僅列出均為非上市公司且並無市價之本集團聯營公司之資料：

Name of company 附屬公司名稱	Place of incorporation and business 註冊成立及經營地點	Particulars of issued and paid up capital 已發行及 繳足股本/ 註冊資本詳情	Proportion of ownership interest 所有權百分比			Principal activity 主要業務
			Group's effective interest 本集團 實益權益	Held by the Company 本公司 持有	Held by a subsidiary 附屬公司 持有	
Antu County Guanghui Chinese Medicine Technology Development Company Limited*	PRC	RMB10,000,000 Registered	49%	–	49%	Not yet commence business
安圖縣廣匯中藥材科技發展有限公司*	中國	已註冊人民幣 10,000,000 元				尚未開展業務

* Registered under the laws of the PRC as a limited liability company.

The English name is presented for identification purpose only.

* 根據中國法律註冊為有限責任公司

英文名稱僅供識別。

The above associate are accounted for using the equity method in the consolidated financial statements.

以上聯營公司使用權益法於綜合財務報表內入賬。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

21. INTERESTS IN AN ASSOCIATE (Continued)

As at 31 December 2016, Fuzhou Sanai, a wholly owned subsidiary of the Group, has invested an aggregate amount of approximately RMB94,815,000 in the associate for the plantation of the Chinese herb, Perilla. In 2017, as Fuzhou Sanai was informed that Perilla Oil Capsule was not included in the National Reimbursement Drug List, the sales volume of Perilla Oil Capsule had an obvious drop and the demand for perilla seeds by the Group had a substantial decrease. To minimise losses, Fuzhou Sanai issued a letter to the associate to request the termination of the cooperative plantation agreement and the refund of investment amount. Such request had not received a positive response. After lengthy negotiation, the managements of Fuzhou Sanai determined to take legal actions after discussion with the management of the Group for protecting its rights, and will initiate legal proceedings against, and not exclude the possibility of making application with the court for liquidation of, Antu Guanghui. The management of the Group determined to make a full impairment on the investment amount in the associate at the end of the year so as to reflect the potential risk of loss.

Aggregate information of the associate that is not individually material:

Aggregate carrying amount of individually immaterial associate in the consolidated financial statements	綜合財務報表內個別屬不重大之聯營公司之賬面總值
Aggregate amount of the Group's share of the associate's	集團應佔聯營公司總值
Loss for the year	年內虧損
Other comprehensive income	其他全面收益
Total comprehensive loss	全面虧損總額

21. 於聯營公司權益 (續)

於二零一六年十二月三十一日，本集團全資附屬公司福州三愛已投資合共約人民幣94,815,000元至聯營公司用作種植中國草本植物紫蘇。於二零一七年，由於福州三愛獲悉蘇子油軟膠囊未能進入全國醫保目錄，因此蘇子油軟膠囊銷售量顯著下跌而本集團對紫蘇種子之需求亦大幅減少。為減少損失，福州三愛發函要求聯營公司終止合作種植協議，並退還投資款。該請求沒有得到正面回應，經過長時間的交涉，福州三愛管理層與本集團管理層討論後決定採取法律行動維護公司權利，將對安圖廣滙提起訴訟和不排除提呈法院清盤的可能。年末本集團管理層決定對聯營公司的投資做全額減值以反映潛在的損失風險。

個別屬不重大的聯營公司之總計資料：

2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
-	4,795
-	(105)
-	-
-	(105)

22. INVENTORIES

Raw materials	原材料
Work in progress	在製品
Finished goods	製成品
Merchandise	商品

22. 存貨

2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
2,027	3,794
157	412
7,808	9,927
29,377	-
39,369	14,133

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

22. INVENTORIES (Continued)

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

Carrying amount of inventories sold (note 10(c))	已售存貨之賬面值(附註10(c))
Write-off of inventories	存貨撇銷

During the year ended 31 December 2017, due to the suspension of production compartments, certain of the inventories of the Group was expired and could not be sold or used in the production, the Group has written off inventories amounted to approximately RMB4,544,000.

During the year ended 31 December 2016, due to typhoon Meranti and rupture of the main underground steam pipelines connecting all the production compartments, the Group has written off inventories amounted to approximately RMB13,036,000.

22. 存貨(續)

已確認為開支並計入損益賬之存貨金額分析如下：

2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
114,432	244,906
4,544	13,036
118,976	257,942

截至二零一七年十二月三十一日止年度，由於生產車間暫停，本集團若干存貨已到期且不可出售或用於生產，本集團已撇銷存貨約人民幣4,544,000元。

截至二零一六年十二月三十一日止年度，由於颱風莫蘭蒂及通往各生產車間主管道破裂，本集團已撇銷存貨約人民幣13,036,000元。

23. TRADE AND OTHER RECEIVABLES

Trade receivables (note (b))	貿易應收款項(附註(b))
Other receivables (note (f))	其他應收款項(附註(f))
Amount due from an associate (note (d))	應收聯營公司款項(附註(d))
Amount due from a related company (note (c))	應收一間關連公司款項(附註(c))
Loans and receivables	貸款及應收款項
Prepayments and deposits	預付款項及按金
Other PRC tax receivables	其他中國應收稅項

23. 貿易應收款項及其他應收款項

2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
23,420	3,414
891	18,713
—	89,915
3	—
24,314	112,042
56,811	238
1,954	—
83,079	112,280

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

- a) Prepayments and deposits expected to be recovered after more than one year is RMB262,000 (2016: RMB20,000). All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.
- b) The Group normally grants credit terms of 60 to 90 days (2016: 60 days) to its customers. Further details on the Group's credit policy are set out in note 6(c).

As of the end of the reporting period, the ageing analysis of trade receivables at the end of the reporting period, presented based on the invoice date and net of allowance for doubtful debts is as follows:

0 to 30 days	0 至 30 日
31 to 60 days	31 日至 60 日
61 to 90 days	61 日至 90 日
91 to 120 days	91 日至 120 日
121 to 365 days	121 日至 365 日
Over 365 days	超過 365 日

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

Neither past due nor impaired	並無逾期亦無減值
Past due but not impaired	逾期但無減值
Less than 1 month past due	逾期少於一個月
1-3 months past due	逾期一至三個月
Over 3 months past due	逾期超過三個月

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

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

Management closely monitors the credit quality of trade receivables and considers that no impairment allowance is necessary as the balance is still considered fully recoverable. The Group does not hold any collateral over these balances.

23. 貿易應收款項及其他應收款項 (續)

附註：

- a) 預期超過一年以後收回之預付款項及按金為人民幣262,000元(二零一六年：人民幣20,000元)。預期所有其他貿易應收款項及其他應收款項均會於一年內收回或確認為開支。
- b) 本集團一般向其客戶授出60至90日(二零一六年：60日)的信貨期。有關本集團信貸政策的進一步詳情，載於附註6(c)。

於報告期末，按發票日期及扣除呆賬撥備後呈列的貿易應收款項的賬齡分析如下：

2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
10,229	1,648
1,164	1,766
6,650	—
1,884	—
3,460	—
33	—
23,420	3,414

- c) 並無個別亦無集體視作減值的貿易應收款項之賬齡分析如下：

2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
11,393	3,414
1,068	—
744	—
10,215	—
23,420	3,414

並無逾期亦無減值的貿易應收款項與多名客戶有關，彼等概無違約記錄。

並無逾期亦無減值的應收款項與數名於本集團記錄良好之獨立客戶有關。基於過往經驗，管理層相信毋須就此等款項作出減值撥備，由於信貸質素並無重大變動而此等款項仍視為可全數收回。

管理層緊密監察貿易應收款項的信貨質素，並認為沒有必要作出減值撥備，原因為該結餘仍被視為可悉數收回。本集團並無就該等結餘持有任何抵押品。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (Continued)

- d) The balance represented amount due from a related company, SZZ International Group Holdings Limited, a company which is controlled by Ms. Hung Hoi Lan, who is an executive director of the Company.
- e) During the year ended 31 December 2017, impairment loss of RMB89,915,000 was recognised on the amount due from an associate (note 21). As at 31 December 2016, the balance was unsecured, interest free and repayable on demand.
- f) During the year ended 31 December 2017, impairment loss of RMB2,540,000 was written off against other receivables directly as the Group considered that the recovery of the amount is remote.

As at 31 December 2016, the balance mainly represented receivables of approximately RMB16,138,000 in relation to PRC individual income tax paid on behalf of the vendors related to the acquisition of a subsidiary during the year ended 31 December 2016.

23. 貿易應收款項及其他應收款項(續)

附註：(續)

- d) 結餘指應收一間關連公司SZZ International Group Holdings Limited(一間由本公司執行董事洪海瀾女士控制之公司)的款項。
- e) 於截至二零一七年十二月三十一日止年度，已就應收聯營公司款項確認減值虧損人民幣89,915,000元(附註21)。於二零一六年十二月三十一日，該結餘為無抵押、免息且按要求償還。
- f) 於截至二零一七年十二月三十一日止年度，由於本集團認為收回該款項的機會甚微，故減值虧損人民幣2,540,000元乃直接與其他應收款項撇銷。

結餘主要指與於截至二零一六年十二月三十一日止年度就收購附屬公司代表賣方支付的中國個人所得稅有關的應收款項約人民幣16,138,000元。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

24. FINANCE LEASE RECEIVABLES

24. 應收融資租賃款項

		2017 二零一七年 RMB'000 人民幣千元		2016 二零一六年 RMB'000 人民幣千元	
Current portion of finance lease receivables	應收融資租賃款項之即期部分	42,982		-	
Non-current portion of finance lease receivables	應收融資租賃款項之非即期部分	29,878		-	
		72,860		-	
		Minimum lease payments 最低租賃款項		Present value of minimum lease payments 最低租賃款項現值	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Not later than one year	一年內	47,476	-	42,982	-
Later than one year and not later than two years	超過一年但不超過兩年	31,552	-	29,878	-
		79,028	-	72,860	-
Less: Unearned finance income	減：未實現財務收益	(6,168)	-	-	-
Present value of minimum lease payments receivables	最低應收租賃款項現值	72,860	-	72,860	-
Less: Current portion of finance lease receivables	減：應收融資租賃款項之即期部分			(42,982)	-
Non-current portion of finance lease receivables	應收融資租賃款項之非即期部分			29,878	-

As at 31 December 2017, the finance lease receivables are secured over the leased assets mainly by machineries and equipment.

於二零一七年十二月三十一日，應收融資租賃款項所抵押之租賃資產主要為機器及設備。

The Group is not permitted to sell or repledge the collateral of finance lease receivables in the absence of approval by the lessee. All the Group's finance lease receivables are denominated in RMB, the functional currency of the relevant group entity.

在承租人沒有批准的情況下，本集團不可出售或再抵押融資租賃應收款項之抵押品。本集團之所有融資租賃應收款項均以人民幣計價，人民幣為相關集團實體之功能貨幣。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

24. FINANCE LEASE RECEIVABLES (Continued)

The weighted average term of finance leases entered into is 3 years and all the leases require repayment by instalments. In the event the lessee breaches the lease contract, the Group has the right to use or sell the assets leased and to call for full or partial repayment of the outstanding balance of finance lease receivables. At the end of the finance lease term, the lessee will be able to purchase the leased assets at nominal price.

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest rate is approximately 6.6% per annum. The finance lease receivables at the end of the reporting period are neither past due nor impaired.

25. LOAN RECEIVABLES

The balance represented loan advance to an independent third party. The balance is unsecured, interest bearing at 12% per annum and repayable on 29 March 2018. The outstanding balance has been fully settled by 26 March 2018.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Listed equity securities on Hong Kong 香港上市權益證券

As at 31 December 2016, the financial assets at fair value through profit and loss represented the trading equity securities of RMB41,977,000. The Group has disposed all listed equity securities during the year ended 31 December 2017.

The fair values of the above listed securities were determined based on the quoted market bid prices available on the Stock Exchange.

During the year ended 31 December 2016, fair value gain on financial assets at fair value through profit or loss of RMB9,308,000 are recognised in "Other Income" in the consolidated statement of profit or loss and other comprehensive income (note 9).

24. 應收融資租賃款項(續)

融資租賃之加權平均租期為3年，所有本金都應於租期末繳清。若承租人違反租約，本集團有權佔用或出售已出租資產。同時本集團有權要求全部或部分償還融資租賃應收款項之未償清結餘。於融資租賃期末，承租人有權按名義價格購買租賃資產。

於整個租賃期內，租賃利率以合同日期所釐定者為準。平均實際年利率約為6.6%。於報告期末，融資租賃應收款項未過期且未減值。

25. 貸款應收款項

結餘指墊付予一名獨立第三方的貸款。該結餘為無抵押、按年利率12%計息，並須於二零一八年三月二十九日償還。未償還結餘已於二零一八年三月二十六日之前獲悉數結算。

26. 按公平值計入損益之金融資產

2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
-	41,977

於二零一六年十二月三十一日，按公平值計入損益之金融資產公平值變動為交易股本證券人民幣41,977,000元。本集團於截至二零一七年十二月三十一日止年度已出售所有上市股本證券。

以上列出證券之公平值乃根據聯交所適用之市場報價釐定。

截至二零一六年十二月三十一日止年度，按公平值計入損益之金融資產公平值變動計入綜合損益及其他全面收益表中的「其他收益」（附註9）中金額為人民幣9,308,000元。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

27. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

a) Cash and cash equivalent comprise:

Bank balances and cash (note (i))	銀行結餘及現金(附註(i))
Cash held under trust arrangement (notes (i) and (iii))	根據信託安排持有的現金(附註(i)及(iii))
Cash held by financial institution (note (ii))	金融機構持有的現金(附註(ii))

Notes:

- Bank balances and cash and cash held under trust arrangement of the Group comprise cash at bank and on hand. Cash at banks and cash held under trust arrangement earn interest at floating rates based on daily bank deposit rates.
- Cash held by financial institution by the Group represents amounts deposited in financial institution in Hong Kong and does not carry any interest rate.
- As at 31 December 2016, the balance represented cash held under trust arrangement by Mr. Lin Qing Ping, a former director of the Company and a related company, 福州宏宇包裝工業有限公司 (Fuzhou Hongyu Packing Co., Ltd.) ("Fuzhou Hongyu"), a company controlled by Mr. Lin Ou Wen, who is a former director and former chief executive officer of the Company, to identify potential investment opportunities for the Group.

b) Reconciliation of liabilities arising from financing activities

27. 現金及現金等價物

a) 現金及現金等價物包括：

2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
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13,242 55,542

— 53,000

48,483 39,005

61,725 147,547

附註：

- 本集團銀行結餘及現金以及根據信託安排持有之現金包括銀行及手頭現金。銀行現金及根據信託安排持有的現金按每日銀行存款利率計算的浮動利率賺取利息。
- 本集團之金融機構持有的現金指存放於香港金融機構且不計息的款項。
- 於二零一六年十二月三十一日，結餘指林慶平先生(本公司前任董事)及一間關聯公司福州宏宇包裝工業有限公司(「福州宏宇」)(由本公司前董事及前行政總裁林歐文先生控制的公司)根據信託安排持有的現金，以識別本集團的潛在投資機會。

b) 融資活動所產生之負債之對賬

Bank loans
銀行貸款
RMB'000
人民幣千元

At 1 January 2017
Changes from financing
cash flows

於二零一七年一月一日
融資現金流量變動
85,600
196,342

At 31 December 2017

於二零一七年
十二月三十一日
281,942

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

28. TRADE AND OTHER PAYABLES

28. 貿易應付款項及其他應付款項

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Trade payables	貿易應付款項	4,101	22
Payroll and welfare payables	應付薪金及福利	1,042	893
Accrued charges	應計費用	2,316	2,693
Other payables	其他應付款項	5,338	991
Financial liabilities measured at amortised cost	按攤銷成本計算之金融負債	12,797	4,599
Other PRC tax payables	其他應繳中國稅項	172	304
Receipt in advance	預收款項	947	—
Deposits received	已收保證金	4,640	—
Contingent consideration payable (note 37)	應付或然代價(附註37)	—	44,643
		18,556	49,546
Analysed as:	分析：		
Non-current (note (a))	非流動(附註(a))	4,640	—
Current	流動	13,916	49,546
		18,556	49,546

As of the end of the reporting period, the ageing analysis of trade payables presented based on the invoice date is as follows:

於報告期末，以發票日期為基礎的所呈列貿易應付款項的賬齡分析如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
0 to 30 days	0至30日	1,357	22
31 to 60 days	31日至60日	165	—
61 to 90 days	61日至90日	469	—
91 to 120 days	91日至120日	536	—
121 to 365 days	121日至365日	1,574	—
		4,101	22

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

所有貿易應付款項及其他應付款項預期將於一年內支付或按要求償還。

Note:

附註：

- a) The balance represented deposits received from customers in respect of finance lease business (note 24). The amounts are expected to be received after one year and was classified as non-current liabilities in the consolidated statement of financial position.

- a) 結餘指就融資租賃業務向客戶收取的保證金(附註24)。該等款項預期於一年後收取，並於綜合財務狀況表中分類為非流動負債。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

29. SECURED BANK LOANS

The analysis of the carrying amount of secured bank loan is as follows:

Secured bank loans

有抵押銀行貸款

At 31 December 2017, included in interest-bearing bank loans of approximately RMB120,042,000 has been expired. Subsequent to the end of the reporting period, the Group has carried out discussion with the banks in respect of renewal of bank loans for another one year. All of the other interest-bearing bank loans are due for repayment with one year (2016: All interest-bearing bank loans were due for repayment within one year and carried at amortised cost. The amount due was based on the scheduled repayment date as stipulated in the respective loan agreements).

At 31 December 2017, land use rights with a net book value of approximately RMB6,040,000 (2016: RMB28,308,000) (note 17) and property, plant and equipment with a net book value of approximately RMB28,547,000 (2016: RMB138,834,000) (note 16) were pledged to a bank as collateral against the bank loans. The bank loans carry interest at fixed rates of 4.57% to 6.31% (2016: 4.57% to 4.79%) per annum. The security will be released upon settlement of the loans.

29. 有抵押銀行貸款

有抵押銀行貸款的賬面值分析如下：

2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
281,942	85,600

於二零一七年十二月三十一日，計入計息銀行貸款約人民幣120,042,000元已到期。於報告期後，本集團已就續期銀行貸款一年與銀行展開磋商。所有其他計息銀行貸款均為到期一年內還款（二零一六年：所有計息銀行貸款於一年內到期及按攤銷成本列賬而到期金額乃根據各貸款協議所規定之預期還款日期而定）。

於二零一七年十二月三十一日，賬面值淨額約為人民幣6,040,000元（二零一六年：人民幣28,308,000元）（附註17）的土地使用權及賬面值淨額約為人民幣28,547,000元（二零一六年：人民幣138,834,000元）（附註16）的物業、廠房及設備已抵押予銀行作為銀行貸款的抵押。銀行貸款按固定年利率介乎4.57%至6.31%（二零一六年：4.57%至4.79%）計息。於償還借貸後，抵押將獲解除。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

30. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

a) Current taxation/(tax recoverable) in the consolidated statement of financial position represents:

30. 於綜合財務狀況表內之所得稅

a) 於綜合財務狀況表內之當期稅項指／(可收回稅項)：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Provision for the year	本年度撥備		
Hong Kong Profits Tax	香港利得稅	159	—
PRC EIT	中國企業所得稅	575	—
PRC EIT paid for the year	年內已付中國企業所得稅	(287)	(4,393)
Balance of provision for the PRC EIT relating to prior year	與上一年度有關之中國企業所得稅撥備之結餘	652	5,045
Effect of foreign currency exchange differences	外幣匯兌差額之影響	34	—
		1,133	652
Represented by:	指：		
Current taxation	當期稅項	1,435	988
Tax recoverable	可收回稅項	(302)	(336)
		1,133	652

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

30. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

b) Deferred tax assets and liabilities recognised:

- i) The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	產生自以下的遞延稅項：	Related depreciation in excess of depreciation allowances 超過折舊撥備的相關折舊	Fair value adjustments on intangible assets 無形資產公平值的調整	Impairment loss on property plant and equipment 物業、廠房及設備的減值虧損	Impairment loss on land use rights 土地使用權減值虧損	Withholding tax on distributable profits 可分派利潤的預扣稅	Total 總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2016	於二零一六年一月一日	(22,861)	-	(40,811)	(806)	14,622	(49,856)
Credited to profit or loss	於損益內計入	(22,233)	-	(79,210)	(3,815)	(1,882)	(107,140)
Acquired under business combination (note 37)	根據業務合併收購(附註37)	-	996	-	-	-	996
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日	(45,094)	996	(120,021)	(4,621)	12,740	(156,000)
(Credited)/charged to profit or loss	於損益內(計入)/扣除	31,880	(996)	84,850	3,266	(2,846)	116,154
At 31 December 2017	於二零一七年十二月三十一日	(13,214)	-	(35,171)	(1,355)	9,894	(39,846)

30. 於綜合財務狀況表內之所得稅(續)

b) 已確認遞延稅項資產及負債：

- i) 本年度於綜合財務狀況表內確認之遞延稅項(資產)/負債及變動如下：

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

30. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

b) Deferred tax assets and liabilities recognised: (Continued)

i) (Continued)

Under the Enterprise Income Tax Law of the PRC, with effect from 1 January 2008 onwards, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business but the relevant income is not effectively connected with the establishment or place of business in the PRC will be subject to withholding income tax at the rate of 10% on various types of passive income such as dividends derived from sources in the PRC. Pursuant to the double tax arrangement between the PRC and Hong Kong effective on 1 January 2007, the withholding income tax rate will be reduced to 5% if the investment by the Hong Kong investor in the investee entities in the PRC is not less than 25%. On 22 February 2008, the State Administration of Taxation approved Caishui (2008) No. 1, pursuant to which dividend distributions out of retained earnings of foreign investment enterprises prior to 31 December 2007 will be exempted from withholding income tax. As at 31 December 2017, deferred tax liabilities of RMB9,894,000 (2016: RMB12,740,000) in respect of the withholding income tax on dividends has been recognised by the Group.

Withholding tax on dividends represents tax charged by the PRC tax authority on dividends distributed by the Group's subsidiaries in the PRC during the year.

30. 於綜合財務狀況表內之所得稅(續)

b) 已確認遞延稅項資產及負債：(續)

i) (續)

根據自二零零八年一月一日起生效的中國企業所得稅法，並非在中國成立或並無在中國設有經營地點之非居民企業，或在中國成立或在中國設有經營地點，惟有關收入實際上並非與在中國成立或中國經營地點有關之非居民企業，將須就多項被動收入（如源於中國境內之股息）按10%稅率繳付預扣所得稅。根據中國與香港訂立並於二零零七年一月一日生效的雙重徵稅安排，倘香港投資者對中國被投資實體的投資不少於25%，則預扣所得稅稅率將下調至5%。於二零零八年二月二十二日，國家稅務總局批准財稅(2008)第1號，據此，從外資企業二零零七年十二月三十一日之前的保留盈利中撥付的股息分派將獲豁免繳付預扣所得稅。於二零一七年十二月三十一日，本集團已就股息預扣所得稅確認遞延稅項負債為人民幣9,894,000元（二零一六年：人民幣12,740,000元）。

股息預扣稅指年內中國稅務機關就本集團於中國的附屬公司分派的股息收取的稅項。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

30. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

b) Deferred tax assets and liabilities recognised: (Continued)

ii) Reconciliation to the consolidated statement of financial position

Deferred tax assets	遞延稅項資產
Deferred tax liabilities	遞延稅項負債

c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(q), the Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately RMB279,667,000 (2016: RMB69,531,000) as at 31 December 2017 as it is not probable that future taxable profits against which the tax losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation except for tax losses of RMB271,510,000 (2016: RMB64,378,000) in PRC which is available for carry forward to set-off future assessable income for a period of five years, as follows:

Tax losses will expire in:

2021	二零二零年
2022	二零二一年

30. 於綜合財務狀況表內之所得稅(續)

b) 已確認遞延稅項資產及負債：(續)

ii) 與綜合財務狀況表對賬

2017	2016
二零一七年	二零一六年
RMB'000	RMB'000
人民幣千元	人民幣千元

(49,740)	(169,736)
9,894	13,736
(39,846)	(156,000)

c) 未確認遞延稅項資產

根據附註2(q)所載會計政策，由於日後應課稅溢利不大可能用作抵銷其於相關司法權區及實體內的稅項虧損，故本集團已於二零一七年十二月三十一日就累計稅項虧損約人民幣279,667,000元(二零一六年：人民幣69,531,000元)確認遞延稅項資產。根據現行稅法，該稅項虧損不會屆滿，惟於中國的稅項虧損人民幣271,510,000元(二零一六年：人民幣64,378,000元)可用於結轉抵消未來五年期間之應課稅收入如下：

稅項虧損將於以下日期到期：

2017	2016
二零一七年	二零一六年
RMB'000	RMB'000
人民幣千元	人民幣千元

64,378	64,378
207,132	—
271,510	64,378

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

31. CAPITAL AND RESERVES

- a) The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

31. 股本及儲備

- a) 本集團之綜合權益中各部分的年初及年末調節於綜合權益變動表內列載。本公司之各個權益部分的年初及年末變動詳情列載如下：

		Share capital 股本 (note 30(b)) (附註30(b)) RMB'000 人民幣千元	Share premium 股份溢價 (note 30(c)(i)) (附註30(c)(i)) RMB'000 人民幣千元	Share option reserve 購股權儲備 RMB'000 人民幣千元	Retained profits/ (accumulated losses) 保留溢利 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
The Company	本公司					
At 1 January 2016	於二零一六年一月一日	18,527	980,979	-	42,143	1,041,649
Equity-settled share-based transactions (note 32)	以權益結算以股份為基礎之交易(附註32)	-	-	19,916	-	19,916
Shares issued under placement (note 31(b)(iii))	根據配售發行之股份(附註31(b)(iii))	3,235	66,059	-	-	69,294
Profit and total comprehensive income for the year	溢利及年內全面總收益	-	-	-	40,535	40,535
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日	21,762	1,047,038	19,916	82,678	1,171,394
Share issued upon exercise of share option (note 31(b)(ii))	行使購股權後發行之股份(附註31(b)(ii))	1,415	63,659	(19,916)	-	45,158
Shares issued under placement (note 31(b)(iii))	根據配售發行之股份(附註31(b)(iii))	3,832	84,878	-	-	88,710
Loss and total comprehensive loss for the year	虧損及年內全面總虧損	-	-	-	(1,122,383)	(1,122,383)
At 31 December 2017	於二零一七年十二月三十一日	27,009	1,195,575	-	(1,039,705)	182,879

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

31. CAPITAL AND RESERVES (Continued)

b) Share capital

Authorised:

Ordinary shares of HK\$0.01 each	每股面值0.01港元的普通股
At beginning of the year	於年初
Increase during the year (note 31(b)(i))	年內增加(附註31(b)(i))

At the end of the year

法定：

每股面值0.01港元的普通股
於年初
年內增加(附註31(b)(i))

於年末

Issued and fully paid:

Ordinary shares of HK\$0.01 each
At the beginning of the year
Share issued upon exercise of share options (note 31(b)(ii))
Shares issued under placement (note 31(b)(iii))

At end of the year

已發行及繳足：

每股面值0.01港元的普通股
於年初
行使購股權後發行之股份(附註31(b)(ii))
根據配售發行之股份(附註31(b)(iii))

於年末

31. 股本及儲備(續)

b) 股本

2017 二零一七年		2016 二零一六年	
No. of shares ('000)	HK\$'000	No. of shares ('000)	HK\$'000
股份數目 (千股)	千港元	股份數目 (千股)	千港元

3,200,000	32,000	3,200,000	32,000
6,800,000	68,000	-	-
10,000,000	100,000	3,200,000	32,000

2,256,773	22,568	1,880,773	18,808
164,000	1,640	-	-
451,350	4,513	376,000	3,760
2,872,123	28,721	2,256,773	22,568

2017 二零一七年	2016 二零一六年
RMB'000	RMB'000
人民幣千元	人民幣千元

Shown in the consolidated and company statements of financial position at 31 December

於十二月三十一日之綜合及本公司財務狀況表所列

27,009

21,762

The owners of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary share rank equally with regard to the Company's residual assets.

普通股擁有人有權收取不時宣派的股息及有權於本公司大會上投一票。所有普通股在有關本集團剩餘資產方面均享有同等地位。

i) Pursuant to the Annual General Meeting held on 16 June 2017, the shareholders approved the increase in authorised share capital of the Company from HK\$32,000,000 divided into 3,200,000,000 shares with par value of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 shares with par value of HK\$0.01.

i) 根據二零一七年六月十六日舉行之股東週年大會，股東批准本公司法定股本由32,000,000港元分為每股面值0.01港元3,200,000,000股增加至100,000,000港元分為每股面值0.01港元10,000,000,000股。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

31. CAPITAL AND RESERVES (Continued)

b) Share capital (Continued)

- ii) During the year, share options under the share option scheme were exercised to subscribe for 164,000,000 ordinary shares of the Company at a consideration of HK\$52,480,000 (equivalent to approximately RMB45,158,000, of which HK\$1,640,000 (equivalent to approximately RMB1,415,000) was credited to the share capital and the balance of HK\$50,840,000 (equivalent to approximately RMB43,743,000) was credited to the share premium account). An amount of HK\$22,960,000 (equivalent to approximately RMB19,916,000) was transferred from share option reserve to the share premium account in accordance with the Group's accounting policies.

iii) Shares issued under placement

- On 13 October 2017, the Company entered into the placing agreement with the placing agent, pursuant to which the Company has conditionally agreed to place, through the placing agent, on a best effort basis, up to 451,350,000 placing shares to not less than six independent placees at the placing price of HK\$0.24 per placing share.

The placing was completed on 6 November 2017. A total of 451,350,000 placing shares, have been placed to not less than six independent places at the placing price of HK\$0.24 per placing share. The net proceeds from the placing after deducting relevant expenses of approximately HK\$3,841,000 incurred in relation to the placing, amounted to approximately HK\$104,483,000 (equivalent to approximately RMB88,710,000), of which RMB3,832,000 and RMB84,878,000 were credited to the share capital and the share premium account respectively.

31. 股本及儲備(續)

b) 股本(續)

- ii) 年內，購股權計劃下之購股權獲行使以代價52,480,000港元(約等於人民幣45,158,000元，其中1,640,000港元(約等於人民幣1,415,000元)計入股本而餘額50,840,000港元(約等於人民幣43,743,000元)計入股份溢價賬目)認購164,000,000股本公司普通股。22,960,000港元(約等於人民幣19,916,000元)根據本集團會計政策由購股權儲備轉至股份溢價賬目。

iii) 根據配售發行之股份

- 於二零一七年十月十三日，本公司與配售代理訂立配售協議，據此，本公司已有條件同意透過配售代理盡最大努力配售最多451,350,000股配售股份予不少於六名獨立承配人。配售價為每股配售股份0.24港元。

配售於二零一七年十一月六日完成。本公司已按配售價每股配售股份0.24港元配售451,350,000股股份予不少於六名獨立承配人。配售所得款項淨額(於扣除與配售有關的相關開支約3,841,000港元後)約104,483,000港元(約等於人民幣88,710,000元)，其中人民幣3,832,000元及人民幣84,878,000元分別計入股本及股份溢價賬目。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

31. CAPITAL AND RESERVES (Continued)

b) Share capital (Continued)

iii) Shares issued under placement (Continued)

- On 9 September 2016, the Company entered into the placing agreement with the placing agent whereby the Company conditionally agreed to place, through the placing agent, on a best effort basis, 376,000,000 new shares to not less than six independent places at the placing price of HK\$0.22 per placing share.

The placing was completed on 23 September 2016. A total of 376,000,000 placing shares have been placed to not less than six independent places at the placing price of HK\$0.22 per placing share. The net proceeds from the placing after deducting relevant expenses of approximately HK\$2,188,000 incurred in relation to the placing, amounted to approximately HK\$80,532,000 (equivalent to approximately RMB69,294,000), of which RMB3,235,000 and RMB66,059,000 were credited to the share capital and the share premium account respectively.

c) Nature and purpose of reserves

i) Share premium

Under the Cayman Companies Law, the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which a dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

31. 股本及儲備 (續)

b) 股本 (續)

iii) 根據配售發行之股份 (續)

- 於二零一六年九月九日，本公司與配售代理訂立配售協議，據此，本公司已有條件同意透過配售代理盡最大努力配售376,000,000股新股份予不少於六名獨立承配人，配售價為每股配售股份0.22港元。

配售於二零一六年九月二十三日完成。本公司已按配售價每股配售股份0.22港元配售376,000,000股股份予不少於六名獨立承配人。配售所得款項淨額（於扣除與配售有關的相關開支約2,188,000港元後）約80,532,000港元（約等於人民幣69,294,000元），其中人民幣3,235,000元及人民幣66,059,000元分別計入股本及股份溢價賬目。

c) 儲備之性質及目的

i) 股份溢價

根據開曼群島公司法，本公司股份溢價賬可供分派予本公司股東，惟緊隨建議分派股息日期後，本公司須有能力償還其於日常業務過程中已到期之債務。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

31. CAPITAL AND RESERVES (Continued)

c) Nature and purpose of reserves (Continued)

ii) Special reserve

Special reserve represents the aggregate of:

- a) the difference between the consideration paid by a subsidiary of the Company, Sanai BVI, for the acquisition of the entire equity interest in Fujian Sanai and the nominal value of the paid-in capital of Fujian Sanai pursuant to the group reorganisation in preparation for the listing of the Company's shares in 2007;
- b) the difference between the nominal amount of the shares issued by the Company and the amount of share capital of Sanai BVI acquired pursuant to the group reorganisation in preparation for the listing of the Company's shares in 2007; and
- c) the difference between the consideration paid for the acquisition of additional interests in Fuzhou Sanai and the carrying values of the underlying net assets attributable to the additional interests in Fuzhou Sanai pursuant to the group reorganisation in preparation for the listing of the Company's shares in 2007.

iii) Capital reserve

Capital reserve represents the capital contributions from Mr. Lin Qing Ping, a former director and former shareholder of the Company; and Fuzhou Hongyu, a company controlled by Mr. Lin Ou Wen, also a former director and the former chief executive officer of the Company.

iv) Statutory surplus reserve

As stipulated by the relevant laws and regulations for foreign investment enterprises in the PRC, the Company's PRC subsidiaries are required to appropriate 10% of their profit after tax to the reserve until such reserve reaches 50% of the registered capital and thereafter any further appropriation is optional. The statutory surplus reserve fund can be used to make up prior year losses, if any, and can be applied in conversion into capital by means of a capitalisation issue.

31. 股本及儲備(續)

c) 儲備之性質及目的(續)

ii) 特別儲備

特別儲備指以下各項的總額：

- a) 根據為籌備本公司股份於二零零七年上市所進行集團重組，本公司附屬公司Sanai BVI就收購福建三愛全部股權所付代價與福建三愛實繳資本面值的差額；
- b) 根據為籌備本公司股份於二零零七年上市所進行集團重組的本公司已發行股份面值與Wuyi BVI收購股本金額的差額；及
- c) 根據為籌備本公司股份於二零零七年上市所進行集團重組而收購福州三愛額外權益所支付代價與福州三愛額外權益應佔相關淨資產賬面值的差額。

iii) 資本儲備

資本儲備指本公司前任董事兼前股東林慶平先生及同為本公司董事兼行政總裁林歐文先生控制的福州宏宇的出資額。

iv) 法定盈餘儲備

根據中國海外投資企業的相關法律及法規，本公司中國附屬公司需從其除稅後溢利中撥出10%以列入儲備金，直至該儲備金達至其註冊資本之50%，而其後之撥款則可隨意作出。法定盈餘儲備可用於填補過往年度虧損(如有)，並可透過資本化發行應用以轉換為資本。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

31. CAPITAL AND RESERVES (Continued)

c) Nature and purpose of reserves (Continued)

v) **Non-distributable reserve**

In accordance with the Articles of Association of Fujian Sanai, Fujian Sanai may appropriate funds to the non-distributable reserve at the discretion of its board of directors. According to the Articles of Association of Fujian Sanai, the non-distributable reserve can be used to (i) make up prior year losses; (ii) convert into capital, provided such conversion is approved by a resolution at a shareholders' meeting; and (iii) expand production operation.

vi) **Share-option reserve**

This comprises the portion of fair value of unexercised share options granted to eligible participants of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments in note 2(p)(ii).

vii) **Translation reserve**

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(t).

d) **Distributability of reserves**

Under the Cayman Companies Law, share premium is distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of share premium if (i) it is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its share capital account.

As at 31 December 2017, the Company's reserves available for distribution to shareholders amounted to approximately RMB155,870,000 (2016: RMB1,129,716,000) computed in accordance with the Cayman Companies Law and the Company's Articles of Association. This includes the Company's share premium of RMB1,195,575,000 (2016: RMB1,047,038,000), less accumulated losses of RMB1,039,705,000 (2016: plus retained profits of RMB82,678,000), which is available for distribution provided that immediately following the date on which a dividend is proposed, the Company will be able to pay off its debts as they fall due in the ordinary course of business.

31. 股本及儲備(續)

c) 儲備之性質及目的(續)

v) **不可分派儲備**

根據福建三愛的公司章程細則，福建三愛董事會可酌情將有關基金分配至不可分派儲備。根據福建三愛的公司章程細則，不可分派儲備可用作(i)彌補往年的虧損；(ii)轉換為資本，惟有關的轉換須經股東大會決議案通過；及(iii)擴充生產營運業務。

vi) **購股權儲備**

該等儲備包括授予本公司合資格參與者且根據附註2(p)(ii)內以股份支付款項所採納之會計政策確認之尚未行使購股權之公平值的一部分。

vii) **匯兌儲備**

匯兌儲備包括所有因匯兌海外業務財務報表而產生之外匯差額。該儲備根據附註2(t)所載列之會計政策處理。

d) **可分派儲備**

根據開曼群島公司法，股份溢價可分派予股東，惟倘(i)現時或於分派後無法償還到期負債；或(ii)其資產之可變現價值因而低於其負債及股本賬之總額，則本公司不得宣派或派付股息，或以股份溢價作出分派。

於二零一七年十二月三十一日，根據開曼群島公司法及本公司的公司章程細則計算，本公司可分派予股東之儲備約為人民幣155,870,000元(二零一六年：人民幣1,129,716,000元)。這包括本公司股份溢價人民幣1,195,575,000元(二零一六年：人民幣1,047,038,000元)減累計虧損人民幣1,039,705,000元(二零一六年：加保留溢利人民幣82,678,000元)，惟於緊隨建議股息日期後，本公司有能力於正常營業範圍內償還所有到期債務，方可予以分派。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

31. CAPITAL AND RESERVES (Continued)

e) Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes trade and other payables, secured bank loans and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a semi-annual basis. During 2017, the Group's strategy was unchanged from 2016. The directors review the capital structure by considering the cost of capital and the risks associated with each class of capital. Based on the recommendations of the directors, the Group will balance its overall capital structure through new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debts.

The Group's adjusted net debt-to-equity ratio at 31 December 2017 and 2016 was as follows:

31. 股本及儲備(續)

e) 資金管理

本集團管理其資金，以確保本集團內的實體將能夠以持續經營方式營運，同時亦透過達致債務與股本之間最佳的平衡而為股東爭取最大回報。

本集團之資本結構包括債務，其中包括貿易應付款項及其他應付款項、有抵押銀行貸款及本公司擁有人應佔權益，包括已發行股本及儲備。

本公司董事會每半年一次檢討資本結構。於二零一七年，本集團之策略與二零一六年相比並無改變。董事透過考慮資本之成本及與各類別資本相關之風險檢討資本架構。根據有關建議，本公司將透過發行新股份及股份回購以及發行新債券或贖回現有債券以平衡其資本結構。

於二零一七年及二零一六年十二月三十一日本集團經調整之淨債權比率如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Trade and other payables	貿易應付款項及其他應付款項	18,556	49,546
Secured bank loan	有抵押銀行貸款	281,942	85,600
Total debt	總債項	300,498	135,146
Total equity	總權益	219,225	1,238,417
Debt-to-equity ratio	債權比率	137.07%	10.9%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

本公司及其任何附屬公司概無承擔任何外部資本要求。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

32. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

- a) The Company's share option scheme was adopted pursuant to a resolution passed on 8 January 2007 (the "Old Share Option Scheme") for the primary purpose of providing incentives to and recognising significant contributions from directors and eligible employees, and expired on 31 January 2017. Under the Old Share Option Scheme, the Board may grant options to all full-time employees, directors (including independent non-executive directors) and part-time employees with weekly working hours of 10 hours and above, of the Group, substantial shareholders of each member of the Group, associates of the directors and substantial shareholders of any member of the Group, trustee of any trust pre-approved by the Board, and any advisor (professional or otherwise) or consultant, distributor, supplier, agent, customer, joint venture partner, service provider of the Group whom the Board considers, at its sole discretion, has contributed or contributes to the Group.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue on the date of listing of the shares on the Stock Exchange which represents 164,300,000 shares (excluding the over-allotment portion) or 7% of issued share capital of the Company, without prior approval from the Company's shareholders. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under this Scheme shall not in aggregate exceed 30% of the shares in issue from time to time. No option may be granted under this Scheme and any other share option scheme of the Company if such limit is exceeded. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's shares in issue or with an aggregate value in excess of HK\$5,000,000 must be approved in advance by the Company's shareholders.

The offer of a grant of share options under the Scheme may be accepted within 28 days from the date of offer upon payment of a consideration of HK\$1.00 by the grantee. Options may be exercised at any time and settled by shares immediately from the date of grant of the share options or during the period as notified by the directors at the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

32. 以權益結算以股份為基礎之交易

- a) 本公司購股權計劃乃根據二零零七年一月八日通過之決議案採納(「舊購股權計劃」)，主要目的為提供獎勵予董事及合資格僱員及對其重大貢獻作出認同，計劃將於二零一七年一月三十一日屆滿。根據舊購股權計劃，董事會可全權酌情將購股權授予其認為對本集團有貢獻之全職僱員、董事(包括獨立非執行董事)及每週工作小時為10小時及以上之兼職僱員、本集團各成員公司之主要股東、本集團任何成員公司董事及主要股東之聯繫人、董事會預先批准任何信託之信託人，以及任何本集團之諮詢人(專業或其他)或顧問、經銷商、供應商、代理人、顧客、合資夥伴及服務供應商。

在未經本公司股東事先批准前，根據計劃可授出之購股權所涉及之股份總數，不得超過本公司股份於聯交所上市之日已發行股份10%(即164,300,000股，或佔本公司已發行股本之7%(超額配股部分除外))。按計劃未被行使但將有可能就行使所有餘下之已授予購股權而發行之股份之最高數目，總數不得超過於任何時間已發行股份30%。倘超出該限額者，將不會按計劃或本公司任何其他購股權計劃授出購股權。在未經本公司股東事先批准前，於任何一個年度向任何個別人士授出或可能授出之購股權所涉及之已發行或將發行股份數目，不得超過本公司於任何時間已發行股份1%。倘授予主要股東或獨立非執行董事之購股權所涉及之股份數目超過本公司已發行股份0.1%或總值超過5,000,000港元，必須獲本公司股東事先批准。

提呈根據計劃授出購股權可於提呈日期起之28日內接納，承授人須在接納時支付代價1.00港元。購股權可於授出購股權當日起，或由董事所通知之期間隨時行使並以股份結算。行使價由本公司董事釐定，惟不得低於以下三者之最高者：(i)於授出日期本公司股份之收市價；(ii)緊接授出日期前五個交易日之股份平均收市價；及(iii)本公司股份面值。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

32. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

a) (Continued)

At 31 December 2016, a total of 164,000,000 shares (representing approximately 7% of the existing issued share capital at 31 December 2016 of the Company) may be issued upon exercise of all share options which were granted under the share option scheme.

No vesting period or vesting condition on the share options and the share options may be exercised at any time from the date of grant and within a period of five years from the date of grant.

Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

i) The number and weighted average exercise prices of share options are as follows:

32. 以權益結算以股份為基礎之交易 (續)

a) (續)

於二零一六年十二月三十一日，本公司可能於行使根據購股權計劃授出的所有購股權時發行合共164,000,000股股份（佔本公司於二零一六年十二月三十一日已發行股本約7%）。

自授出日期及自授出日期後五年期間內之任何時間，概無購股權之歸屬期及歸屬條件以及購股權獲行使。

每份購股權給予持有人認購本公司普通股，並以股份全數結算之權利。

i) 購股權數目及加權平均行使價如下：

		2017 二零一七年		2016 二零一六年	
		Weighted average exercise price 加權平均 行使價	Number of options 購股權 數目	Weighted average exercise price 加權平均 行使價	Number of options 根據購股權 發行股份數目
Outstanding at beginning of the year	期初尚未行使	HK\$0.32 港元	164,000,000	-	-
Granted during the year	期內授出	-	-	HK\$0.32 港元	164,000,000
Exercised during the year (note (i))	年內行使 (附註(i))	HK\$0.32 港元	164,000,000	-	-
Outstanding at end of the year	期末尚未行使	-	-	HK\$0.32 港元	164,000,000
Exercisable at the end of the year	期末可予行使	-	-	HK\$0.32 港元	164,000,000

No share option was exercised during the year ended 31 December 2016.

The share options outstanding at 31 December 2016 had an exercise price of HK\$0.32 and a weighted average remaining contractual life of 4.96 years.

Note:

i) During the year ended 31 December 2017, the weighted average closing market price of the Company's shares immediately before the respective dates on which the share option were exercised was HK\$0.37.

並無購股權於截至二零一六年十二月三十一日止年度獲行使。

於二零一七年十二月三十一日尚未行使之購股權之行使價0.32港元及加權平均剩餘合約年期為4.96年。

附註：

i) 於截至二零一七年十二月三十一日止年度，本公司股份緊接各購股權獲行使日期前之加權平均收市價為每股0.37港元。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

32. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

a) (Continued)

ii) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on Binomial Model. The contractual life of the share option is used as an input into this model.

Fair value of share options and assumptions

Fair value at measurement date	於計量日期之公平值	HK\$0.14
Share price	股價	HK\$0.32
Exercise price	行使價	HK\$0.32
Expected volatility (expressed as weighted average volatility used in the modelling under Binomial Model)	預期波幅 (以於二項式模型所採用加權平均波幅列示)	52%
Option life (expressed as weighted average life used in the modelling under the Binomial Model)	購股權年期 (以於二項式模型所採用加權平均年期列示)	5 years 年
Expected dividends	預期股息率	Nil 零 %
Risk-free interest rate (based on Exchange Fund Notes)	無風險利率	0.68%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

In the opinion of the directors of the Company, these share options were granted to the consultants for rendering miscellaneous services to the Group, including but not limited to consultancy services in respect of identification of potential investment opportunities and lining-up business connections for the Group. The Group granted share options to them for recognising their efforts. Since their services are such unique that the fair value cannot be reliably measured, the services received are measured by reference to the fair value of share options granted.

The Group recognised the total expense of approximately RMB19,916,000 during the year ended 31 December 2016 in relation to share options granted by the Company.

32. 以權益結算以股份為基礎之交易 (續)

a) (續)

ii) 購股權之公平值及假設

作為已授出購股權回報之已收取服務之公平值乃參考所授購股權之公平值計量。所授購股權之估計公平值則按二項式模型計量。購股權計劃之合約年期乃用作本模式的輸入數據。

購股權之公平值及假設

預期波幅乃根據歷史波幅 (根據購股權加權平均剩餘年期計算) 計算, 並根據公開可用資料就未來波幅變動做出調整。預期股息率乃根據過往股息計算。主觀的輸入數據假設變動或會對公平值估計產生重大影響。

本公司董事認為, 該等購股權乃就向本集團提供多種服務而授予有關顧問, 包括但不限於就識別潛在投資機遇的顧問服務及為本集團組建業務聯繫。本集團向彼等授出購股權以嘉許彼等的努力。由於彼等提供的服務性質獨特而無法可靠地計量其公平值, 故所接受的服務乃參考所授出購股權之公平值計量。

本集團確認截至二零一六年十二月三十一日止年度與本公司授出的購股權有關的總開支約人民幣19,916,000元。

32. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

- b) Pursuant to the ordinary resolution passed on 16 June 2017, the Company adopted another share option scheme (the "New Share Option Scheme") for, among others, the senior management and employees, which serves as incentives or rewards to attract, retain and motivate staff. The New Share Option Scheme will remain valid for a period of 10 years commencing on 21 June 2017 (save that the Company, by ordinary resolution in general meeting or the Board may at any time terminate the operation of the New Share Option Scheme). Under the New Share Option Scheme, the Board may grant options to all full-time employees, directors (including independent nonexecutive directors) and part-time employees with weekly working hours of 10 hours and above, of the Group, substantial shareholders of each member of the Group, associates of the directors and substantial shareholders of any member of the Group, trustee of any trust pre-approved by the Board, and any advisor (professional or otherwise) or consultant, distributor, supplier, agent, customer, joint venture partner, service provider of the Group whom the Board considers, at its sole discretion, has contributed or contributes to the Group.

The total number of shares in respect of which options may be granted under the New Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue on the date of adoption of the New Share Option Scheme (namely, 233,877,250 shares, representing approximately 8.14% of the Company's issued shares as at the date of this annual report), without prior approval from the Company's shareholders. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme or any other share option scheme of the Company shall not in aggregate exceed 30% of the shares of the Company in issue from time to time. No option may be granted under the New Share Option Scheme if such limit is exceeded. The number of shares issued and to be issued in respect of which options granted and to be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at the date of grant, without prior approval from the Company's shareholders. The grant of share options to a Director, chief executive or substantial shareholder of the Company or any of their respective associates requires the approval of the independent non-executive directors (excluding an independent non-executive Director who is the grantee of the share options). Options granted in any 12-month period to a substantial shareholder of the Company or an independent non-executive Director or any of their respective associates representing in aggregate more than 0.1% of the Company's shares in issue at the date of grant or with an aggregate value in excess of HK\$5,000,000 must be approved in advance by the Company's shareholders.

32. 以權益結算以股份為基礎之交易 (續)

- b) 根據於二零一七年六月十六日通過之普通決議案，本公司為(其中包括)高級管理層及僱員採納另一購股權計劃(「新購股權計劃」)，作為吸引、挽留及激勵員工的獎勵或回報。新購股權計劃將自二零一七年六月二十一日起十年期間維持有效，除非本公司於股東大會上藉普通決議案或董事會可隨時終止新購股權計劃的運作。根據新購股權計劃，董事會可全權酌情將購股權授予其認為對本集團有貢獻之全職僱員、董事(包括獨立非執行董事)及每週工作小於為10小時及以上之兼職僱員、本集團各成員公司之主要股東、本集團任何成員公司董事及主要股東之聯繫人、董事會預先批准任何信託之信託人，以及任何本集團之顧問(專業或其他)或專家顧問、分銷商、供應商、代理人、客戶、合營企業合夥人、服務供應商。

在未經本公司股東事先批准前，根據新購股權計劃可授出之購股權所涉及之股份總數，不得超過本公司採納新購股權計劃之日已發行股份10%(即233,877,250股，於本年報日期約佔本公司已發行股份數的8.14%)。行使根據新購股權計劃及本公司任何其他購股權計劃已授出但有待行使的所有尚未行使購股權時可予發行的股份數目上限總數合共不得超過於任何時間本公司已發行股份30%。倘超出該限額者，將不會按新購股權計劃授出購股權。在未經本公司股東事先批准前，於任何12個月期間內向任何個別人士授出或將予授出之購股權所涉及之已發行或將發行股份數目，不得超過本公司於授出日期已發行股份1%。向董事、最高行政人員或主要股東或彼等各自的任何聯繫人授出購股權必須獲獨立非執行董事(不包括身為購股權承授人的獨立非執行董事)批准。倘於任何12個月期間內授予主要股東或獨立非執行董事或彼等各自的任何聯繫人之購股權所涉及之股份數目超過本公司於授出日期已發行股份0.1%或總值超過5,000,000港元，必須獲本公司股東事先批准。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

32. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

b) (Continued)

Upon acceptance of the share option, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant. A share option may be exercised in accordance with the terms of the New Share Option Scheme at any time during the period to be determined and notified by the Board to each grantee, provided that such period of time shall not be more than ten years from the date of grant. The New Share Option Scheme does not specify a minimum period for which a share option must be held nor a performance target which must be achieved before a share option can be exercised. However, the Board may, at its sole discretion, determine such terms and impose such other restrictions on the grant of a share option. The exercise price is determined by the directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the offer date which must be a business day, (ii) the average closing price of the Company's shares for the five business days immediately preceding the offer date; and (iii) the nominal value of the Company's shares.

During the year ended 31 December 2017, no share options were granted by the Company pursuant to the New Share Option Scheme.

33. CAPITAL COMMITMENTS

Capital commitments outstanding at 31 December 2017 and 2016 not provided for in the financial statements were as follows:

Contracted for	已簽約
Acquisition of intangible assets	收購無形資產
Share of capital commitment in the associate	於聯營公司資本承擔之份額

32. 以權益結算以股份為基礎之交易 (續)

b) (續)

在接納購股權後，承授人將須支付1.00港元予本公司作為授出代價。購股權可於由董事會釐定並通知各承授人之有關期限內根據新購股權計劃的條款隨時行使，惟該等期限不得遲於授出日期後十年。新購股權計劃並無規定於購股權可獲行使前必須持有購股權的最低期限或必須達成之業績目標。然而，董事會可能會全權酌情釐定有關條款，並為授出購股權設定其他限制。行使價由本公司董事釐定，惟不得低於以下三者之最高者：(i) 於要約日期（須為營業日）本公司股份之收市價；(ii) 緊接要約日期前五個交易日之本公司股份平均收市價；及(iii) 本公司股份面值。

於截至二零一七年十二月三十一日年度，本公司並無根據新購股權計劃授出購股權。

33. 資本承擔

已於二零一七年及二零一六年十二月三十一日訂約但並未於財務報表內計提的尚未償還資本承擔如下：

2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
8,100	8,100
—	22,785
8,100	30,885

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

34. OPERATING LEASE COMMITMENTS

The Group as lessee

At 31 December 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

Within 1 year	一年內
After 1 year but within 5 years	一年後但五年內

The Group leases office premises under operating leases. The leases typically run for an initial period of two to three years with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

Significant leasing arrangements in respect of land under operating leases are described in note 17.

35. EMPLOYEE RETIREMENT BENEFITS

Defined contribution scheme

The Group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

The Group also participates in a state-managed scheme. The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefits scheme operated by the government of the PRC. The PRC subsidiaries are required to contribute a specified percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

34. 經營租約承擔

本集團作為承租人

於二零一七年十二月三十一日，在下列年期的不可撤銷經營租約下之未來最低租金總額如下：

2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
1,387	1,483
478	92
1,865	1,575

本集團根據經營租賃租賃辦公室物業。租賃一般初步為期兩年至三年，可選擇在所有條款重新磋商下續新租賃。概無租賃包括或然租金。

有關根據經營租約持有之土地之重大租約安排披露於附註 17。

35. 僱員退休福利

定額供款計劃

本集團根據香港強制性公積金計劃條例為受香港僱傭條例保障的僱員設立一項強制性公積金計劃（「強積金計劃」）。強積金計劃是一項由獨立信託人管理的定額供款退休計劃。根據強積金計劃，僱主和僱員均須按僱員的有關收入（每月上限為30,000港元）的5%向計劃作出供款。所有供款即時歸屬僱員。

本集團亦參與國家管理的計劃。本集團的中國附屬公司之僱員是中國政府設立之中國政府管理退休福利計劃之成員。中國附屬公司須按僱員工資之特定百分比向退休福利計劃供款以提供退休福利。本集團就退休福利計劃須履行之責任僅為作出特定之供款。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

36. MATERIAL RELATED PARTY TRANSACTIONS

- a) In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following significant related party transactions, and had balances due to related parties in trade and other payables as at the end of the reporting period.

			Transactions for the year ended 31 December	Balance as at 31 December 2017	Balance as at 31 December 2016
Name of related party	Relationship with related party	Nature of transaction	截至十二月三十一日止年度之交易	Trade payables 於二零一七年十二月三十一日結餘	Trade payables 於二零一六年十二月三十一日結餘
關連人士名稱	與關連人士的關係	交易性質	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	三十日結餘 貿易應付款項 RMB'000 人民幣千元
Fuzhou Hongyu	A company controlled by Mr. Lin Ou Wen [#]	Purchase of packaging materials	-	1,097	-
福州宏宇	由林歐文先生控制的公司 [#]	購買包裝物料			
[#] Mr. Lin Ou Wen is the former chief executive officer and a former director of the Company.			[#] 林歐文先生為本公司的行政總裁及董事。		

- b) As at 31 December 2016, included in other receivables was amount due from a related party of RMB2,540,000. The related party is the key management personnel of a subsidiary of the Group. The amount due was fully impaired during the year ended 31 December 2017.

- a) 除於該等財務報表其他地方披露之交易及結餘外，本集團訂立下列重大關連人士交易，且於報告日貿易應付款項及其他應付款項中應付關連人士結餘如下：

- b) 於二零一六年十二月三十一日，於其他應收款中之應收關連人士為人民幣2,540,000元。此關連人士為本集團子公司之主要管理人員。應收款項於截至二零一七年十二月三十一日止年度悉數減值。

c) Key management personnel remuneration

Remuneration for key management personnel of the Group, representing amounts paid to the Company's directors as disclosed in note 11 is as follows:

c) 主要管理人員薪酬

本集團的主要管理人員薪酬(即如附註11所披露的支付予本公司董事之金額)如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Salaries and other short-term employee benefits	薪金及其他短期僱員福利	1,179	2,793
Post-employment benefits	離職後福利	-	133
		1,179	2,926

37. BUSINESS COMBINATION

On 9 December 2015, Fujian Sanai, an indirect wholly-owned subsidiary of the Company, entered into an agreement (“Share Transfer Agreement”) with two independent third parties, namely Mr. Lin Wei Yan and Mr. Chen Zi Xian (the “Vendors”), in which each of them owned 50% of equity interest in Fujian Liumai. Pursuant to the Share Transfer Agreement, the Vendors conditionally agreed to sell 100% equity interests in Fujian Liumai at a consideration of HK\$145,000,000 (equivalent to approximately RMB124,304,000) (the “Acquisition”), in which HK\$65,000,000 (equivalent to approximately RMB52,875,000) shall be settled by allotting and issuing 171,000,000 consideration shares at the issue price of HK\$0.38 each and the balance of HK\$80,000,000 (equivalent to approximately RMB71,429,000) shall be settled in cash.

The principal activities of Fujian Liumai are the sales of pharmaceutical related software and provision of consultancy services. The directors of the Company are of the opinion that through the acquisition, the Group will be able to promote the products of the Group and enhance the awareness of the products of the Group, to effectively facilitate the expansion of the Group’s market share in the pharmaceutical industry throughout the PRC, and to generate synergy in areas including distribution channels for pharmaceutical products and the daily operation and management of the Group.

Pursuant to the Share Transfer Agreement, the Vendors jointly and severally undertake and guarantee that based on the financial statements prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, the total audited net profit after taxation of Fujian Liumai arising from its ordinary course of business for the financial year ended 31 December 2016 shall not be less than RMB8,000,000 (the “2016 Profit Guarantee”). Under the Share Transfer Agreement, no adjustment shall be made to the consideration if Fujian Liumai meets the 2016 Profit Guarantee. If the audited net profit of Fujian Liumai is less than RMB8,000,000 but higher than RMB4,000,000, the consideration of Fujian Liumai will be adjusted based on a price-to-earnings ratio of 15 times on Fujian Liumai’s actual profit in year 2016, and the Vendors shall refund and pay to Fujian Sanai (or deduct from the consideration balance) in cash the shortfall.

The potential undiscounted amount of all future payments that the Group could be required to make under this arrangement is between RMB0 and RMB44,643,000.

The fair value of the contingent consideration arrangement is RMB44,643,000 was estimated by applying the income approach and based on the valuation performed by an independent professional qualified valuer. The fair value estimates are based on assumed profit of Fujian Liumai of RMB8,000,000. This is a level 3 fair value measurement. The key unobservable inputs of the valuation were: (i) expected volatility of 53.7%; (ii) risk free rate of 3.21% and (iii) the estimated profits of Fujian Liumai. No change in fair value was recognised in profit or loss during the year ended 31 December 2016.

37. 業務合併

於二零一五年十二月九日，本公司之間接全資附屬公司福建三愛與兩名獨立第三方，即林為炎先生及陳自賢先生（「賣方」）（彼等各自於福建六脈中擁有50%股權）訂立協議（「股份轉讓協議」），根據股份轉讓協議，賣方有條件同意出售於福建六脈之100%股權，代價為145,000,000港元（相當於約人民幣124,304,000元）（「收購事項」），其中65,000,000港元（相當於約人民幣52,875,000元）將透過按發行價0.38港元配發及發行171,000,000股代價股份之方式支付及餘下80,000,000港元（相當於約人民幣71,429,000元）將以現金支付。

福建六脈主要從事銷售製藥相關軟件及提供顧問服務。本公司董事認為透過是項收購，集團能提升本集團的產品知名度，有效協助擴闊本集團於全國醫藥行業的市場份額及產生協同效應於藥品分銷渠道及日常集團運作及管理。

根據股份轉讓協議，賣方已共同及個別地承諾及保證，根據國際會計準則委員會頒佈之國際財務報告準則，福建六脈於截至二零一六年十二月三十一日止財政年度除稅後之經審核的日常經營之淨溢利總額不少於人民幣8,000,000元（「二零一六年保證溢利」）。根據股份轉讓協議，倘福建六脈達至二零一六年保證溢利，則無須就代價作出調整。倘福建六脈之經審核淨溢利少於人民幣8,000,000元但高於人民幣4,000,000元，則須根據福建六脈於二零一六年度之實際溢利15倍之市盈率對福建六脈之代價作出調整，且賣方須以現金向福建六脈退還及支付差價。

本集團須根據此安排支付的全部未來付款的潛在未折讓金額介乎人民幣零元至人民幣44,643,000元。

或然代價安排之公平值人民幣44,643,000元乃應用收入法及根據獨立專業合資格估值師進行的估值而估計。該公平值估計乃基於福建六脈之假設溢利人民幣8,000,000元。此乃為第三級公平值計量。估值之主要不可觀察輸入數據為：(i)預期波幅53.7%；(ii)無風險利率3.21%及(iii)福建六脈之估計溢利。截至二零一六年十二月三十一日止年度，並沒有公平值變動確認於損益表。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

37. BUSINESS COMBINATION (Continued)

During the year ended 31 December 2015, a total of 171,000,000 shares were issued by the Company as part payment of the consideration. The fair value of consideration shares issued was RMB52,875,000, which was determined using the published market price at the date of issue.

The acquisition was completed on 16 December 2016.

a) Assets acquired and liabilities recognised at the date of acquisition:

Property, plant and equipment (note 16)	物業、廠房及設備(附註16)
Intangible assets (note 18)	無形資產(附註18)
Trade and other receivables	貿易應收款項及其他應收款項
Cash and cash equivalents	現金及現金等價物
Other payables	其他應付款項
Deferred tax liabilities (note 30(b))	遞延稅項負債(附註30(b))
Total identifiable net assets at fair value	按公平值可識別資產淨值總額
Goodwill arising on acquisition (note 19)	收購產生的商譽(附註19)

b) Fair value of consideration transferred

Issue of consideration shares	發行代價股份
Cash consideration paid	已付現金代價
Contingent consideration payable (note 28)	應付或然代價(附註28)

Goodwill arising on the acquisition of Fujian Liumai was attributable to the benefit of expected synergies in areas including distribution channels for pharmaceutical products and the daily operation and management of the Group, revenue growth and future market development of Fujian Liumai. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

37. 業務合併(續)

截至二零一五年十二月三十一日止年度，本公司發行合共171,000,000股股份，作為代價之部分付款，已發行代價股份之公平值為人民幣52,875,000元，乃使用發行日期已發佈市場報價釐定。

收購已於是二零一六年十二月十六日完成。

a) 於收購日期已收購資產及已確認負債：

Fair value
recognised on
acquisition
收購確認之公平值
RMB'000
人民幣千元

23
3,984
4,780
10,012
(554)
(996)

17,249
107,055

124,304

b) 轉讓代價之公平值

RMB'000
人民幣千元

52,875
26,786
44,643

124,304

收購福建六脈產生之商譽乃來自於醫藥產品分銷渠道及本集團日常運作及管理領域產生預期協同效應、收益增長及福建六脈未來市場發展之利益。由於該等利益未能達至識別無形資產之確認條件，故此該等利益並無與商譽分開確認。

預期該等收購產生的商譽概不可扣減稅項。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

37. BUSINESS COMBINATION (Continued)

- c) An analysis of cash flows in respect of the acquisition:

Cash and cash equivalents acquired	已收購現金及現金等價物
Less: Cash consideration paid	減：已付現金代價
Net cash outflows on acquisition	收購現金流出淨額

RMB'000
人民幣千元

10,012
(26,786)

(16,774)

- d) **Impact of the acquisition on the results of the Group**

Included in the revenue and the loss of the Group for the year ended 31 December 2016 is a revenue of approximately RMB283,000 and a loss of approximately RMB119,000 from Fujian Liumai since the date of completion of the acquisition.

Had the acquisition been effected on 1 January 2016, the revenue and the loss of the Group for the year ended 31 December 2016 would have been RMB266,138,000 and RMB397,567,000 respectively. The directors of the Company consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

Acquisition-related costs amounting to approximately RMB351,000 have been excluded from the consideration transferred and have been recognised as an expense during the year ended 31 December 2016, within the "administrative expenses" line item in the consolidated statement of profit or loss.

The receivables acquired (which principally comprised trade receivables) in this transaction with a fair value of RMB2,320,000 had gross contractual amount of RMB2,320,000. The best estimate at acquisition date of the contractual cash flows not expected to be collected is RMBNil.

37. 業務合併 (續)

- c) 與收購有關的現金流量分析：

- d) **收購對本集團業績之影響**

本集團截至二零一六年十二月三十一日止年度之收入及虧損包括於收購完成日期後來自福建六脈的收入約人民幣283,000元及虧損約人民幣119,000元。

倘收購事項於二零一六年一月一日生效，本集團截至二零一六年十二月三十一日止年度之收入及虧損將分別為人民幣266,138,000元及人民幣397,567,000元。本公司董事認為此等「備考」數字指合併集團按年化基準計算的概約業績，可作為與未來期間比較的參考業績。

與收購有關的成本約為人民幣351,000元已從已轉讓代價中剔除，並已於截至二零一六年十二月三十一日止年度於綜合損益表中「行政開支」項目內確認為一項開支。

該交易公平值人民幣2,320,000元的已收購之應收款項（主要包括貿易應收款項），其總合約金額為人民幣2,320,000元。預期無法收回的合約現金流量於收購日期之最佳估計為人民幣零元。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

38. DISPOSAL OF A SUBSIDIARY

On 21 December 2017, the Group disposed of 福建省三愛醫藥貿易有限公司 ("三愛醫藥貿易") which engaged in marketing and sales of pharmaceutical products. 三愛醫藥貿易 did not carried out any business during the year.

38. 出售一間附屬公司

於二零一七年十二月二十一日，本集團出售福建省三愛醫藥貿易有限公司 (「三愛醫藥貿易」)，其主要從事醫藥產品營銷及銷售。三愛醫藥貿易於年內並無進行任何業務。

		2017 二零一七年 RMB'000 人民幣千元
Consideration received in cash and cash equivalents	已收取代價 (現金及現金等價物)	-
Total consideration received	已收取總代價	-
Analysis of assets and liabilities over which control was lost	已喪失控制權之資產及負債分析	
<i>Current assets</i>	<i>流動資產</i>	
Other receivables	貿易應收款項及其他應收款項	34
Amount due from group company	應收集團公司款項	31,600
<i>Non-current assets</i>	<i>非流動資產</i>	
Property, plant and equipment	物業、廠房及設備	6
Net assets disposed of	已出售之資產淨值	31,640
Release of reserves upon disposal	出售時撥回儲備	(786)
		30,854
Gain on disposal of a subsidiary	出售一間附屬公司之收益	
Consideration receivable #	應收代價 #	-
Waiver of amount due to a subsidiary	應付一間附屬公司款項之免除	31,600
Net assets disposed of	已出售之資產淨值	(31,640)
Release of reserves upon disposal	出售時撥回儲備	786
Gain on disposal	出售收益	746
The gain on disposal is included in the loss for the year.	出售收益包括於本年度虧損內。	
Net cash inflow on disposal of a subsidiary	出售附屬公司時產生之現金流入淨額	
Consideration received in cash and cash equivalents	已收取代價 (現金及現金等價物)	-
Less: Cash and cash equivalent balances disposed of	減：已出售之現金及現金等價物	-
		-

The consideration receivable was RMB100.

應收代價為人民幣 100 元。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

39. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

39. 公司層面財務狀況表

			2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
	Note 附註			
Non-current assets		非流動資產		
Investments in subsidiaries		於附屬公司之投資	76	214,861
Current assets		流動資產		
Other receivables		其他應收款項	135,936	877,371
Financial assets at fair value through profit or loss		按公平值計入損益之 金融資產	—	41,977
Cash and cash equivalents		現金及現金等價物	49,343	39,536
			185,279	958,884
Current liabilities		流動負債		
Other payables		其他應付款項	2,476	2,351
Net current assets		流動資產淨值	182,803	956,533
Net assets		資產淨值	182,879	1,171,394
Capital and reserves		資本及儲備		
Share capital	31(a)	股本	27,009	21,762
Reserves		儲備	155,870	1,149,632
Total equity		總權益	182,879	1,171,394

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

40. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2017 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers and the related Amendments ¹
HKFRS 16	Leases ²
HKFRS 17	Insurance Contracts ⁴
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatments ²
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 40	Transfers of Investment Property ¹
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle ¹
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle ²

- ¹ Effective for annual periods beginning on or after 1 January 2018
- ² Effective for annual periods beginning on or after 1 January 2019
- ³ Effective for annual periods beginning on or after a date to be determined
- ⁴ Effective for annual periods beginning on or after 1 January 2021

40. 截至二零一七年十二月三十一日止年度已頒佈但未生效的修訂、新準則及詮釋可能產生的影響

直至該等財務報表刊發之日，香港會計師公會已頒佈下列修訂及新準則，其於截至二零一七年十二月三十一日止年度尚未生效及並無於該等財務報表中獲採納。當中包括下列可能與本集團相關者。

香港財務報告準則第9號	金融工具 ¹
香港財務報告準則第15號	與客戶所訂合約的收益及相關修訂 ¹
香港財務報告準則第16號	租賃 ²
香港財務報告準則第17號	保險合約 ⁴
香港(國際財務報告詮釋委員會)第22號	外幣交易及預(收)付代價 ¹
香港(國際財務報告詮釋委員會)第23號	所得稅不確定性的處理 ²
香港財務報告準則第2號(修訂本)	以股份支付的交易的分類及計量 ¹
香港財務報告準則第4號(修訂本)	與香港財務報告準則第4號保險合約一併應用香港財務報告準則第9號金融工具 ¹
香港財務報告準則第9號(修訂本)	具有反向補償的提前還款特徵 ²
香港財務報告準則第10號及香港會計準則第28號(修訂本)	投資者與其聯營公司或合資公司之間的資產出售或注入 ³
香港會計準則第40號(修訂本)	轉讓投資物業 ¹
香港會計準則第28號(修訂本)	二零一四年至二零一六年週期之香港財務報告準則年度改進的一部份 ¹
香港會計準則第28號(修訂本)	於聯營公司及合營企業的長期權益 ²
香港財務報告準則(修訂本)	二零一五年至二零一七年週期之香港財務報告準則年度改進 ²

- ¹ 於二零一八年一月一日或之後開始之年度期間生效
- ² 於二零一九年一月一日或之後開始之年度期間生效
- ³ 於將予釐定日期或之後開始之年度期間生效
- ⁴ 於二零二一年一月一日或之後開始之年度期間生效

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

40. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. As the Group has not completed its assessment, impacts may be identified in due course and will be taken into consideration whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards.

40. 截至二零一七年十二月三十一日止年度已頒佈但未生效的修訂、新準則及詮釋可能產生的影響(續)

本集團正就該等修訂及新訂準則於初始採納時期的影響作出評估。由於本集團尚未完成其評估，可能於適當時候識別影響，並將考慮於該等新規定生效日期前是否採納任何該等新規定及根據新訂準則有替代方法可用時採用何種過渡方法。

Five-Year Financial Summary

五年財務概要

RESULTS

業績

		Year ended 31 December 截至十二月三十一日止年度				
		2013 二零一三年 RMB'000 人民幣千元	2014 二零一四年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Revenue	收益	532,341	549,625	555,652	263,025	62,534
Cost of sales	銷售成本	(389,917)	(431,601)	(436,045)	(245,062)	(119,311)
Gross profit/(loss)	毛利/(虧)	142,424	118,024	119,607	17,963	(56,777)
Other income	其他收益	2,094	1,846	1,978	14,196	1,803
Net gain/(loss) on disposal of land use rights and property, plant and equipment	出售土地使用權及物業、廠房及設備淨收益/(虧損)	-	-	35,003	(7)	-
Distribution costs	分銷成本	(84,875)	(63,789)	(44,112)	(15,478)	(4,739)
Administrative expenses	行政費用	(47,048)	(48,299)	(52,660)	(82,781)	(39,528)
Impairment loss on property, plant and equipment	物業、廠房及設備的減值虧損	(10,419)	(44,775)	-	(316,841)	(683,326)
Impairment loss on land use rights	土地使用權減值虧損	-	(3,225)	-	(15,261)	(27,558)
Impairment loss on intangible asset	無形資產減值虧損	-	-	-	-	(3,121)
Impairment loss on goodwill	商譽減值虧損	-	-	-	-	(107,055)
Impairment loss on due from an associate	應收一間聯營公司款減值虧損	-	-	-	-	(89,915)
Impairment loss on investment in an associate	於一間聯營公司投資減值虧損	-	-	-	-	(4,795)
Impairment loss on other receivable	其他應收款減值虧損	-	-	-	-	(2,540)
Written off on property, plant and equipment	物業、廠房及設備撇銷	-	-	-	(89,931)	(66)
Written off on inventory	存貨撇銷	-	-	-	(13,036)	(4,544)
Finance costs	財務成本	(127)	(978)	(2,241)	(2,117)	(12,695)
Share of results of an associate	應佔聯營公司業績	-	-	-	(105)	-
(Loss)/profit before tax	除稅前(虧損)/溢利	2,049	(41,196)	57,575	(503,398)	(1,034,856)
Income tax	所得稅	(5,604)	(2,833)	(16,372)	107,140	(116,888)
(Loss)/profit for the year	年內(虧損)/溢利	(3,555)	(44,029)	41,203	(396,258)	(1,151,744)
Attributable to: Owners of the Company	下列人士應佔: 本公司擁有人	(3,555)	(44,029)	41,203	(396,258)	(1,151,744)
Dividends paid	已付股息	-	-	-	-	-
(Loss)/earnings per share – Basic and diluted	每股(虧損)/盈利 – 基本及攤薄	RMB(0.2) cents 人民幣(0.2)分	RMB(2.6) cents 人民幣(2.6)分	RMB2.4 cents 人民幣2.4分	RMB(20.0) cents 人民幣(20.0)分	RMB(47.8) cents 人民幣(47.8)分

ASSETS AND LIABILITIES

資產及負債

		As at 31 December 於十二月三十一日				
		2013 二零一三年 RMB'000 人民幣千元	2014 二零一四年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Total assets	總資產	1,610,072	1,584,042	1,694,932	1,388,287	531,052
Total liabilities	總負債	(114,656)	(132,655)	(149,467)	(149,870)	(311,827)
Net assets	資產淨值	1,495,416	1,451,387	1,545,465	1,238,417	219,225



Sanai Health Industry Group Company Limited
三愛健康產業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 1889