



YiChang HEC ChangJiang Pharmaceutical Co., Ltd.
宜昌東陽光長江藥業股份有限公司

(A joint stock limited company incorporated in the People's Republic of China)
(在中華人民共和國註冊成立之股份有限公司)

股份代號 Stock Code : 1558

Our Mission: For Everyone's Health
我們的使命—為每個人的健康

Annual Report
2017年報

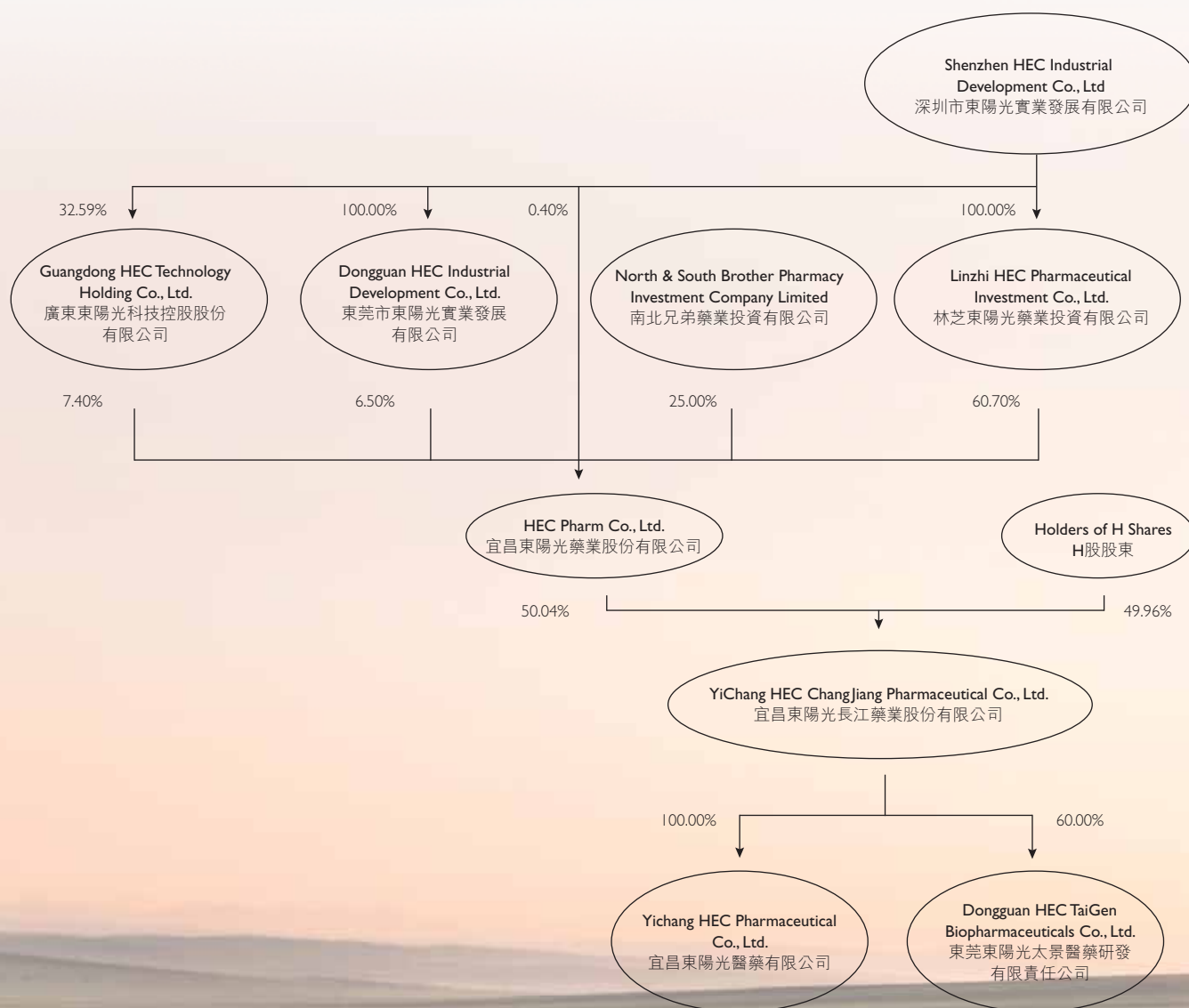
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CORPORATE STRUCTURE

企業架構



FINANCIAL SUMMARY 財務摘要

Set out below is the financial summary for the year ended 31 December 2017 ("the year" or "the reporting period"):

以下為截至2017年12月31日止年度(「本年度」或「報告期內」)的財務摘要：

Revenue of the Group in 2017 increased by 70.11% to RMB1,601.57 million as compared with 2016.

2017年本集團營業額為人民幣1,601.57百萬元，同比2016年增長70.11%。

Profit and total comprehensive income attributable to the equity shareholders of the Company in 2017 increased by 70.02% to RMB647.10 million as compared with 2016.

2017年本公司權益股東應佔溢利及全面收益總額為人民幣647.10百萬元，同比2016年增長70.02%。

Basic/diluted earnings per share in 2017 increased by 70.24% to RMB1.43 as compared with 2016.

2017年每股基本／攤薄盈利為人民幣1.43元，同比2016年增長70.24%。

The Board of Directors proposed to pay a final cash dividend of RMB0.3 per share, subject to the approval by the shareholders at the forthcoming AGM to be held by the Company.

董事會建議派發末期現金股息每股人民幣0.3元，須經股東於本公司稍後舉行的股東週年大會上批准。

		2013	2014	2015	2016	2017
		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
Operating result	經營業績					
Revenue	營業額	316,429	440,904	692,910	941,504	1,601,567
Gross profit	毛利	200,461	321,075	514,576	727,270	1,321,151
Profit from operation	經營溢利	119,124	205,445	339,605	460,299	752,484
Profit before taxation	除稅前溢利	70,180	163,115	314,706	453,066	748,195
Profit and total comprehensive income attributable to equity shareholders of the Company	本公司權益股東應佔溢利及全面收益總額	57,800	135,343	265,750	380,597	647,101
Profit margin	利潤率					
Gross profit margin	毛利率	63.35%	72.82%	74.26%	77.25%	82.49%
Net profit margin	純利率	18.27%	30.70%	38.35%	40.42%	39.11%
Earnings per share	每股盈利					
Basic & Diluted (RMB)	基本及攤薄(人民幣：元)	N/A	0.45	0.79	0.84	1.43
Assets condition	資產狀況					
Total assets	總資產	1,658,116	949,531	2,577,415	2,831,109	3,775,975
Total equity attributable to equity shareholders of the Company	本公司權益股東應佔總權益	478,921	277,255	2,142,849	2,457,807	2,807,836
Non-controlling interests	非控股權益	N/A	N/A	N/A	N/A	252,750
Total liabilities	總負債	1,179,195	672,276	434,566	373,302	715,389
Net cash generated from operating activities	經營活動所得現金淨額	51,546	129,878	287,394	397,206	670,751
Quick ratio	速動比率	0.8	0.6	6.1	6.3	3.1

CORPORATE PROFILE

公司簡介

The Company (also referred to as “HEC Pharm” in the Annual Report) is a pharmaceutical manufacturing company that focuses on the development, manufacturing and sale of pharmaceutical products in the therapeutic areas of anti-virus, endocrine diseases, cardiovascular and antineoplastic diseases. It's the domestic pharmaceutical manufacturing platform of the HEC Group.

The Company entered into China's pharmaceutical industry through the establishment of its predecessor, Yichang Changjiang Pharmaceutical Co., Ltd., in 2001. Up to now, we have been operating for more than 17 years, and are becoming one of the top players in the domestic pharmaceutical industry in terms of pharmaceutical sales performance and R&D capability.

The Company was converted into a joint stock limited company on 11 May 2015, and was listed on the Main Board of the Hong Kong Stock Exchange on 29 December 2015, with the stock code 01558.HK.

Since its establishment, the Company has always followed the motto of “serving the Chinese with higher standards”. Meanwhile, we have a strong industrial foundation and leading competitive edges in the manufacturing, marketing and sales of pharmaceutical products. As of 31 December 2017, the Company has manufactured, promoted and sold a total of 33 pharmaceutical products in China, including our core product, Kewei. The Company is currently the only manufacturer of oseltamivir phosphate granules in the Chinese market. According to the data from IMS, during the years from 2013 to 2017, the Company's oseltamivir phosphate product ranked first in China in terms of sales volume. In terms of sales arrangement, the product distribution network of the Company has a nationwide coverage. The Company established professional teams to conduct differentiated sales lines management for its core products, namely Kewei granules, Kewei capsules and Ertongshu currently targeting at different clinical departments in 2017. As at 31 December 2017, the Group has a total of 856 staff in its sales team.

In addition, the Company also entered into an agreement with TaiGen Biopharmaceuticals Holdings Limited (“TaiGen Biopharmaceuticals”) (4157.TWO) and its subsidiary TaiGen Biopharmaceuticals Co. (Beijing), Ltd. (“TaiGen Biopharmaceuticals (Beijing)”) in October 2016 and established a company with TaiGen Biopharmaceuticals (Beijing) in January 2017, which became a non-wholly owned subsidiary of the Company in March 2017, to conduct clinical trials of combination therapy with Yimitasvir Phosphate and Furaprevir. The Company reached a strategic cooperative partnership with China National Accord Medicines Corporation Ltd. (“China National Accord Medicines”) (000028.SZ). The Company believes that these powerful partnerships will bring huge development prospects for the Company's business growth.

本公司(在年報中亦稱「東陽光藥」)是一家專注於在抗病毒、內分泌、心血管、抗腫瘤等疾病治療領域進行產品研發、生產及銷售的製藥企業，是東陽光集團旗下的國內製劑平台。

本公司通過成立於2001年的公司前身—宜昌長江藥業有限公司進入中國醫藥行業。截至目前，我們已有17餘載的經營歷史，藥品銷售業績以及研發能力已逐漸成為國內醫藥行業頂尖。

2015年5月11日，本公司改制為股份有限公司，並於2015年12月29日於香港聯交所主板成功掛牌上市，股票代碼01558.HK。

自成立以來，本公司始終秉承「用更高標準服務中國人」製藥理念，同時我們在藥品製造和醫藥營銷方面均具有雄厚的產業基礎和領先的競爭優勢。截至2017年12月31日，本公司在國內生產、推廣及銷售合共33款醫藥產品，其中可威系列產品為公司核心產品，目前，本公司是中國市場唯一一家磷酸奧司他韋顆粒劑生產商。根據IMS數據，於2013至2017年，本公司的磷酸奧司他韋產品名列中國區銷量第一。在銷售布局方面，本公司擁有覆蓋全國的產品分銷網絡，2017年針對公司核心產品可威顆粒、可威膠囊以及爾同舒針對不同科室的現狀，組建了專業團隊進行分綫銷售管理。截至2017年12月31日，本集團銷售團隊共計856人。

此外，本公司與台灣太景醫藥研發控股股份有限公司(「太景醫藥」)(4157.TWO)及其附屬公司太景醫藥研發(北京)有限公司(「太景北京」)於2016年10月簽訂協議，並於2017年1月與太景(北京)成立一家公司(其後於2017年3月成為本公司之非全資附屬公司)，以進行磷酸依米他韋與伏拉瑞韋的聯合用藥臨床試驗；與國藥集團一致藥業股份有限公司(「國藥一致」)(000028.SZ)達成了戰略合作夥伴關係，本公司相信，這些強強聯合，將會為本公司業績增長帶來巨大的發展前景。

In the future, the Company will remain committed to the implementation of professionalism, branding and differentiated development strategy. The Company is committed to the establishment of a professional marketing team, a steady and innovative operation and a strategic integration of resources, in order to create brand characteristics and core competitiveness unique to "Pharm HEC" in the industry and create the greatest value for consumers and our partners.

In the future, the Company will further develop and expand its product lines and markets, enhance the international production standards and quality of the products and continue to expand the coverage of marketing and sales to facilitate the further growth of our business and profitability, and strive for more economic benefits and cost-effectiveness for our investors.

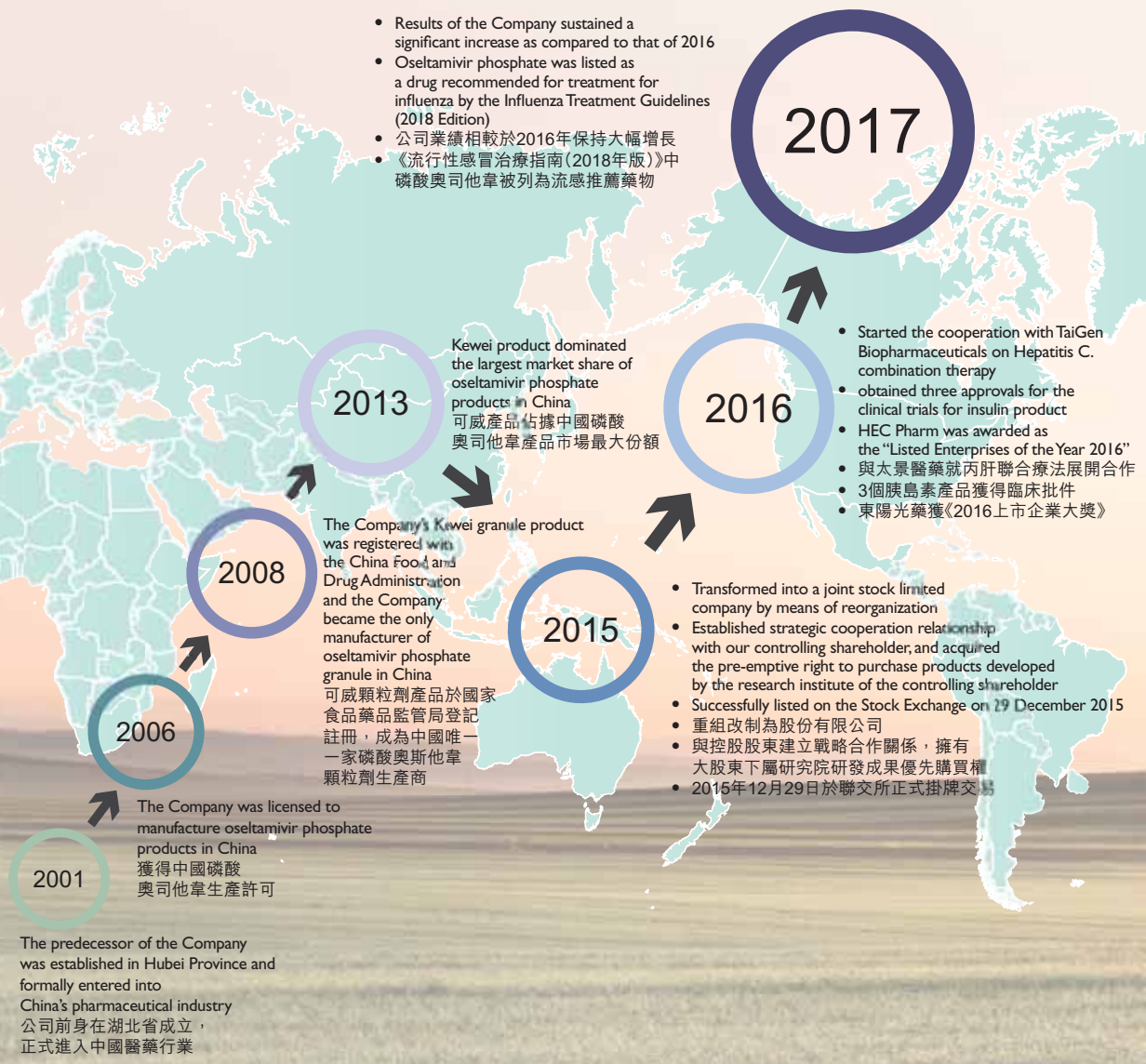
未來，本公司堅持實施專業化、品牌化、差異化的發展戰略，致力於營銷團隊的專業性打造、穩健創新的運作、戰略性的資源整合，在行業內創造「東陽光藥」獨有的品牌特色和核心競爭力，為消費者、合作夥伴創造我們的最大價值。

在未來，本公司將進一步發展及豐富產品綫，開拓市場，提升產品的國際化生產標準及產品質量，繼續擴大市場推廣及銷售覆蓋範圍，以促進我們業務及盈利能力的進一步增長，為廣大投資者爭取更多的經濟利益和效益。



HISTORY OF DEVELOPMENT

發展歷程



On behalf of the Board of Directors, I am hereby pleased to present the annual results of the Group for the year ended 31 December 2017 and the future outlook of 2018.

REVIEW OF 2017

2017 was a year of rapid growth with a promising development trend in China's pharmaceutical industry and was also a year of fruitful development in the overall performance of HEC Pharm. With the successive promulgation and further implementation of favorable medical reform measures, the pharmaceutical industry will enjoy limitless development potential in the future.

The Board of Directors plays a key role in connecting the shareholders with the management of the Company, and is a major component of the Company's governance structure. Since our listing, the Board of Directors has been upholding the governance principle of "standardization, independence, rational structure and high efficiency". The management of the Company constantly enhances and improves its governance level and spares no effort in establishing well-regulated systems, uplifting governance levels and improving the internal control system, striving to become a highly competitive listed company in the domestic and even the international market.

In 2017, the Company's operating efficiency was substantially increased and the overall performance recorded a leap-forward growth following a sequence of highly efficient operations by the management. As at the end of 2017, the Company recorded a revenue of RMB1,601.57 million, representing an increase of 70.11% as compared to last year, and a net profit of RMB626.36 million, representing an increase of 64.57% as compared to last year, realizing a significant increase in the overall performance.

In 2017, the Board of Directors strictly complied with all laws and regulations such as the Company Law of the PRC and the Listing Rules, and fully performed its responsibilities under the Articles of Association. The Board of Directors strictly implemented all resolutions approved at the general meetings, operated in compliance with laws and regulations, made reasonable decisions, diligently performed its duties, worked efficiently and fully performed all tasks and missions.

本人謹代表董事會欣然呈報本集團截至2017年12月31日止年度之年度業績，及對2018年工作簡要展望。

2017年回顧

2017年是中國醫藥行業迅速發展，呈現良好發展趨勢的一年，也是東陽光藥整體業績突飛猛進的一年。隨著各種利好醫改政策不斷推出並深入推進，醫藥行業未來的發展潛力無限。

董事會作為聯結公司股東與管理層的紐帶，是公司治理機制的重要組成部分。東陽光藥自上市以來，董事會一直秉承「規範、獨立、結構合理、富有效率」的治理理念，本公司管理層不斷加強和完善自身的治理水平，力求各項制度井然有序、治理水平不斷提升、內控體系不斷完善，為建立在國內甚至國際市場具備強大競爭力的上市公司而不斷努力。

2017年，通過管理層一系列的高效運作，本公司的經營效率有質素的提升，整體業績不斷跨越新的台階。截至2017年底，本公司的營業收入達到人民幣1,601.57百萬元，同比增長70.11%，淨利潤達到人民幣626.36百萬元，同比增長64.57%，整體業績實現了大幅度的增長。

2017年，董事會嚴格遵守《中國公司法》、上市規則等法律法規，充分履行公司章程賦予的職責，各項決策嚴格執行股東大會各項決議，規範運作，科學決策，勤勉盡責，高效工作，全面完成了各項工作任務。

CHAIRMAN'S STATEMENT

董事長報告書

FUTURE PROSPECTS

Looking ahead, with the continuously deepening implementation of the priority evaluation system, a number of the Group's competitive medical projects in areas including the anti-virus therapeutic, endocrine, metabolic, and medical-related intelligent property, will be further approved. To achieve these goals, we always strive to maintain a high standard of management and operations. The products manufactured by us are in full compliance with the national and international standards.

At the same time, we will keep pace with the trend and strengthen our sales network, while firmly grasping the two development directions of "expansion and optimisation of sales network" and "shifting the distribution channel towards downstream". By way of academic promotion, we will establish extensive business partnerships with numerous distributors across China, and maintain a highly recognized business image and well-respected reputation in the domestic market.

Under the leadership of the Board of Directors and with the efforts of all employees as well as the active participation and supervision of all shareholders, we are able to sustain a promising development trend and to achieve performance targets. We firmly believe that with a high level of strategic leadership, high standard of management and operations, high-dimensional innovation and highly efficient development, HEC Pharm will certainly maintain a rapid and positive development momentum and truly become a benchmark pharmaceutical enterprise in China as well as a major and influential brand in China's pharmaceutical industry.

未來展望

展望未來，隨著優先審評審批制度的不斷深入，本集團在抗病毒領域、內分泌及代謝領域、醫藥相關的知識產權等領域將進一步獲批多個有競爭性的醫藥項目。為了實現這些目標，我們將始終堅持高規格管理和高標準運作，生產的藥物要嚴格符合國家標準、國際標準。

同時，我們要緊跟時代步伐，加強銷售方面的建設，牢牢把握「拓寬和完善銷售網絡」，「促進渠道下沉」兩個前進方向。通過學術推廣的方式，與遍佈全國多家分銷商建立廣泛的業務合作關係。在國內市場維持優良的商業形象和營造絕佳的口碑。

東陽光藥在董事會的領導下，和在全體員工的共同努力下，在全體股東的積極參與和監督下，始終能夠保持良好的發展趨勢，不斷實現既定的目標。我們深信，通過高戰略引領、高規格管理、高標準運作、高維度創新、高效率發展，東陽光藥一定會繼續保持快速而良好的發展勢頭，成為一家名副其實的中國標杆性醫藥企業，打造成為具有影響力的國民醫藥大品牌。

TANG Xinfu

Chairman

23 March 2018

唐新發

董事長

2018年3月23日

HIGHLIGHTS OF THE YEAR 年度大事記

1. YiChang HEC Changjiang Pharmaceutical Co., Ltd. was recognized as “Anti-Infectives Engineering Technology Research Center in Hubei Province” by Hubei Provincial Science and Technology Department.
1、宜昌東陽光長江藥業股份有限公司獲湖北省科技廳「湖北省抗感染藥物工程技術研究中心」認定。
2. From 23 October 2017 to 25 October 2017, Mr. Guillaume JEAN (chief inspector) and Dr. Thomas HECKER (EDQM), being the designated officers of the European Union, conducted a strict inspection on the factories of active pharmaceutical ingredients and quality management system of YiChang HEC Changjiang Pharmaceutical Co., Ltd., and unanimously agreed that No. 2 production base of YiChang HEC has been complied with the current drugs manufacturing practice in Europe.
2、2017年10月23-10月25日，歐盟官方指定Mr. Guillaume JEAN(主檢查官)、Dr. Thomas HECKER (EDQM)對宜昌東陽光長江藥業股份有限公司原料藥生產現場及質量管理體系進行了嚴格檢查，一致認為長江藥業2號地符合歐洲現行藥品生產管理規範。
3. The Research and Application of the Upstream Process of Insulin Glargine was granted first prize of Yidu Science and Technology Progress Award.
3、《甘精胰島素上游工藝研究與應用》獲得宜都市科技進步一等獎。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

I. INDUSTRY REVIEW

Looking back on 2017, the overall economic condition of China showed a trend of stable growth. As a national emerging industry of strategic importance, the pharmaceutical industry has become an important driver to China's economic growth. In the future, the existence of both opportunities and challenges in China's pharmaceutical industry would remain unchanged. The 13th Five-year Plan for the pharmaceutical industry has set a high standard for the future development of China's pharmaceutical industry. Hence, leading enterprises with strong research and development (R&D) capability, high standard production system, strong brand advantages and excellent marketing team will win the unprecedented development opportunities in the further competition within the industry.

The directions of the Chinese government's policies on quality of pharmaceutical products, high standard production system and regulated operation of pharmaceutical enterprises will further enhance industry concentration. The implementation of policies such as "consistency evaluation" and "two-invoice system" may bring challenges to some pharmaceutical enterprises in the short term, but it would bring the "good money drives out bad" effect for the industry in the long term. The pharmaceutical enterprises which are able to pass the consistency evaluation will stand out from competitors in the future, leveraging on their advantages in terms of medical insurance and tendering. Meanwhile, innovation capability has always been the basis of future development of pharmaceutical enterprises. The promotion and implementation of policies such as "Priority Evaluation System" and "System of the Holders of Drug Marketing Licenses" have also laid the foundation for the future innovative development of the industry.

In 2017, a series of policies in respect of encouraging innovations and improving industrial standard were also promulgated. "Opinion on Deepening the Reform of Examination and Approval System for Drugs and Encouraging Innovation of Drugs and Medical Instruments" (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》) has provided the overall guidance in respect of the reform of management of clinical trials, accelerating the evaluation and approval of launching pharmaceutical products, facilitating the innovation of pharmaceutical products and development of generic products as well as enhancement in the whole life-cycle management of pharmaceutical products and medical instruments. Meanwhile, in June 2017, China Food and Drug Administration (CFDA) joined the International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH), indicating that China's pharmaceutical industry has met the international standard in terms of R&D and regulation, and also implying that innovation and high standard would be the core competitiveness of the pharmaceutical enterprises in the future competition.

I. 行業回顧

回顧2017年，中國整體經濟形勢呈現穩增長態勢，醫藥行業作為國家戰略新興產業，業已成為中國經濟增長的重要支撐點，未來中國醫藥行業，機遇與挑戰並存的主旋律並未改變。醫藥工業「十三五」規劃對未來中國醫藥行業發展定下了高標準的基調，因此在未來的行業競爭中，擁有強大研發能力、高標準生產體系、強大品牌優勢及優秀市場營銷團隊的龍頭企業將贏得前所未有的發展機遇。

中國政府對藥品質量、生產體系高標準化以及藥企規範化經營的政策指導方向將進一步促進行業集中，「一致性評價」、「兩票制」等政策實施短期來看雖然會給部分醫藥企業帶來挑戰，但長期將會給行業帶來「良幣驅逐劣幣」的效應，有能力通過一致性評價的藥企將通過在醫保、招標等方面的優勢在未來競爭中脫穎而出。同時，創新能力始終是藥企未來發展之根本，「優先審評審批制度」、「藥品上市許可持有人制度」等政策的推行與實施亦為行業未來創新發展奠定了政策基礎。

2017年，從鼓勵創新及提升行業標準方面，亦有一系列政策的出台。《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》從改革臨床試驗管理、加快藥品上市審評審批、促進藥品創新及仿製藥發展以及加強藥品醫療器械全生命周期管理均做出了綱領性指引，同時2017年6月，中國國家食品藥品監督管理總局(CFDA)(「食藥監總局」)加入國際人用藥品註冊技術協調會(ICH)亦標誌著中國醫藥行業在研發、監管等層面與國際的接軌，也預示著創新及高標準將會成為藥企在未來競爭中的核心競爭力。

Looking ahead into the future, the continuous optimization of the industrial structure and continuous and stable growth at the demand-side brought by income and population would provide outstanding pharmaceutical enterprises with abundant room for development. The Group will also seize the opportunities and strive to becoming a leading pharmaceutical enterprise in the PRC.

II. BUSINESS REVIEW

I. Summary of Overall Results

In 2017, the Group recorded a revenue of RMB1,601.57 million, representing an increase of 70.11% as compared to the previous year and maintaining a relatively high growth. Profit and total comprehensive income attributed to equity shareholders of the Company reached RMB647.10 million, representing an increase of 70.02% as compared to the previous year. Revenue from Kewei, Ertongshu, Oumeining, Xinhaining and Xining accounted for 87.49%, 2.48%, 3.14%, 1.97% and 2.71% of the total revenue, respectively. There was no change in the structure of core products of the Group.

2. Products and R&D

The Group made relevant progress in the R&D of the therapeutic areas of anti-virus as well as endocrine and metabolic diseases during 2017. The latest update on the progress of pipeline products are as follows:

1. Anti-virus therapeutic area

The Phase II clinical trials for the combination therapy of the Group's NS5A inhibitor Yimitasvir Phosphate, a National Class 1.1 innovative drug, with Sofosbuvir, was launched in June 2017. There has been data showing that the virus response rate could reach 100%. The Phase III clinical trials for the combination therapy of Sofosbuvir and Yimitasvir Phosphate is scheduled to be conducted in the first quarter of 2018.

展望未來，行業結構的不斷優化以及由於收入及人口因素帶來的需求端的持續穩定增長將會給優質醫藥企業提供良好的發展空間，本集團也將抓住機遇，努力發展成為中國領軍製藥企業。

II. 業務回顧

1. 整體業績概述

2017年，本集團全年實現營業額為人民幣1,601.57百萬元，較去年增長70.11%，持續保持較高增長；本公司權益股東應佔溢利及全面收益總額為人民幣647.10百萬元，較去年增長70.02%。同時，可威、爾同舒、歐美寧、欣海寧、喜寧營業額佔總營業額比重分別為87.49%、2.48%、3.14%、1.97%、2.71%，本集團核心產品結構未有變化。

2. 產品與研發

2017年，本集團在研發抗病毒和內分泌及代謝疾病領域都取得了相應進展，最新在研產品進展情況如下：

1. 抗病毒領域

本集團國家1.1類創新藥NS5A抑制劑磷酸依米他韋於2017年6月啟動了與索非布韋聯用的臨床II期試驗，已獲得數據顯示病毒應答率可達100%，並計劃在2018年第一季度開展磷酸依米他韋與索非布韋聯用的臨床III期試驗。

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In addition, to meet the domestic demand for combination therapy of Yimitasvir Phosphate, the Phase I clinical trial of the NS3/4A protease inhibitor Furaprevir jointly developed with TaiGen Biopharmaceuticals Co. (Beijing), Ltd. (the "TaiGen Biopharmaceuticals") was launched in August 2017 and the DDI research for combination therapy of Yimitasvir Phosphate and the NS3/4A protease inhibitor Furaprevir was launched in November 2017 in the PRC, respectively.

2. Endocrine and metabolic diseases area

The Group has formulated a comprehensive plan on the development of insulin product line, which covers both the second and the third generation of insulin. Once all insulin products are successfully developed, the Group will own a complete portfolio of pharmaceutical products for the treatment of diabetes and will become one of the most advanced insulin manufacturers in the PRC.

The latest progress of the insulin products during the Reporting Period is as follows:

同時為滿足國內和磷酸依米他韋的聯用需求，與太景醫藥研發(北京)有限公司(「太景醫藥」)合作開發的NS3/4A蛋白酶抑制劑伏拉瑞韋分別在2017年8月和2017年11月在中國啟動了I期臨床試驗以及與磷酸依米他韋聯用的DDI研究。

2. 內分泌以及代謝疾病領域

本集團胰島素產品線規劃完整，涵蓋二代和三代胰島素。如全部胰島素產品均研發成功，本集團將擁有治療糖尿病的完備藥品組合，成為國內先進的胰島素生產企業之一。

報告期內，胰島素系列產品最新進展情況如下：

The key endocrine and metabolic types 關鍵內分泌及代謝品種	Current stage 當前所處階段	Planned launch time 計劃推出時間
Recombinant Human Insulin Injection 重組人胰島素注射液	Pending application for production 待報產	By the end of 2018 to the beginning of 2019 2018年年底至2019年年初
Isophane Protamine Recombinant Human Insulin Injection (Pre-mixed 30R) 精蛋白重組人胰島素注射液(預混30R)	Phase III clinical trial 臨床三期	By the end of 2020 2020年年底
Insulin Glargine Injection 甘精胰島素注射液	Phase III clinical trial 臨床三期	By the end of 2020 2020年年底
Insulin Aspart Injection 門冬胰島素注射液	Phase I clinical trial 臨床一期	By the end of 2020 2020年年底
Insulin Aspart 30 Injection 門冬胰島素30注射液	Phase III clinical trial 臨床三期	By the end of 2020 2020年年底

Adhering to the latest R&D guidelines on biosimilar drugs adopted in Europe and United States, the Group's has adopted a development strategy of making strict comparison with the biologics in manufacturing insulin products. All insulin products of the Group are highly similar to the biologics in terms of quality, purity and stability.

本集團胰島素系列產品遵循歐美最新生物類似藥研發指導原則，採取和生物製劑進行嚴格對比研究的開發策略，本集團胰島素系列產品從質量、純度、穩定性等數據均與生物製劑高度相似。

3. Sales Performance Review

For the year ended 31 December 2017, revenue of the Group achieved RMB1,601.57 million, representing an increase of 70.11% as compared to the previous year.

From the aspect of sales structure of the Group's products, the rapid growth in revenue of Kewei was the major contributor to the growth of the results for the year 2017. During the Reporting Period, the revenue of Kewei granules and Kewei capsules amounted to RMB961.68 million and RMB439.55 million, respectively, accounting for 87.49% of the total revenue in aggregate. During the Reporting Period, to further increase the revenue of the core product Kewei, the Group has established a professional team to conduct differentiated sales lines management for Kewei granules and Kewei capsules targeting at different clinical departments. As at 31 December 2017, the Group has a total of 856 staff in its sales team. In order to further expand the coverage of the Group's core products in hospitals in the future so as to increase the revenue of its core products, Kewei, and lay down a foundation for marketing of the Group's pipeline products after being launched, the Group, as one of the future development strategies, will further expand its professional academic promotion team.

3. 銷售情況回顧

截至2017年12月31日止年度，本集團的營業額已經達到人民幣1,601.57百萬元，同比去年增長70.11%。

從本集團產品銷售格局來看，可威產品營業額的高速增長是2017年業績增長的主要動力，報告期內，可威顆粒、可威膠囊分別取得人民幣961.68百萬元、人民幣439.55百萬元的營業額，共計佔總營業額的87.49%。報告期內，本集團為進一步提升核心產品可威營業額，針對可威顆粒及可威膠囊針對不同科室的現狀，組建了專業團隊進行分綫銷售管理，截止2017年12月31日，本集團銷售團隊共計856人。未來為進一步提升本集團核心產品醫院覆蓋率，進而提升核心產品可威營業額，並為本集團在研產品上市後的市場推廣奠定基礎，專業化學術推廣隊伍的進一步擴建將會是本集團未來發展戰略之一。

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The Group always adheres to the concept of self-operation and has gained extensive experience after years of operation. In 2017, the Group officially began to set up an Endocrine and Metabolic products team, which is responsible for the professional academic promotion of benzbromarone and follow-on insulin products.

4. Manufacturing Review

The Group strived to improve its innovation capability and made unrelenting efforts to pursue high standard quality. Through continuous integration of the existing resources and reinforcement of the internal management, the Group continued to benefit from its remarkable achievements and is determined to create a renowned pharmaceutical brand that gives confidence to both the community and investors.

In the meantime, the Group scrupulously abides by the principles of equal importance in resources development and ecosystem conservation, as well as developing in a green and low-carbon way. The Group is committed to realising the ideas of “scientific planning, rational layout, clean production, energy saving, environmental friendly, strengthening awareness, compliance of laws and sustainable development” in its business operations through environmental management. Meanwhile, the Group has also formulated the “SR01-02 Environmental Management System” as its environmental protection guidelines for the daily management of production activities of the Group.

本集團始終堅持自營的理念，通過多年的實戰操練，積累了豐富的經驗。2017年，我們正式開始組建內分泌及代謝產品隊伍，負責苯溴馬隆及後續胰島素產品的專業學術推廣。

4. 生產情況回顧

本集團致力於提升自身的創新能力，高規格的品質是我們孜孜不倦的追求。通過持續整合現有資源，加強內部管理，不斷吸收優秀成果，力求創造一個令社會安心，令投資者放心的製藥大品牌。

同時，本集團始終恪守資源開發與生態保護並重，走綠色低碳開發之路的原則。並致力於通過環境管理在經營活動中實踐科學規劃、合理佈局、清潔生產、節能降耗、綠色為先、強化意識、遵紀守法、持續發展的理念。同時，本集團亦制定了《SR01-02環境管理制度》作為本集團日常管理生產中的環保指引。

III. OPERATING RESULTS AND ANALYSIS

I. Revenue

For the year ended 31 December 2017, the Group recorded a revenue of RMB1,601.57 million, representing an increase of 70.11% as compared with RMB941.50 million for the year ended 31 December 2016, which was primarily attributable to the increase in the sales volume of the core product Kewei.

The table below sets forth the revenue of the Group by therapeutic areas as a percentage of total revenue.

III. 經營業績及分析

I. 營業額

截至2017年12月31日止年度，本集團錄得營業額人民幣1,601.57百萬元，較截至2016年12月31日止年度的人民幣941.50百萬元增加70.11%。該增加主要來源於核心產品可威的銷售量擴大。

下表載列本集團各治療領域產品的銷售收入佔總營業額的百分比情況。

		Year ended 31 December				Growth as
		截至12月31日止年度				Compared with
		2017		2016		Last Year
		2017年		2016年		同比增長
		(RMB'000)	%	(RMB'000)	%	(%)
		(人民幣千元)	%	(人民幣千元)	%	(%)
Anti-viral drugs	抗病毒藥物	1,407,948	87.91%	739,824	78.58%	90%
- Including core product Kewei (oseltamivir phosphate)	- 其中：核心產品可威(磷酸奧司他韋)	1,401,230	87.49%	736,273	78.20%	90%
- Kewei granules	- 其中：可威顆粒	961,678	60.05%	544,324	57.81%	77%
- Kewei capsules	- 其中：可威膠囊	439,552	27.45%	191,949	20.39%	129%
Cardiovascular drugs	心血管藥物	96,331	6.01%	89,182	9.47%	8%
Endocrine and Metabolic drugs	內分泌及代謝藥物	41,355	2.58%	46,739	4.97%	-12%
Others	其他	55,933	3.49%	65,759	6.98%	-15%
Total	合計	1,601,567	100.00%	941,504	100.00%	70.11%

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2. Cost of Sales

The Group's cost of sales consists of (i) cost of raw materials, primarily including cost of active pharmaceutical ingredient (API), ancillary materials and packaging materials, (ii) labour cost, primarily including salaries and benefits of our staff directly involved in the manufacture of our products, (iii) manufacturing cost, primarily including depreciation charge of machinery, equipment and plant and cost of labour protection materials, fuel, machine oil and maintenance, and (iv) royalty fee paid to third parties in relation to various patents and licences.

The Group's cost of sales increased by RMB66.18 million to RMB280.42 million for the year ended 31 December 2017 from RMB214.23 million for the year ended 31 December 2016, which was mainly due to the increase in sales volume.

The table below sets forth the cost of sales of the Group by therapeutic areas and as a percentage of total cost of sales.

2. 銷售成本

我們的銷售成本包括(i)原材料成本，主要是原料藥、輔料及包裝材料的成本，(ii)人工成本，主要是直接參與產品生產的員工之工資及福利，(iii)製造費用，主要包括機械設備廠房的折舊費、勞動保護材料的成本、燃料、機油及維護，及(iv)就各項專利許可向第三方支付專利費。

截至2017年12月31日止年度，本集團的銷售成本為人民幣280.42百萬元，較截至2016年12月31日止年度的人民幣214.23百萬元增加人民幣66.18百萬元，主要因銷售量的擴大而致。

下表載列本集團各治療領域產品的銷售成本及佔總銷售成本的百分比情況。

		Year ended 31 December				Growth as
		截至12月31日止年度				Compared with
		2017		2016		Last Year
		2017年		2016年		同比增長
		(RMB'000)	%	(RMB'000)	%	(%)
		(人民幣千元)	%	(人民幣千元)	%	(%)
Anti-viral drugs	抗病毒藥物	246,761	88.00%	169,782	79.25%	45%
- Including core product Kewei	- 其中：核心產品可威					
(oseltamivir phosphate)	(磷酸奧司他韋)	244,846	87.32%	168,811	78.80%	45%
- Kewei granules	- 其中：可威顆粒	152,433	54.36%	112,535	52.53%	35%
- Kewei capsules	- 其中：可威膠囊	92,413	32.96%	56,276	26.27%	64%
Cardiovascular drugs	心血管藥物	12,636	4.51%	14,925	6.97%	-15%
Endocrine and Metabolic drugs	內分泌及代謝藥物	5,802	2.07%	6,591	3.08%	-12%
Others	其他	15,217	5.43%	22,936	10.70%	-34%
Total	合計	280,416	100.00%	214,234	100.00%	31%

3. Gross Profit

For the year ended 31 December 2017, the Group's gross profit increased to RMB1,321.15 million, representing an increase of 81.66% as compared with RMB727.27 million for the year ended 31 December 2016.

The table below sets forth the gross profit of the Group by therapeutic areas.

3. 毛利

截至2017年12月31日止年度，本集團的毛利增加至人民幣1,321.15百萬元，較截至2016年12月31日止年度的人民幣727.27百萬元增加81.66%。

下表載列本集團按治療領域劃分的毛利。

		Year ended 31 December				Growth as
		截至12月31日止年度				Compared with
		2017		2016		Last Year
		2017年		2016年		同比增長
		(RMB'000)	%	(RMB'000)	%	(%)
		(人民幣千元)	%	(人民幣千元)	%	(%)
Anti-viral drugs	抗病毒藥物	1,161,187	87.89%	570,042	78.38%	104%
- Including core product Kewei (oseltamivir phosphate)	- 其中：核心產品可威 (磷酸奧司他韋)	1,156,384	87.53%	567,460	78.03%	104%
- Kewei granules	- 其中：可威顆粒	809,245	61.25%	431,788	59.37%	87%
- Kewei capsules	- 其中：可威膠囊	347,139	26.28%	135,672	18.65%	156%
Cardiovascular drugs	心血管藥物	83,695	6.34%	74,257	10.21%	13%
Endocrine and Metabolic drugs	內分泌及代謝藥物	35,553	2.69%	40,149	5.52%	-11%
Others	其他	40,716	3.08%	42,822	5.89%	-5%
Total	合計	1,321,151	100.00%	727,270	100.00%	82%

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4. Other Revenue

The Group's other revenue mainly includes (i) government subsidies, including amortization of subsidies for the construction of the production line of Kewei by instalment in accordance with accounting standards, and other research and development subsidies and awards granted by local government, and (ii) interest income and miscellaneous income.

For the year ended 31 December 2017, the Group's other revenue was RMB21.82 million, representing an increase of RMB5.83 million as compared with RMB16.00 million for the year ended 31 December 2016, which was due to the increase in interest income, offset by the decrease in government subsidies.

5. Other Net (Loss)/Income

For the year ended 31 December 2017, the Group's other net loss was RMB25.42 million, while the Group's other net income for the year ended 31 December 2016 was RMB30.63 million, which was due to the fluctuation of exchange rate between HKD and RMB.

4. 其他收入

本集團的其他收入主要包括(i)政府補助，包括按會計準則分期攤銷計入的可威生產線建設補助，以及其他當地政府授予的研發補助或獎勵；及(ii)利息收入及雜項收入。

截至2017年12月31日止年度，本集團的其他收入為人民幣21.82百萬元，較截至2016年12月31日止年度的人民幣16.00百萬元，增加人民幣5.83百萬元。該增長是由於利息收入的增加，並抵減了政府補助經費的減少。

5. 其他淨(損失)/收入

截至2017年12月31日止年度，本集團的其他淨損失為人民幣25.42百萬元，截至2016年12月31日止其他淨收入為人民幣30.63百萬元。該變化主要因港元及人民幣匯率變動所致。

6. Expense Analysis

For the year ended 31 December 2017, the Group's total expense amounted to RMB569.36 million, representing an increase of 77.47% as compared with RMB320.83 million for the year of 2016. The main components of the Group's expenses are as follows:

6. 費用分析

截至2017年12月31日止年度，本集團費用共計人民幣569.36百萬元，較2016年的人民幣320.83百萬元同比增長77.47%。本集團的主要費用構成如下：

		Year ended 31 December		Growth as
		截至12月31日止年度		Compared with
		2017	2016	Last Year
		2017年	2016年	同比增長
		(RMB'000)	(RMB'000)	(%)
		(人民幣千元)	(人民幣千元)	(%)
Distribution costs	分銷成本	372,090	180,887	105.70%
Administrative expenses	行政管理開支	192,985	132,711	45.42%
Finance costs	融資成本	4,289	7,233	-40.70%
		569,364	320,831	77.47%

Distribution costs mainly consist of (i) marketing expenses relating to academic promotion activities and other marketing activities, (ii) travelling expenses for marketing purposes, (iii) labour cost, and (iv) other expenses.

分銷成本主要包括(i)有關學術推廣及其他營銷活動的營銷成本，(ii)為營銷目的之差旅成本，(iii)勞工成本，及(iv)其他成本。

The increase in distribution costs was mainly due to the increase in operating cost and travel expenses in relation to the Group's academic promotion and other marketing activities, closely relating to the increased efforts on academic promotion of the core product Kewei and enhancement of influence of other products. Meanwhile, the Group put more effort in organizing and building the sales team and expanded its sales force in 2017 and its sales and marketing staffs increased by 452 as compared to 2016.

分銷成本的增加，主要是由於本集團進行學術推廣及其他營銷活動的運營成本和差旅費的增加，與本集團加強核心產品可威的學術推廣力度和擴大其他產品的影響力密切相關。同時，本集團於2017年著力加強了銷售團隊的組織建設，對銷售隊伍進行了擴張，全年較2016年增加銷售及市場推廣人員452人。

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Administrative expenses mainly consist of (i) R&D expenses, (ii) salaries and welfare benefits for management and administrative personnel, (iii) depreciation and amortization costs relating to our office and facilities and land use rights, and (iv) other miscellaneous expenses.

The increase in administrative expenses was mainly due to the increase in labour costs and R&D expenses.

Finance costs mainly consist of interests on bank loans. The decrease in finance costs was mainly due to that the Group had sufficient funds and used such funds to repay matured bank loans which resulting in the decrease in interest expenses.

7. Profit Before Taxation

As a result of the above, profit before taxation increased by 65.14% to RMB748.20 million in 2017 from RMB453.07 million in 2016.

8. Income Tax

For the year ended 31 December 2017, the Group's income tax expenses were RMB121.84 million, representing an increase of RMB49.37 million as compared with RMB72.47 million for the year ended 31 December 2016, which was mainly due to the increase in profit before taxation.

9. Profit for the Year

For the forgoing reasons, the Group's profit for the year was RMB626.36 million for the year ended 31 December 2017, representing an increase of RMB245.76 million as compared with RMB380.60 million for the year ended 31 December 2016.

行政管理開支主要包括(i)研發費用，(ii)管理及行政人員的工資及福利，(iii)辦公室與設施及土地使用權相關的折舊及攤銷成本，及(iv)其他雜項成本。

行政管理開支的增加，主要是由人工成本以及研發費用的增加所致。

融資成本主要包括銀行貸款利息。融資成本的減少，主要是本集團資金充足並使用了此等資金償還了到期銀行借款從而減少了利息費用。

7. 除稅前溢利

基於上述原因，除稅前溢利由2016年的人民幣453.07百萬元，增加至2017年的人民幣748.20百萬元，同比增長65.14%。

8. 所得稅

截至2017年12月31日止年度，本集團的所得稅費用為人民幣121.84百萬元，較截至2016年12月31日止年度的人民幣72.47百萬元增加人民幣49.37百萬元，主要由於除稅前溢利的增長。

9. 年內溢利

基於上述原因，截至2017年12月31日止年度，本集團的年內溢利為人民幣626.36百萬元，較截至2016年12月31日止年度的人民幣380.60百萬元增加人民幣245.76百萬元。

IV. FINANCIAL POSITION

1. Overview

As at 31 December 2017, the Group's total assets amounted to RMB3,775.98 million, with total liabilities of RMB715.39 million and shareholders' equity of RMB3,060.59 million.

2. Net Current Assets

The following table sets forth our current assets, current liabilities and net current assets for the date indicated.

IV. 財務狀況

1. 概覽

於2017年12月31日，本集團總資產為人民幣3,775.98百萬元，負債總額人民幣715.39百萬元，股東權益人民幣3,060.59百萬元。

2. 流動資產淨值

下表載列我們於所示日期的流動資產、流動負債及流動資產淨值。

		As at 31 December	
		於12月31日	
		2017	2016
		2017年	2016年
		RMB' 000	RMB' 000
		人民幣千元	人民幣千元
Current assets	流動資產		
Inventories	存貨	87,967	110,624
Trade and other receivables	貿易及其他應收款項	746,961	337,149
Time deposits	定期存款	346,519	238,988
Pledged deposits	已抵押存款	-	2,635
Cash and cash equivalents	現金及現金等價物	887,183	1,212,072
Total current assets	流動資產總值	2,068,630	1,901,468
Current liabilities	流動負債		
Trade and other payables	貿易及其他應付款項	549,542	182,377
Bank loans	銀行貸款	10,000	70,000
Deferred income	遞延收益	4,379	4,379
Current taxation	應付即期稅項	76,826	27,525
Total current liabilities	流動負債總額	640,747	284,281
Net current assets	流動資產淨額	1,427,883	1,617,187

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The net current assets of the Group decreased from RMB1,617.19 million as at 31 December 2016 to RMB1,427.88 million as at 31 December 2017. During the Reporting Period, as the result of the combined effects of an increase in current assets of RMB167.16 million due to sales growth and an increase in current liabilities of RMB356.47 million due to increase in trade and other payables and increase in current tax payable, the Group's net current assets decreased by RMB189.30 million.

3. Gearing Ratio and Quick Ratio

Gearing ratio represents total loans and borrowings as at a record date divided by shareholders' equity as at the same record date. Quick ratio represents current assets excluding inventories as at a record date divided by current liabilities as at the same record date.

The gearing ratio and the quick ratio of the Group as at 31 December 2017 was 0.65% and 3.09 times respectively. The gearing ratio and the quick ratio of the Group as at 31 December 2016 was 3.66% and 6.30 times respectively.

4. Bank Loans

In 2017, all indebtedness of the Group was Renminbi-denominated bank loans. As at 31 December 2017, the balance of the Group's bank loans was RMB20.00 million, representing a decrease of 77.78% from RMB90.00 million as at 31 December 2016.

5. Capital Expenditure

In order to meet the production demand for our products, the Group constructed plants and buildings, and purchased administration offices, machines and equipment in 2017 with an aggregate capital expenditure of RMB207.05 million, representing an increase of RMB146.28 million as compared to RMB60.77 million in 2016.

6. Contingent Liabilities

As at 31 December 2017, the Group did not provide any external guarantees.

本集團流動資產淨值自2016年12月31日的人民幣1,617.19百萬元減少至2017年12月31日的人民幣1,427.88百萬元，報告期內，由於銷售增加導致流動資產增加人民幣167.16百萬元；由於貿易及其他應付款項以及應付即期稅項的增加導致流動負債增加人民幣356.47百萬元，共同導致本集團淨流動資產減少人民幣189.30百萬元。

3. 資本負債比例及速動比例

資本負債比率指於記錄日期的銀行貸款除以相同記錄日期的總權益。速動比率指於記錄日期的流動資產(不包括存貨)除以相同記錄日期的流動負債。

本集團於2017年12月31日的資本負債比率及速動比率分別為0.65%及3.09倍。本集團於2016年12月31日的資本負債比率及速動比率分別為3.66%及6.30倍。

4. 銀行貸款

2017年本集團的債項均為人民幣銀行貸款。於2017年12月31日，本集團的銀行貸款餘額為人民幣20.00百萬元，與於2016年12月31日的人民幣90.00百萬元相比減少了77.78%。

5. 資本支出

本集團為應對產品的生產需求，於2017年度興建廠房及樓宇、購買辦事處、機械設備等資本支出共計人民幣207.05百萬元，較2016年人民幣60.77百萬元增加人民幣146.28百萬元。

6. 或有負債

截至2017年12月31日，本集團無對外擔保事項。

7. Pledge of Assets

As at 31 December 2017, the Group had no pledged assets.

8. Employee and Remuneration Policies

(1) Human Resource Summary

As at 31 December 2017, the Group had a total of 1,997 employees,

by age:

Age Distribution	年齡分佈	Number 人數	Percentage 百分比
30 (inclusive) or below	30歲(含)以下	899	45%
30-40 (inclusive)	30-40歲(含)	838	42%
40-50 (inclusive)	40-50歲(含)	240	12%
Above 50	50歲以上	20	1%
Total	合計	1,997	100%

by education:

Education Level	文化程度	Number 人數	Percentage 百分比
Master (inclusive) or above	碩士(含)以上	64	3%
Bachelor	本科	618	31%
Associate	大專	471	24%
Vocational or Below	專科以下	844	42%
Total	合計	1,997	100%

(2) Remuneration Policy

Based on the articles of association and internal control system and by making reference to the overall remuneration level within the industry and the actual living cost of working place, the Group has formulated a remuneration policy which aims at retaining talents and giving incentives to the staff on performance basis. The Board and the board of supervisors of the Company review the remuneration policy of employees of the Group on a regular basis in order to safeguard employees' legal rights and interests.

7. 資產抵押

截至2017年12月31日，本集團無設定資產抵押。

8. 僱員、薪酬政策

(1) 人力資源概況

於2017年12月31日，本集團共有僱員1,997人。

按年齡結構分：

按學歷結構分：

(2) 薪酬政策

本集團從公司章程及內控制度出發，結合行業整體薪酬水平和工作地點的實際生活成本，制定了旨在挽留優秀人才並以績效手段激勵員工的薪酬政策。董事會及本公司監事會定期檢討本集團僱員薪酬政策以保障僱員的合法權益。

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(3) Employee Benefits

The Group strictly complies with the Labour Law, the Labour Contract Law and the Social Insurance Law of the PRC, under which it contributes various social insurance premiums and housing provident fund for employees. Meanwhile, the Group arranges staff in key positions to have an annual occupational health check and organizes new staff to attend intensive learning sessions of safe production knowledge, in order to safeguard health and safety of the employees. In addition to the statutory requirement of the PRC, the Group has established corresponding systems such as the housing benefits and children's benefits, and set up public welfare facilities such as kindergarten and infirmary room. The Group will further optimize the employee welfare and protection system in accordance with its development progress so that it can protect the employees' rights and interests at the system level and provide them with more benefit and protection.

(3) 員工福利保障

本集團嚴格遵守中國《勞動法》、《勞動合同法》、《社會保險法》，依法為員工繳納各項社會保險及住房公積金。同時採取每年度組織重點崗位員工參加職業健康檢查、組織新進員工進行安全生產知識集中學習等方式保障僱員職業健康和工作安全。在中國法定保障的基礎上，本集團還制定了《住房福利》、《子女福利》等相應制度，並建立幼兒園、醫療室等公共福利設施。本集團還將根據自身發展的情況，在未來進一步健全員工福利保障制度，從制度層面保障員工權益，為員工帶來更多的福利保障。

V. RISK FACTORS AND RISK MANAGEMENT

Risks that may have material effects on the operation of the Group are as follows:

I. The risk of products failing to pass consistency evaluation

According to the Opinions of the Office of the State Council on the Commencement of Consistency Evaluation on the Quality and Healing Effect of Generic Drugs (Guo Ban Fa [2016] No. 8) and the Announcement on the Implementation of Matters in Relation to the Opinions of the Office of the State Council on the Commencement of Consistency Evaluation on the Quality and Healing Effect of Generic Drugs issued by the CFDA on 26 May 2016 (2016 No. 106), for generic drugs which have been approved for market launch prior to the implementation of the new registration category of chemical drugs, if the approval was not carried out according to the principle of consistency in quality and curative effect as the original researched pharmaceuticals, such generic drugs are subject to consistency evaluation. For the generic drugs which are not able to pass the consistency evaluation within the prescribed period, no further registration will be approved.

V. 風險因素及風險管理

對本集團經營可能產生重大影響的風險如下：

I. 產品無法通過一致性評價的風險

根據《國務院辦公廳關於開展仿製藥質量和療效一致性評價的意見》（國辦發[2016]8號）和2016年5月26日食藥監總局發佈的《關於落實〈國務院辦公廳關於開展仿製藥質量和療效一致性評價的意見〉有關事項的公告》（2016年第106號），化學藥品新註冊分類實施前批准上市的仿製藥，凡未按照與原研藥品質量和療效一致原則審批的，均須開展一致性評價，在規定期限內未通過質量一致性評價的仿製藥，不予再註冊。

II. The risk of the decline in drug prices

With continuous progress in the reform of drug prices, deepening of reforms in the medical insurance system and the promulgation of other relevant policies and regulations, a declining trend in drug prices will appear. On 4 May 2015, the Notice on the Publication of Opinions on Proceeding with Reforms on Drug Prices (《關於印發推進藥品價格改革意見的通知》) was jointly issued by seven departments including the National Development and Reform Commission of the PRC to expressly cancel the drug prices originally set by the government except for narcotic drugs and Category I psychotropic drugs. In addition, the Group's core products, Kewei capsules and Kewei granules were included in the National Reimbursement Drug List in 2009 and 2017, respectively. Under the impact of the lifting of drug price addition policy and control of medical insurance expenditure, unit price of the Company's products may fall, which in turn will affect its revenue and profitability.

The Group adopted corresponding policies in dealing with the aforesaid risks in 2017.

In respect of the consistency evaluation, the Group had a total of 33 products involved in consistency evaluation, among which 24 products are under consistency evaluation and nine generic products will not undergo consistency evaluation. As the Group's core products, Kewei granules and Kewei capsules have not been included in the National Essential Drugs List (2012 Edition), they are not required to complete the consistency evaluation by the end of 2018. Currently, Kewei capsules have completed pharmaceutical study and BE experiment and are expected to commence the corresponding registration in 2018. At the same time, the consistency evaluation of Kewei granules is scheduled to be completed in 2020.

Except for the 9 generic drugs products which will not undergo consistency evaluation, it is expected that the consistency evaluation of the remaining products will be completed in or around 2020.

As for the risk of decreasing drug price, the Group's drug prices are under control due to the less competition for the Group's core product, Kewei, the established relationship with a number of domestic renowned distributors by the Group, the well-established drug distribution system, and the Group's ability to control the cost of distribution. As at 31 December 2017, the Group established cooperation with 1,205 distributors.

II. 藥品價格下降的風險

隨著藥品價格改革持續推進，醫療保險制度改革的不斷深入，以及其他相關政策、法規的出台，藥品價格將呈現整體下降的趨勢。2015年5月4日，中國國家發展和改革委員會等7部門聯合發佈《關於印發推進藥品價格改革意見的通知》，明確規定除麻醉藥品和第一類精神藥品外，取消原政府制定的藥品價格。此外，本集團核心產品可威膠囊和可威顆粒劑分別在2009年和2017年納入國家醫保目錄。由於取消藥品定價加成、醫保控費等因素的影響，本公司產品單價可能出現下降，進而影響其營業收入及盈利水平。

針對上述，本集團於2017年實施了相應政策以應對上述風險。

在仿藥一致性評價方面，本集團涉及一致性評價的品種共33個，其中24種正在開展一致性評價，9種仿製藥不開展一致性評價。由於本集團核心產品可威顆粒及可威膠囊未列入國家基本藥物目錄(2012年版)，無需在2018年底前完成一致性評價，目前可威膠囊已完成藥學研究和BE試驗，計劃於2018年提交相關註冊申報，同時可威顆粒目前亦計劃於2020年完成一致性評價相關工作。

除不開展一致性評價的9種仿製藥以外，其餘產品目前均計劃於2020年前後完成相關一致性評價工作。

針對藥品價格下降的風險，由於本集團核心產品可威目前市場競品較少，且本集團與多家國內知名分銷商建立合作關係，擁有成熟的藥品流通體系，對流通環節成本能夠做到較好控制，以保證本集團藥品價格可控。截至2017年12月31日，本集團已於1,205家經銷商建立合作關係。

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VI. FUTURE OUTLOOK

The continuous stable development of pharmaceutical industry is one of the China's future strategic plans. The "Guidelines for the Development and Planning of the Pharmaceutical Industry" (《醫藥工業發展規劃指南》) has set a high fundamental for the development of pharmaceutical industry during the "13th Five-year Plan", and the contribution of pharmaceutical industry to the gross national product would be significantly increased. In particular, technical innovation, high standard quality of drugs, green development and internationalization would be the important targets for the future development of China's pharmaceutical industry.

Looking forward, driven by the factors such as continuous medium-to-high growth in the economy of China, increase in disposable income, upgrade of consumption structure, steady establishment of a "healthy China", further improvement of the medical insurance system, increasingly serious ageing population, higher incidence rate of certain diseases and full implementation of two-child policy, it is expected that the pharmaceutical market will sustain a faster growth. With the deepening of reform of China's pharmaceutical industry, the coming year will thus be full of opportunities and challenges. In 2018, the Group will pay close attention to the changes in industry policies and adjust its development directions constantly. The Group will strive to enhance its innovation capability and standard and continue to optimize the production and sales model while maintaining the strong competitiveness of the existing products, and further grow the market share of its major products. At the same time, the Group will expand its product lines and search for an everlasting way for sustainable scientific development.

Moving into 2018, the Group will, based on the existing product advantages, fully utilize its advantages in academic promotion, enhance the development of professional academic promotion team, reinforce and improve the market position of its current core product, Kewei, and lay down the foundation of our future products in the market in order to guarantee the Group's long-term stable growth in the future.

VI. 未來前景

醫藥工業持續穩定發展是中國未來戰略佈局之一，《醫藥工業發展規劃指南》為「十三五」期間醫藥工業發展定下了高基調，醫藥工業在國民經濟增長的貢獻之比重必將明顯提升，其中，技術創新、高標準藥品質量、綠色發展、國際化等都將是中國醫藥工業未來發展的重要目標。

展望未來，隨著中國國民經濟繼續保持中高速增长、居民可支配收入不斷增加、消費結構持續升級、健康中國建設穩步推進、醫保體系進一步健全、人口老齡化趨勢日趨嚴重、部分疾病的發病率不斷升高和全面兩孩的政策實施等因素的推動，預計醫藥市場將保持較快增長。且隨著中國醫藥行業改革的不斷深入，接下來的一年注定充滿著機遇與挑戰。2018年本集團將密切關注行業政策的變化，不斷調整自身的發展方向。堅持提高創新能力和水平，在保持現有產品強勁競爭力的基礎上繼續完善產品的生產和銷售模式，進一步擴大主打產品的市場佔有率。同時我們將持續豐富本集團的產品綫，尋求一條經久不衰的可持續的科學發展道路。

展望2018年，本集團將在現有產品優勢基礎上，通過充分發揮學術推廣優勢，加強專業化學術推廣隊伍建設，鞏固並提升現有核心產品可威的市場地位，並為未來產品奠定市場基礎，以保證本集團在未來的長期穩定增長。

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT 董事、監事及高級管理人員簡介

DIRECTORS

董事

Name 姓名	Date of joining the Group 加入本集團日期	Date of appointment 獲委任日期	Position 職位
Mr. TANG Xinfa (唐新發) 唐新發先生	4 May 2015 2015年5月4日	4 May 2015 2015年5月4日	Chairman and non-executive Director 董事長兼非執行董事
Mr. JIANG Juncai (蔣均才) 蔣均才先生	4 May 2015 2015年5月4日	4 May 2015 2015年5月4日	Executive Director 執行董事
Mr. ZHU Qiaohong (朱巧洪) 朱巧洪先生	11 May 2002 2002年5月11日	16 June 2017 2017年6月16日	Executive Director 執行董事
Mr. WANG Danjin (王丹津) 王丹津先生	27 February 2006 2006年2月27日	27 February 2006 2006年2月27日	Executive Director 執行董事
Mr. CHEN Yangui (陳燕桂) 陳燕桂先生	1 May 2014 2014年5月1日	4 May 2015 2015年5月4日	Executive Director 執行董事
Mr. MO Kit (毛杰) 毛杰先生	4 May 2015 2015年5月4日	4 May 2015 2015年5月4日	Non-executive Director 非執行董事
Mr. TANG Jianxin (唐建新) 唐建新先生	4 May 2015 2015年5月4日	4 May 2015 2015年5月4日	Independent non-executive Director 獨立非執行董事
Mr. FU Hailiang (付海亮) 付海亮先生	4 May 2015 2015年5月4日	4 May 2015 2015年5月4日	Independent non-executive Director 獨立非執行董事
Mr. LEE Chi Ming (李志明) 李志明先生	4 May 2015 2015年5月4日	4 May 2015 2015年5月4日	Independent non-executive Director 獨立非執行董事

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT 董事、監事及高級管理人員簡介

Mr. TANG Xinfa (唐新發), aged 48, is the Chairman and a non-executive Director of the Board. He joined the Company in May 2015 and has served as a non-executive Director since then.

唐新發先生，48歲，為董事會的董事長兼非執行董事。他於2015年5月加入本公司，此後一直擔任非執行董事一職。

Mr. Tang has extensive working experience in the following companies or entities:

唐先生在下列公司或實體擁有豐富的工作經驗：

Period 任期	Name of Company/Entity 公司／實體名稱	Position 職位	Principal Function 主要職能
Since January 2017 自從2017年1月至今	Dongguan HEC TaiGen Biopharmaceuticals Co., Ltd. 東莞東陽光太景醫藥研發 有限責任公司	Legal representative and director 法定代表人、董事	Corporate management and decision-making 公司管理與決策
Since March 2016 自從2016年3月至今	Shenzhen HEC Pharmaceutical Co., Ltd. 深圳市東陽光藥業有限公司	Director 董事	Corporate management and decision- making 公司管理及決策
Since December 2016 自從2016年12月至今	Linzi HEC Pharmaceutical Research Co., Ltd. 林芝東陽光藥業研發有限公司	Legal representative and director 法定代表人、董事	Corporate management and decision-making 公司管理及決策
Since November 2015 自2015年11月至今	Shenzhen HEC Industrial Development Co., Ltd. 深圳市東陽光實業發展有限公司	Director and general manager 董事兼總經理	Corporate management and decision-making 公司管理與決策
Since December 2014 自2014年12月至今	Yichang HEC Research Co., Ltd. 宜昌東陽光藥研發有限公司	Legal representative, executive director and general manager 法定代表人、執行董事兼總經理	Corporate management and decision- making 公司管理與決策
Since March 2011 自2011年3月至今	Yichang HEC Pharm Co., Ltd. 宜昌東陽光藥業股份有限公司	Vice chairman, executive director and deputy general manager 副董事長、執行董事兼副總經理	Corporate management and decision-making 公司管理與決策
Since October 2010 自2010年10月至今	Dongguan HEC Medicine Development and Research Co., Ltd. 東莞東陽光藥物研發有限公司	Legal representative and executive director 法定代表人兼執行董事	Corporate management and decision-making 公司管理與決策

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT 董事、監事及高級管理人員簡介

Period 任期	Name of Company/Entity 公司／實體名稱	Position 職位	Principal Function 主要職能
Since May 2010 自2010年5月至今	Linzi HEC Pharmaceutical Investment Co., Ltd. 林芝東陽光藥業投資有限公司	Director 董事	Corporate management and decision-making 公司管理與決策
Since September 2009 自2009年9月至今	Ruyuan HEC Pharmaceutical Co., Ltd. 乳源東陽光藥業有限公司	Director 董事	Corporate management and decision-making 公司管理與決策
Since September 2005 自2005年9月至今	Sunshine Lake Pharma Co., Ltd. 廣東東陽光藥業有限公司	Director 董事	Corporate management and decision-making 公司管理與決策
Since December 2004 自2004年12月至今	Dongguan HEC Industrial Development Co., Ltd. 東莞市東陽光實業發展有限公司	Legal representative and director 法定代表人、董事	Corporate management and decision-making 公司管理與決策
Since September 2002 to September 2005 自2002年9月至2005年9月	Shenzhen HEC Industrial Development Co., Ltd. 深圳市東陽光實業發展有限公司	Chief of the office 辦公室主任	Corporate management and decision-making 公司管理與決策

Mr. Tang received a master degree in literary aesthetics from the Department of Chinese of Xiamen University in September 2002.

唐先生於2002年9月獲得廈門大學中文系文藝學專業碩士學位。

Mr. ZHU Qiaohong (朱巧洪), aged 49, is an executive Director and the deputy general manager of the Company. He joined the Company in May 2002, and has served as the deputy general manager of the Company since then, and served as an executive Director of the Company since June 2017.

朱巧洪先生，49歲，為本公司的執行董事兼副總經理。他於2002年5月加入本公司，此後一直擔任本公司的副總經理，並自2017年6月起擔任本公司的執行董事。

Mr. ZHU Qiaohong has also been the vice chairman of Pharmaceutical Profession Association of Hubei Province since April 2015, and has served as a supervisor of Yichang HEC Pharmaceutical Co., Ltd. (a wholly-owned subsidiary of the Company) since June 2005. Prior to that, Mr. ZHU Qiaohong was the director of GMP office of Apeloa Kangyu Pharmaceutical Co., Ltd. from October 1993 to May 2002, and a technician of the General Security Station of the State-owned Ecological Forest (國有生態公益林業保護總站) of Dongyang City from August 1990 to October 1993. Moreover, Mr. Zhu graduated with a bachelor degree in science from Jilin University in July 1990. He was recognised as an engineer in pharmaceutical engineering by the Bureau of Human Resources and Social Security of Jinhua (formerly known as the Bureau of Personnel of Jinhua (金華市人事局)) in August 1999.

朱巧洪先生自2015年4月起亦為湖北省醫藥行業協會副會長，自2005年6月起出任本公司全資附屬公司宜昌東陽光醫藥有限公司的監事。於此之前，朱巧洪先生自1993年10月至2002年5月期間擔任浙江普洛康裕製藥有限公司GMP辦公室主任，並自1990年8月至1993年10月期間擔任東陽市國有生態公益林業保護總站技術員。此外，朱先生於1990年7月畢業於吉林大學，取得理學學士學位。1999年8月，他被金華市人力資源和社會保障局(原金華市人事局)評為醫藥工程專業工程師。

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT 董事、監事及高級管理人員簡介

Mr. JIANG Juncai (蔣均才), aged 36, is an executive Director and the general manager of the Company. He joined the Company in May 2015 and has served as an executive Director since then.

Mr. Jiang has also served as a director of Yidu HEC Industrial Development Co., Ltd. from March 2012 to May 2015. Prior to that, Mr. Jiang was a director of Yichang Shancheng Cordyceps Sinensis Co., Ltd. (宜昌山城水都冬蟲夏草有限公司) from March 2012 to July 2015, and successively served as a researcher at the biochemistry division, a researcher and deputy head of the traditional Chinese medicine division and the deputy head of the zoological and botanical division of Sunshine Lake Pharma from July 2006 to May 2012.

Mr. Jiang graduated with a master degree in science from Shenyang Pharmaceutical University in June 2006.

Mr. WANG Danjin (王丹津), aged 48, is an executive Director and a deputy general manager of the Company. He joined the Company in February 2006, and has served as an executive Director since then.

Mr. Wang has also served as a supervisor of Parent Company from December 2010 to July 2015, and a director of Yichang HEC Pharmaceutical Co., Ltd. from April 2006 to January 2018. Prior to joining the Company, Mr. Wang was the head of production department of Jilin Tonghua Dongri Pharmaceutical Joint Stock Co., Ltd. (吉林省通化東日藥業股份有限公司) from March 2002 to January 2006, and a technologist at Jilin Dandong Pharmaceutical Factory (吉林省丹東製藥廠) from November 1991 to February 2002.

Mr. Wang graduated with a bachelor degree from Shenyang Pharmaceutical University (瀋陽藥科大學) through correspondence courses in January 2008. He is recognised as a licensed pharmacist by Ministry of Human Resources and Social Security of the People's Republic of China (formerly known as Ministry of Personnel of the People's Republic of China), and was recognised as a pharmacist-in-charge by Bureau of Human Resources and Social Security of Dandong (formerly known as Bureau of Personnel of Dandong (丹東市人事局) in October 2001.

Mr. MO Kit (毛杰), aged 67, is a non-executive Director of the Board. He joined the Company in May 2015, and has served as a non-executive Director since then.

Mr. Mo has also served as a director of North & South Brother Pharmacy Investment Company Limited since October 2006, a director of Dongguan Bisheng Electronic Limited since June 2002, a member of the board of directors of Ruyuan Yangzhiguang Aluminium Development Co., Ltd. since June 1998 and a director of North & South Brother International Investment H.K. Co. Limited since September 1998.

蔣均才先生，36歲，為執行董事兼本公司總經理。他於2015年5月加入本公司，此後一直擔任執行董事一職。

蔣先生自2012年3月至2015年5月還出任宜都市東陽光實業發展有限公司的董事。此前，蔣先生曾於2012年3月至2015年7月期間就任宜昌山城水都冬蟲夏草有限公司的董事，並於2006年7月至2012年5月期間先後擔任廣東東陽光藥業生物化學所研究員、傳統中藥所研究員及副所長以及動植物部副部長。

蔣先生於2006年6月畢業於瀋陽藥科大學，取得理學碩士學位。

王丹津先生，48歲，為執行董事兼本公司副總經理。他於2006年2月加入本公司，此後一直擔任執行董事一職。

王先生自2010年12月至2015年7月還擔任母公司的監事，以及自2006年4月起至2018年1月在宜昌東陽光醫藥有限公司擔任董事。在加入本公司之前，王先生於2002年3月至2006年1月期間出任吉林省通化東日藥業股份有限公司生產部部長，以及於1991年11月至2002年2月期間在吉林省丹東製藥廠任工藝員。

王先生於2008年1月畢業於瀋陽藥科大學函授班，取得學士學位。他具備中華人民共和國人力資源和社會保障部(原中華人民共和國人事部)認可的執業藥師資格，及於2001年10月獲得丹東市人力資源和社會保障局(原丹東市人事局)認可的主管藥師資格。

毛杰先生，67歲，為董事會非執行董事。他於2015年5月加入本公司，此後一直擔任非執行董事一職。

毛先生自2006年10月起擔任南北兄弟藥業投資有限公司的董事，自2002年6月起擔任東莞必勝電子有限公司的董事，自1998年6月起擔任乳源陽之光鋁業發展有限公司的董事會成員及自1998年9月起擔任香港南北兄弟國際投資有限公司的董事。

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT 董事、監事及高級管理人員簡介

Mr. CHEN Yangui (陳燕桂), aged 36, is an executive Director. He joined the Company in May 2014, serving as the head of the sales department, Mr. Chen has served as an executive Director since May 2015.

Mr. Chen has also served as a general manager of Yichang HEC Pharmaceutical Co., Ltd. since March 2016, a supervisor of Ruyuan HEC Medical Instrument Co., Ltd. (乳源東陽光醫療器械有限公司) since July 2012 and a director of Ruyuan HEC Pharmaceutical Co., Ltd. since February 2010. Mr. Chen joined Dongguan HEC Medicine Development and Research Co., Ltd. in 2005, and successively held positions as a researcher, the deputy head of research and development department and the head of synthesis department before he was appointed as the deputy head of research institute and the head of generic drug department.

Mr. Chen graduated with a master degree in science from Hunan University in June 2006.

Mr. TANG Jianxin (唐建新), aged 53, was appointed as an independent non-executive Director in May 2015.

Mr. Tang has also served as an independent director of Sino Great Wall Co., Ltd. (SZSE stock number: 000018) since December 2015, an independent director of Pingdingshan Tianan Coal Mining Co., Ltd. (SSE stock code: 601666) since May 2013. He has been an independent director of Zhongbai Holdings Group Co., Ltd. (SZSE stock code: 000759) from December 2011 to December 2017 and an independent director of Shenzhen Huapengfei Modern Logistics Co., Ltd. (SZSE stock code: 300350) from August 2010 to August 2016. He was an independent director of Wuhan Sanzhen Industry Holding Co., Ltd. (SSE stock code: 600168) from June 2009 to June 2015, and an independent director of Wuhan Zhongnan Commercial (Group) Co., Ltd. (SZSE stock code: 000785) from May 2008 to May 2014. Prior to that, Mr. Tang served as an independent director of Wuhan Accelink Technologies Co., Ltd. (SZSE stock code: 002281) from September 2006 to September 2009 and an independent director of Hubei Chutian Expressway Co., Ltd (湖北楚天高速公路股份有限公司) (SSE stock code: 600035) from April 2002 to April 2008. Mr. Tang has been a professor of the Accounting Department of Economics and Management School of Wuhan University since 2006 and a doctoral tutor at Wuhan University since 2006. He served as the dean of Accounting Department of Economics and Management School in the same university from 2005 to 2015. He has been a professor at Wuhan University since 2004, and worked for the postdoctoral research center of the accounting department of Renmin University of China from 2000 to 2002.

陳燕桂先生，36歲，為執行董事。他於2014年5月加入本公司並擔任銷售總監。陳先生自2015年5月擔任執行董事。

另外，陳先生自2016年3月起擔任宜昌東陽光醫療器械有限公司總經理，自2012年7月起擔任乳源東陽光醫療器械有限公司的監事，2010年2月起擔任乳源東陽光藥業有限公司的董事。陳先生於2005年加入東莞東陽光藥物研發有限公司，先後擔任研究員、研發部副主管及綜合部主管，此後獲委任為研究所副所長及非專利藥部門主管等職。

陳先生於2006年6月畢業於湖南大學，取得理學碩士學位。

唐建新先生，53歲，於2015年5月獲委任為獨立非執行董事。

另外，唐先生自2015年12月起擔任神州長城股份有限公司(深交所股份代碼：000018)的獨立董事，自2013年5月起擔任平頂山天安煤業股份有限公司(上交所股份代號：601666)的獨立董事，自2011年12月至2017年12月擔任中百控股集團股份有限公司(深交所股份代號：000759)的獨立董事，自2010年8月至2016年8月擔任深圳市華鵬飛現代物流股份有限公司(深交所股份代號：300350)的獨立董事，自2009年6月至2015年6月擔任武漢三鎮實業控股股份有限公司(上交所股份代號：600168)的獨立董事，及自2008年5月至2014年5月擔任武漢中商集團股份有限公司(深交所股份代號：000785)的獨立董事。此前，唐先生於2006年9月至2009年9月期間擔任武漢光迅科技股份有限公司(深交所股份代號：002281)的獨立董事，及於2002年4月至2008年4月期間擔任湖北楚天高速公路股份有限公司(上交所股份代號：600035)的獨立董事。唐先生自2006年起一直擔任武漢大學經濟與管理學院會計系教授，自2006年起一直擔任武漢大學的博士生導師。他於2005年至2015年擔任該校經濟與會計管理學院會計系主任。他自2004年起擔任武漢大學教授，及於2000年至2002年期間在中國人民大學會計學博士後流動站任職。

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT 董事、監事及高級管理人員簡介

Mr. Tang received his bachelor degree from the Economics Department of Wuhan University in June 1985, and then obtained a master degree in economics and a doctoral degree in economics from Wuhan University in September 1988 and January 1999 respectively. Mr. Tang was granted independent auditor qualifications by the National Audit Office of the People's Republic of China in December 1992, and CPA qualification by the Chinese Institute of Certified Public Accountants in December 1997.

Mr. FU Hailiang (付海亮), aged 46, was appointed as an independent non-executive Director in May 2015.

Mr. Fu has been a partner and the head of administration function of Hubei S&H Law Firm since May 2005. He was a partner of Hubei Haohan Law Firm (湖北浩瀚律師事務所) from October 2000 to May 2005 and an associate at Wuhan Third Law Firm (武漢市第三律師事務所) from November 1996 to October 2000. Mr. Fu has been a council member of the Wuhan Lawyers Association and the chief of the Association of Finance, Securities and Law Industry (金融證券法律專業委員會) since February 2014.

Mr. Fu graduated with a professional certification in financial management from Wuhan University in July 1993, and graduated with a bachelor degree in law from Zhongnan University of Economics and Law in June 1998. After that, he graduated with a master degree in law from Wuhan University in February 2003. Mr. Fu has been admitted to practice PRC law in June 1998 and was recognized as an excellent lawyer of Hubei by the Department of Justice of Hubei and the Hubei Lawyers Association (湖北省律師協會) in March 2011.

Mr. LEE Chi Ming (李志明), aged 64, was appointed as an independent non-executive Director of the Board in May 2015.

Mr. Lee has also served as a director of Ever East Consultants Limited in Hong Kong since August 2013 and served as a director of Knowledge Transfer, Office of Research and Knowledge Transfer Services in the Chinese University of Hong Kong since September 2016. Prior to that, Mr. Lee served as an executive science director in the research of central nervous system and pain control and a global product director of AstraZeneca Pharmaceuticals Co. Ltd., a section head, associate director and project manager at Bayer Corporation and a senior group leader of neuroscience at Abbott Laboratories. He also worked as a lecturer and then a senior lecturer at the Chinese University of Hong Kong from September 1982 to February 1992.

Mr. Lee received a bachelor degree in science and a master degree in biochemistry from the University of Hong Kong in June 1975 and July 1977 respectively, and a doctoral degree in pharmacology from the University of Cambridge in July 1980 before he completed his postdoctoral research at the Johns Hopkins University in July 1982.

唐先生於1985年6月獲得武漢大學經濟系學士學位，隨後分別於1988年9月和1999年1月取得武漢大學的經濟學碩士學位及經濟學博士學位。唐先生於1992年12月獲得中華人民共和國審計署授予的獨立審計師資格，並於1997年12月獲得由中國註冊會計師協會授予的註冊會計師資格。

付海亮先生，46歲，於2015年5月獲委任為獨立非執行董事。

付先生自2005年5月起一直擔任湖北山河律師事務所的合夥人兼行政負責人。他於2000年10月至2005年5月期間曾任湖北浩瀚律師事務所的合夥人，及於1996年11月至2000年10月期間曾任武漢市第三律師事務所的律師。付先生自2014年2月擔任武漢市律師協會理事及金融證券法律專業委員會主任。

付先生於1993年7月畢業於武漢大學，取得財務管理專科學歷，並於1998年6月畢業於中南財經政法大學，取得法學學士學位。隨後，他於2003年2月畢業於武漢大學，取得法律碩士學位。付先生自1998年6月起獲准成為中國執業律師，且於2011年3月獲湖北省司法廳及湖北省律師協會評為湖北省優秀律師。

李志明先生，64歲，於2015年5月獲委任為獨立非執行董事。

另外，李先生自2013年8月起一直擔任香港恒東顧問有限公司董事，並自2016年9月起擔任香港中文大學研究及知識轉移服務處知識轉移主任。此前，李先生曾於阿斯利康製藥有限公司擔任中樞神經系統和疼痛控制研究領域應用科學總監及環球產品總監，於拜耳公司擔任部門負責人、副主任及項目經理，並於雅培公司神經生物學擔任高級課題組帶頭人。他還曾於1982年9月至1992年2月期間任香港中文大學講師及高級講師。

李先生分別於1975年6月及1977年7月取得香港大學的理學士學位及生物化學碩士學位，並於1980年7月取得劍橋大學的藥理學博士學位，之後於1982年7月完成約翰霍普金斯大學的博士後研究。

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT 董事、監事及高級管理人員簡介

SUPERVISORS

監事

Name 姓名	Date of joining the Group 加入本集團日期	Date of appointment 獲委任日期	Position 職位
Ms. HUANG Fangfang (黃芳芳) 黃芳芳女士	4 May 2015 2015年5月4日	4 May 2015 2015年5月4日	Chairman of the Board of Supervisors 監事會主席
Mr. WANG Shengchao (王勝超) 王勝超先生	20 May 2012 2012年5月20日	21 July 2017 2017年7月21日	Employee representative supervisor 職工代表監事
Mr. LUO Zhonghua (羅忠華) 羅忠華先生	13 June 2005 2005年6月13日	16 June 2017 2017年6月16日	Supervisor 監事

Ms. HUANG Fangfang (黃芳芳), aged 36, is a Supervisor of the Company. She joined the Company in May 2015, and has been the chairman of the Board of Supervisors since then. She has also served as the executive deputy head of the generic drug department of Sunshine Lake Pharma Co., Ltd. since June 2014, and the head of formulation department of Sunshine Lake Pharma Co., Ltd. since February 2009. Prior to that, Ms. Huang was the head of analysis section under the formulation department of Sunshine Lake Pharma Co., Ltd. from July 2006 to February 2009, the head of formulation department of Sunshine Lake Pharma Co., Ltd. since February 2009, and the executive deputy head of the generic drug department of Sunshine Lake Pharma Co., Ltd. since June 2014.

Ms. Huang graduated with a master degree in science from Sun Yat-sen University in June 2006.

Mr. WANG Shengchao (王勝超), aged 35, is an employee representative Supervisor and the deputy chief of the quality division of the Company. He joined the Company in May 2012 as a quality controller of the quality division, and served as the vice director of quality assurance of the quality division of the Company from April 2015. Mr. Wang held the position of the quality assurance director of the quality division of the Company from May 2016 to June 2017, and served as the deputy chief of the quality division of the Company from July 2017.

Prior to joining the Company, Mr. Wang worked as a researcher of new traditional Chinese medicines in Hebei Yiling Pharmaceutical Group (河北以嶺醫藥集團) from July 2008 to March 2010, a pharmaceutical analysis researcher in Pharmaron (Beijing) New Medicines Technology Co., Ltd. (康龍化成(北京)新藥技術有限公司) from April 2010 to May 2011, and an inspection engineer and inspection supervisor of the quality department in Lepu (Beijing) Medical Equipment Co., Ltd. (樂普(北京)醫療器械股份有限公司) from June 2011 to May 2012.

黃芳芳女士，36歲，為本公司監事。她於2015年5月加入本公司，此後一直擔監事會主席一職。另外，她自2014年6月起任廣東東陽光藥業有限公司仿藥所的常務副所長，以及自2009年2月起任廣東東陽光藥業有限公司製劑部主管。此前，黃女士於2006年7月至2009年2月期間任廣東東陽光藥業有限公司製劑部分析主管，自2009年2月起任廣東東陽光藥業有限公司製劑部主管，自2014年6月起任廣東東陽光藥業有限公司仿藥所的常務副所長。

黃女士於2006年6月畢業於中山大學，取得理學碩士學位。

王勝超先生，35歲，為本公司職工代表監事及質量科副科長。他於2012年5月加入本公司並擔任質量科質量控制員，自2015年4月起出任本公司質量科質量保證副主任，自2016年5月起至2017年6月擔任本公司質量科質量保證主任並自2017年7月起擔任本公司的質量科副科長。

加入本公司前，王先生曾於2008年7月至2010年3月就職於河北以嶺醫藥集團，擔任中藥新藥研究員；於2010年4月至2011年5月就職於康龍化成(北京)新藥技術有限公司，擔任藥物分析研究員；於2011年6月至2012年5月就職於樂普(北京)醫療器械股份有限公司，擔任質量部檢驗工程師兼檢驗主管。

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT 董事、監事及高級管理人員簡介

Mr. Wang graduated from Shenyang Pharmaceutical University in July 2008 with a master degree in science.

王先生於2008年7月畢業於瀋陽藥科大學，取得理學碩士學位。

Mr. LUO Zhonghua (羅忠華), aged 34, is a Supervisor of the Company. He joined Dongguan HEC Medicine Development and Research Co., Ltd. (a subsidiary of Shenzhen HEC Industrial Development Co., Ltd. (深圳市東陽光實業發展有限公司), the controlling shareholder of the Company, since June 2005 to engage in the research and development of APIs. He is currently the head of the generic drug API synthesis department and deputy head of the generic drug division in Dongguan HEC Medicine Development and Research Co., Ltd.

羅忠華先生，34歲，為本公司監事。他自2005年6月起加入東莞東陽光藥物研發有限公司(本公司控股股東深圳市東陽光實業發展有限公司之附屬公司)，從事原料藥研發工作，現擔任東莞東陽光藥物研發有限公司仿製藥原料藥合成部部長、仿藥所副所長。

Mr. Luo graduated from the Central South University in June 2005 with a bachelor's degree in pharmaceutical engineering and Sun Yat-sen University in 2015 with a master's degree in pharmaceutical analysis, respectively.

羅忠華先生於2005年6月畢業於中南大學，取得製藥工程專業學士學位，並於2015年畢業於中山大學，取得藥物分析碩士學位。

SENIOR MANAGEMENT

高級管理人員

Name 姓名	Date of joining the Group 加入本集團日期	Date of appointment 獲委任日期	Position 職位	Responsibility 職責
Mr. JIANG Juncai (蔣均才) 蔣均才先生	4 May 2015 2015年5月4日	4 May 2015 2015年5月4日	General manager 總經理	Overall day-to-day management 整體的日常管理
Mr. WANG Danjin (王丹津) 王丹津先生	27 February 2006 2006年2月27日	4 May 2015 2015年5月4日	Deputy general manager 副總經理	Operational management 營運管理
Mr. LI Shuang (李爽) 李爽先生	7 August 2005 2005年8月7日	4 May 2015 2015年5月4日	Deputy general manager 副總經理	Operational management 營運管理
Mr. ZHU Qiaohong (朱巧洪) 朱巧洪先生	11 May 2002 2002年5月11日	11 May 2002 2002年5月11日	Deputy general manager 副總經理	Operational management 營運管理
Mr. LEI Xiantong (雷先桐) 雷先桐先生	4 May 2015 2015年5月4日	4 May 2015 2015年5月4日	Chief financial officer 財務總監	Financial management 財務管理
Mr. PAN Sanxiong (潘三雄) 潘三雄先生	4 May 2015 2015年5月4日	4 May 2015 2015年5月4日	Secretary of the Board 董事會秘書	Day-to-day operation of the Board 董事會的日常營運

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT 董事、監事及高級管理人員簡介

For the biography of Mr. JIANG Juncai (蔣均才), Mr. WANG Danjin (王丹津) and Mr. ZHU Qiaohong (朱巧洪), please refer to "Directors" in this section.

有關蔣均才先生、王丹津先生及朱巧洪先生的履歷，請參閱本節「董事」部分。

Mr. LI Shuang (李爽), aged 37, is the deputy general manager of the Company. He joined the Company in August 2005 and worked as a member of the insulin research team. He has served as the deputy general manager of the Company since May 2015.

李爽先生，37歲，為本公司的副總經理。他於2005年8月加入本公司，擔任胰島素研究小組研究員。他自2015年5月起擔任本公司的副總經理。

Mr. Li has also served as the deputy head of the Company's insulin factory since October 2013 and the head of API department of that factory since February 2006. Mr. Li was the head of purification department of the Company's insulin factory from December 2008 to September 2013.

李先生自2013年10月起還出任本公司胰島素工廠的副廠長，以及自2006年2月起擔任該工廠的原料藥部門主管。李先生曾於2008年12月至2013年9月期間擔任本公司胰島素工廠純化車間的主管。

Mr. Li graduated with a bachelor degree in engineering from China Three Gorge University (三峽大學) in June 2004.

李先生於2004年6月畢業於三峽大學，取得工學學士學位。

Mr. LEI Xiantong (雷先桐), aged 48, is the chief financial officer of the Company. Mr. Lei joined the Company in May 2015, and has served as the chief financial officer of the Company since then.

雷先桐先生，48歲，為本公司的財務總監。雷先生於2015年5月加入本公司，此後一直擔任本公司財務總監。

Mr. Lei has been the chief financial officer of Parent Company from December 2010 to May 2015. Mr. Lei has also been the deputy head of financial department of Yidu Dongyangguang Industrial Development Co., Ltd. from January 2004 to December 2010 and a staff member at the financial department from September 2001 to January 2004. Mr. Lei held positions relating to financial accounting in various companies before that.

雷先生自2010年12月至2015年5月擔任母公司的財務總監。雷先生自2004年1月至2010年12月期間出任宜都市東陽光實業發展有限公司的財務部副部長，並於2001年9月至2004年1月期間任財務部科員。雷先生此前曾於多家公司從事財務會計相關工作。

Mr. Lei graduated with a professional certification in financial accounting from Zhongnan University of Economics (currently known as Zhongnan University of Economic and Law) in June 1997. Mr. Lei was recognised as a registered tax agent of China by the Ministry of Human Resources and Social Security of the People's Republic of China.

雷先生於1997年6月畢業於中南財經大學(現為中南財經政法大學)，取得財務會計專業專科學歷。雷先生獲中華人民共和國人力資源和社會保障部認可為註冊稅務師。

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT 董事、監事及高級管理人員簡介

Mr. PAN Sanxiong (潘三雄), aged 36, is the secretary of the Board of the Company. He joined the Company in May 2015 and has served as the secretary of the Board since then.

Prior to that, Mr. Pan was a representative of the securities department of Parent Company from April 2010 to April 2015, responsible for investor communication, handling financing and corporate secretarial matters. Mr. Pan also worked in the securities department of Starway Bio-technology Co., Ltd. in Guangdong (廣東星河生物科技股份有限公司) from October 2008 to April 2010.

Mr. Pan graduated with a bachelor degree in management from Guizhou University of Finance and Economics in 2007. He obtained a Qualification Certificate of Board Secretary issued by the Shanghai Stock Exchange in November 2010 and passed the qualification examination for practitioners in the securities industry held by Security Association of China in November 2009.

JOINT COMPANY SECRETARIES

Mr. PAN Sanxiong (潘三雄)

For the biography of Mr. PAN Sanxiong (潘三雄), please refer to "Senior Management" in this section.

Ms. NG Wing Shan (吳詠珊)

Ms. NG Wing Shan (吳詠珊) was appointed as a joint company secretary of the Company on 24 July 2015. Ms. Ng is an assistant vice president of SW Corporate Services Group Limited and is responsible for assisting listed companies in respect of professional company secretarial work. She has over 10 years of professional experience in the company secretarial field and is a fellow member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom.

潘三雄先生，36歲，為董事會秘書。他於2015年5月加入本公司，此後一直擔任董事會秘書。

此前，潘先生曾於2010年4月至2015年4月期間擔任母公司的證券事務代表，負責聯繫投資者、處理金融事務及公司秘書事務。潘先生亦於2008年10月至2010年4月期間任職於廣東星河生物科技股份有限公司證券部。

潘先生於2007年畢業於貴州財經大學，取得管理學學士學位。潘先生於2010年11月獲上海證券交易所頒發的董事會秘書資格證書，並於2009年11月通過中國證券業協會組織的證券從業人員考試。

聯席公司秘書

潘三雄先生

有關潘三雄先生的履歷，請參閱本節「高級管理人員」部份。

吳詠珊女士

吳詠珊女士，於2015年7月24日獲委任為本公司的聯席公司秘書。吳女士為信永方圓企業服務集團有限公司的副總監，負責為上市公司提供專業公司秘書工作方面的協助。她在公司秘書領域擁有逾10年專業經驗，並為香港特許秘書公會及英國特許秘書及行政人員公會資深會員。

The Board of Directors now presents the Annual Report and the audited financial statements of the Group (the "Financial Statements") for the year ended 31 December 2017 to Shareholders.

BOARD OF DIRECTORS

The Board of Directors currently consists of nine Directors, comprising four executive Directors, two non-executive Directors and three independent non-executive Directors. The incumbent Directors during the year ended 31 December 2017 and as the date of this report are:

Executive Directors

Mr. JIANG Juncai

Mr. WANG Danjin

Mr. CHEN Yangui

Mr. ZHU Qiaohong (appointed on 16 June 2017)

Non-executive Directors

Mr. TANG Xinfa (*Chairman*)

Mr. MO Kit

Mr. ZHU Yingwei (resigned on 9 May 2017)

Independent Non-executive Directors

Mr. TANG Jianxin

Mr. FU Hailiang

Mr. LEE Chi Ming

Mr. ZHU Yingwei resigned from his positions as a non-executive Director and a member of the nomination committee of the Board of Directors due to his physical conditions on 9 May 2017.

董事會謹此向股東提呈本集團截至2017年12月31日止年度的年報及經審核財務報表(「財務報表」)。

董事會

目前，董事會包括九名董事，其中包括四名執行董事、兩名非執行董事及三名獨立非執行董事。於截至2017年12月31日止年度內及本報告日期期間，任職董事如下：

執行董事

蔣均才先生

王丹津先生

陳燕桂先生

朱巧洪先生(於2017年6月16日獲委任)

非執行董事

唐新發先生(*董事長*)

毛杰先生

朱英偉先生(於2017年5月9日辭任)

獨立非執行董事

唐建新先生

付海亮先生

李志明先生

朱英偉先生因其身體原因，於2017年5月9日辭任非執行董事及董事會提名委員會會員之職務。

REPORT OF THE BOARD OF DIRECTORS

董事會報告

PRINCIPAL BUSINESS

The Company is a PRC pharmaceutical manufacturing company that focuses on the development, manufacturing and sale of pharmaceutical products in the therapeutic areas of anti-virus, endocrine and metabolic diseases and cardiovascular diseases. For further information of the principal business of the Company, please refer to the section "Business Review" of this Annual Report.

SHARE CAPITAL

On 10 February 2017, the Company completed the issue of 1,200,000 new Domestic Shares to the Parent Company. Please refer to the announcements of the Company dated 12 December 2016 and 10 February 2017, and the circular of the Company dated 20 January 2017 for detailed information.

As of 31 December 2017, the total share capital of the Company was RMB452,022,850, divided into 452,022,850 shares of RMB1.00 each. Details of movements in the share capital of the Company during the year 2017 are set out in Note 23(c) to the Financial Statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries had purchased, sold or redeemed any listed securities of the Company for the year ended 31 December 2017.

DEBENTURES IN ISSUE

The Company did not have any debentures in issue for the year ended 31 December 2017.

主要業務

我們是一家專注於抗病毒、內分泌及代謝類疾病、心血管疾病等治療領域產品開發、生產及銷售的中國製藥企業。有關本公司業務的進一步資料，請參見本年報「業務回顧」一節。

股本

於2017年2月10日，本公司完成向母公司發行1,200,000股新內資股股份。有關詳細資料，請參閱本公司日期為2016年12月12日及2017年2月10日的公告以及本公司日期為2017年1月20日的通函。

於2017年12月31日，本公司總股本為人民幣452,022,850元，分為452,022,850股每股面值人民幣1.00元的股份。有關本公司股本於2017年度的變動詳情，載於財務報表附註23(c)。

購買、出售或贖回本公司上市證券

截至2017年12月31日止年度，本公司或其附屬公司概無購買、出售或贖回本公司任何上市證券。

已發行債權證

截至2017年12月31日止年度，本公司並無任何已發行債權證。

EQUITY-LINKED AGREEMENT

On 16 December 2016, the Company entered into the capital increase agreement with the Parent Company, pursuant to which, the Company conditionally agreed to issue and allot, and the Parent Company conditionally agreed to subscribe in cash for, an aggregate of 1,200,000 new Domestic Shares with an aggregate nominal value of RMB1,200,000 at the subscription price of RMB16.12 per new Domestic Share (representing a premium of approximately 28.01% to the closing price of HK\$14.10 per H Share as quoted on the Stock Exchange on the date of the capital increase agreement) (the "Subscription").

The Subscription was conditional upon the fulfilment of the following conditions:

- (i) the completion and fulfillment of necessary internal approval procedures by the Parent Company; and
- (ii) approval of the Subscription by the independent Shareholders at the 2017 first extraordinary general meeting of the Company.

The Subscription enabled the Parent Company to apply for certain preferential tax payment arrangement when it disposes of its entire equity interest in the Company to Guangdong HEC Technology Holding Co., Ltd. (廣東東陽光科技控股股份有限公司) in accordance with relevant PRC regulations. Furthermore, the Company could utilize the net proceeds from the Subscription to supplement the general working capital of the Company. The Subscription completed on 10 February 2017. The net proceeds from the Subscription was approximately RMB18.29 million. Such net proceeds from the Subscription has been utilized as described in the sections headed "(F) Use of proceeds" and "(G) Reasons for and Benefit of the Proposed Subscription" in the circular of the Company dated 20 January 2017.

Save as disclosed above, the Company did not entered into any equity-linked agreement, nor did any equity-linked agreement exist during the year ended 31 December 2017.

股票掛鈎協議

本公司於2016年12月16日與母公司訂立增資協議，據此，本公司有條件同意發行及配發，而母公司有條件同意以現金認購面值人民幣1,200,000元之合共1,200,000股新內資股股份，認購價為每股新內資股股份人民幣16.12元（「認購」），相較於增資協議日期在聯交所所報的每股H股收市價14.10港元溢價約28.01%。

認購須待以下條件達成後方可作實：

- (i) 母公司完成及履行必要內部審批程序；及
- (ii) 認購獲獨立股東在本公司2017年首次臨時股東大會上批准。

認購使得母公司於遵照相關中國法規向廣東東陽光科技控股股份有限公司出售於本公司的全部股權時適用若干優惠稅項付款安排。此外，本公司可以利用認購所得款項淨額以補充公司的一般營運資金。認購已於2017年2月10日完成。認購所得款項淨額約為人民幣18.29百萬元。該等認購所得款項淨額已按本公司日期為2017年1月20日的通函「(F)所得款項用途」及「(G)進行擬議認購之原因及裨益」等節所述方式使用。

除上文所披露者外，截至2017年12月31日止年度，本公司並無訂立任何股票掛鈎協議，亦無任何股票掛鈎協議存在。

REPORT OF THE BOARD OF DIRECTORS

董事會報告

PERMITTED INDEMNITY PROVISION

The Company has purchased appropriate liability insurance for its Directors, Supervisors and senior management. The permitted indemnity provisions are set out in such liability insurance.

Save as disclosed above, no permitted indemnity provision was made by the Company for the year ended 31 December 2017 and no permitted indemnity provision was in force as at the Latest Practicable Date.

PLEDGING OF SHARES BY THE CONTROLLING SHAREHOLDER

The Controlling Shareholder didn't pledge any of its shares in the Company to secure the Company's debts or to secure guarantees or other support of the Company's obligations for the year ended 31 December 2017.

LOAN AGREEMENTS OR FINANCIAL ASSISTANCE OF THE COMPANY

The Company didn't provide any financial assistance nor guarantee to its affiliated companies for the year ended 31 December 2017, which gives rise to a disclosure under Rule 13.16 of the Listing Rules. The Company didn't enter into any loan agreement with covenants relating to specific performance of its Controlling Shareholder nor breach the terms of any loan agreements for the year ended 31 December 2017.

SHARE OPTION SCHEME

The Company did not adopt any share option scheme.

PRE-EMPTIVE RIGHTS

Pursuant to the Articles of Association and the laws of the PRC, the Company is not subject to any pre-emptive rights requiring it to propose new issues to its existing shareholders in proportion to their shareholdings.

獲許可彌償條文

本公司已為董事，監事及高級管理人員購買適當的責任保險。獲許可彌償條文的規定載於該等責任保險內。

除上述披露外，截至2017年12月31日止年度，本公司並無作出獲許可彌償條文，且於最後實際可行日期，概無獲許可彌償條文生效。

控股股東股份抵押

截至2017年12月31日止年度，控股股東並無為本公司的債務或為本公司取得擔保或其他債務支持作出保證而抵押本公司任何股份。

本公司的貸款協議或財務資助

截至2017年12月31日止年度，本公司並無向其聯屬公司提供任何根據上市規則第13.16條予以披露之財務資助或擔保。截至2017年12月31日止年度，本公司並無訂立任何具有控股股東須履行特定責任相關契約的貸款協議，亦無違反任何貸款協議的條款。

購股權計劃

本公司並無採納任何購股權計劃。

優先購買權

根據公司章程及中國法律，本公司並無有關優先購買權的規定，因此本公司無需按持股比例向現有股東呈請發售新股的建議。

RESULTS

The audited results of operations of the Company and its subsidiaries for the year ended 31 December 2017 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 99. The financial condition of the Company and its subsidiaries for the year ended 31 December 2017 is set out in the Consolidated Statement of Financial Position on pages 100 to 101. The consolidated cash flow of the Company and its subsidiaries for the year ended 31 December 2017 is set out in the Consolidated Cash Flow Statement on pages 103.

Discussion and analysis about the operating performance and significant elements affecting the results of operations and financial condition of the Company during the year are set out in Management Discussion and Analysis of the Annual Report on page 10 to page 26.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are provided on pages 7 to 8 and pages 10 to 26 of this Annual Report, respectively. Description of possible risks and uncertainties that the Group may be facing can be found on pages 24 to 25 of this Annual Report. Particulars of important events affecting the Group that have occurred since the end of the financial year are provided on note 28 to the Consolidated Financial Statements. An analysis of the Group's performance during the year using financial key performance indicators is provided on pages 15 to 24 of this Annual Report.

In addition, further information of the Company's environmental policies, performance and initiatives can be found in the section heading "Environmental Policies and Performance" of this Report of the Directors. The Company's compliance with relevant laws and regulations which have a significant impact on the Company are provided in the section heading "Compliance with Laws and Regulations" of this Report of the Directors. An account of the Company's relationships with its employees, customers and suppliers are disclosed in the section heading "Relationship with Stakeholders" of this Report of the Board of Directors.

業績

本公司及其附屬公司截至2017年12月31日止年度的經審核經營業績載於第99頁的綜合損益及其他全面收益表。本公司及其附屬公司截至2017年12月31日止年度的財務狀況載於第100至101頁的綜合財務狀況表。本公司及其附屬公司截至2017年12月31日止年度的綜合現金流量載於第103頁的綜合現金流量表。

有關經營表現的討論及分析與影響本公司年內經營業績及財務狀況的重要因素載於年報第10至26頁的管理層討論及分析。

業務回顧

有關本集團年內業務的審閱及對未來業務發展的討論分別載於本年報第7至8頁及第10至26頁。有關本集團可能面對的主要風險及不明朗因素載於本年報第24至25頁。自財政年度結束以來發生對本集團有影響的重大事件詳情載於本年報綜合財務報表附註28。主要財務關鍵表現指標對本集團年內表現的分析載於本年報第15至24頁。

此外，有關本公司環境政策、績效及活動載於本董事會報告的「環境政策及績效」部分。遵守對本公司有重大影響的相關法律法規的情況載於本董事會報告的「遵守法律及法規」部分。本公司與其僱員、客戶及供應商的關係說明載於本董事會報告的「持份者關係」部分。

REPORT OF THE BOARD OF DIRECTORS

董事會報告

FINAL DIVIDEND

The Board of Directors resolved to recommend a final dividend of RMB0.30 (tax inclusive) per Share for the year ended 31 December 2017 (the "2017 Final Dividend") with an aggregate amount of approximately RMB135.61 million to Shareholders whose names are listed on the Company's register of members as at 19 June 2018, subject to the approval by the Shareholders at the forthcoming AGM. The 2017 Final Dividend will be denominated and declared in RMB. The Company will pay dividends in respect of Domestic Shares in RMB and dividends in respect of H Shares in HKD. Once the relevant resolution is passed at the AGM, the 2017 Final Dividend is expected to be paid on or around 16 July 2018.

Pursuant to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and its implementation rules both effective since 1 January 2008, and other relevant provisions, the Company is required to withhold and pay a 10% enterprise income tax when paying the proposed 2017 Final Dividend to non-residential enterprise shareholders listed on the Company's register of members of H Shares. Any H Share registered in the name of a non-individual shareholder, such as HKSCC Nominees Limited, other nominees, trustees, organizations or corporates, will be deemed as shares held by a non-residential enterprise shareholder, and therefore the enterprise income tax on the receivable dividend in respect of such shares will be withheld.

According to the Individual Income Tax Law of China (《中華人民共和國個人所得稅法》) and its implementation provisions, the Notice Concerning Individual Income Tax on the Dividends, Bonuses that Foreign Individuals Obtain from Foreign Invested Enterprises Issued by the Ministry of Finance of Hubei Province (《湖北省地方稅務局關於對外籍個人從外商投資企業取得股息紅利所得徵收個人所得稅問題的公告》), the Notice of the State Administration of Taxation on the Issues Concerning Taxation and Administration of Individual Income Tax After the Repeal of the Document (Guo Shui Fa [1993] No. 045) (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號) and other laws and regulations, the Company will withhold and pay the personal income tax at the tax rate of 10% generally for individual Shareholders of H Shares. For the individual Shareholders of H Shares who are citizens of countries or regions that have entered into a tax treaty with the PRC with tax rates higher than 10% but lower than 20%, the Company will withhold the tax at the agreed rates under such treaties. For the individual Shareholders of H Shares who are citizens of countries or regions without taxation treaties with the PRC, the Company will withhold the tax at a rate of 20%.

末期股息

董事會決議待股東在本公司即將舉行的股東周年大會上批准後，建議派發截至2017年12月31日止年度的末期股息每股人民幣0.30元(含稅)(「2017年末期股息」)予於2018年6月19日名列本公司股東名冊的股東，總金額約人民幣135.61百萬元。2017年末期股息將會以人民幣計值及宣派。內資股股息將以人民幣派付，而H股股息則將以港元派付。待有關決議案於股東週年大會通過後，2017年末期股息預計將於2018年7月16日或前後派發。

根據自2008年1月1日生效的《中華人民共和國企業所得稅法》及其實施條例，以及其他相關規定，本公司在向名列本公司H股股東名冊的非居民企業股東分派建議2017年末期股息時，須按稅率10%代扣代繳企業所得稅。任何以香港中央結算(代理人)有限公司、其他提名人或受託人或其他組織或團體等非個人登記股東名義登記的H股，將被當作由非居民企業股東持有的股份，並因此須就其應得股息預扣企業所得稅。

根據《中華人民共和國個人所得稅法》及其實施條例，《湖北省地方稅務局關於對外籍個人從外商投資企業取得股息紅利所得徵收個人所得稅問題的公告》，以及《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)等法律法規的規定，本公司將為H股個人股東一般按照10%的稅率代扣代繳個人所得稅。對於協定稅率高於10%低於20%的協定國家或地區的H股個人股東，本公司派發股息時將按協定實際稅率扣繳個人所得稅；對於與中國沒有協定國家或地區的H股個人股東，本公司派發股息時將按20%稅率扣繳個人所得稅。

The aforesaid non-residential enterprises and foreign individuals may enjoy the concessionary tax rate in accordance with the relevant provisions of treaties or arrangements for avoidance of double taxation entered into between their country or region and the PRC, and the Announcement No. 60 in 2015 of the State Administration of Taxation: Administrative Measures for Non-residents to Enjoy the Treatments of Tax Treaties (《非居民納稅人享受稅收協定待遇管理辦法》) (the "Measures") after completing relevant procedures. The aforesaid Shareholders shall provide complete information as required by the Measures to the Company by 25 June 2018. The Company will file tax return to enable the aforesaid Shareholders to enjoy the concessionary tax rate stipulated in the Measures. The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the Shareholders of H Shares of the Company and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the Shareholders of H Shares of the Company or any disputes over the withholding mechanism or arrangements.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain Shareholders' entitlement to attend and vote at the AGM and to the proposed 2017 Final Dividend, the share register of members of the Company will be closed from Tuesday, 8 May 2018 to Friday, 8 June 2018 (both days inclusive) and from Thursday, 14 June 2018 to Tuesday, 19 June 2018 (both days inclusive), respectively, during which periods no transfer of shares will be registered.

In order to qualify for attending and voting at the forthcoming AGM, all unregistered shareholders of the Company shall lodge transfer documents with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before 4:30 p.m. on Monday, 7 May 2018.

In order to qualify for receiving the proposed 2017 Final Dividend (subject to the approval by the Shareholders at the AGM), unregistered shareholders of the Company shall lodge transfer documents with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at the above mentioned address for registration before 4:30 p.m. on Wednesday, 13 June 2018.

以上非居民企業股東及外籍個人股東，可依據所在國家或地區與中國簽署的避免雙重徵稅協定或安排的相關規定，以及國家稅務總局2015年第60號公告《非居民納稅人享受稅收協定待遇管理辦法》(「辦法」)的規定，在辦理相關手續後享受優惠稅率。以上股東須於2018年6月25日前提供辦法規定的完整資料給本公司，本公司代為申報，使上述股東享受辦法所規定的稅收優惠。對本公司H股股東的納稅身份或稅務待遇及因本公司H股股東的納稅身份或稅務待遇未能及時確定或不準確確定而引致任何向申索或對於代扣機制或安排的任何爭議，本公司概不負責，亦不承擔任何責任。

暫停辦理過戶登記

為釐定股東出席股東週年大會並於會上投票的資格以及股東有權獲派建議2017年末期股息的資格，本公司將分別於2018年5月8日(星期二)至2018年6月8日(星期五)(包括首尾兩天)期間及於2018年6月14日(星期四)至2018年6月19日(星期二)(包括首尾兩天)期間暫停辦理股份過戶登記手續。

如欲享有出席應屆股東週年大會及於會上投票的資格，本公司的所有未登記股份股東須於2018年5月7日(星期一)下午四時三十分之前，將股份過戶文件送達本公司的香港股份過戶登記處香港中央證券登記有限公司以作登記，地址為香港灣仔皇后大道東183號合和中心17樓1712-1716號舖。

為了符合獲派擬派2017年末期股息(須待股東於股東週年大會上批准，始可作實)的資格，本公司的未登記股東須於2018年6月13日(星期三)下午四時三十分之前，將股份過戶文件送達上述地址的本公司香港股份過戶登記處香港中央證券登記有限公司以作登記。

REPORT OF THE BOARD OF DIRECTORS

董事會報告

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Company and its subsidiaries during the year of 2017 are set out in Note 10 to the Financial Statements.

RESERVES

Details of movements in the reserves of the Company during the year 2017 are set out in Consolidated Statement of Changes in Equity, of which details of reserves available for distribution to equity Shareholders are set out in Consolidated Statement of Changes in Equity. The Company's reserves available for distribution to equity shareholders as at 31 December 2017 represents the retained profits of approximately RMB777.0 million (2016: RMB483.7 million).

DONATIONS

During the Reporting Period, the Company and its subsidiaries made external donations of approximately RMB0.2 million (excluding personal donations of employees).

BANK BORROWINGS AND OTHER BORROWINGS

Details of bank borrowings and other borrowings of the Company and its subsidiaries as at 31 December 2017 are set out in Note 20 to the Financial Statements.

INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The partial information and the biographical details of Directors, Supervisors and senior management of the Company are set out on page 27 to page 36 of the Annual Report.

The Company has received an annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules, and considers all the independent non-executive Directors to be independent of the Company.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

The Company has entered into service contracts with the Directors. The principal particulars of these service contracts are (1) each of the contracts is for a term of three years following each Director's respective appointment date; and (2) each of the contracts is subject to termination in accordance with their respective terms. The service contracts may be renewed under the Articles of Association and applicable rules.

The Company has entered into contracts with the Supervisors in respect of, among others, compliance with relevant laws and regulations, the Articles of Association and provisions of arbitration.

物業、廠房及設備

本公司及其附屬公司的物業、廠房及設備於2017年內的變動詳情載於財務報表附註10。

儲備

本公司於2017年內的儲備變動詳情載於綜合權益變動表，其中可供分配予權益股東的儲備情況載於綜合權益變動表。於2017年12月31日，本公司可供分配予權益股東的儲備佔保留溢利約人民幣777.0百萬元(2016年：人民幣483.7百萬元)。

捐款

於報告期間，本公司及其附屬公司對外捐款約人民幣0.2百萬元(不包括僱員個人捐款)。

銀行貸款及其他借款

關於本公司及其附屬公司於2017年12月31日之銀行貸款及其他借款的詳情載於財務報表附註20。

董事、監事及高級管理人員資料

董事、監事和高級管理人員的部分資料及簡歷詳情載於本年報第27至36頁。

本公司已收到每名獨立非執行董事根據上市規則第3.13條就其各自獨立性出具的年度確認書，並認為所有獨立非執行董事均獨立於本公司。

董事及監事的服務合約

本公司已與董事訂立了服務合約。該等服務合約的主要條款為：(1)各合約的期限為自各董事獲委任之日起三年；及(2)各合約根據其各自的條款終止。服務合約可根據公司章程及適用規則續簽。

本公司已與監事就(其中包括)遵守相關法律及法規、公司章程及仲裁條文訂立合約。

Save as disclosed above, none of the Directors or Supervisors has entered into a contract of service with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

除上文所披露者外，概無董事或監事與本公司訂立本公司不可於一年內不付賠償(法定賠償除外)而終止的服務合約。

EMOLUMENTS OF DIRECTORS AND SUPERVISORS

The remuneration of each executive Director are determined pursuant to the decisions of the shareholders' general meeting, and with reference to the duty, responsibility and performance of the executive Directors, results of the Group and other factors which may be considered as relevant and appropriate. The non-executive Directors do not receive remuneration from the Company. The remuneration of independent non-executive Directors are determined with reference to their duties and responsibilities within the Company, the Company's remuneration policy and the prevailing market conditions.

董事及監事的酬金

執行董事的薪酬乃根據股東大會的決定而釐定，有關薪酬乃參照執行董事的職責、責任和表現、本集團之業績及可能被視作相關和適宜的其他原因而釐定。非執行董事不在本公司領取薪酬。獨立非執行董事的薪酬乃參考彼等於本公司之職務及職責、本公司薪酬政策及現行市場狀況釐定。

Details of the emoluments of the Directors and Supervisors in 2017 are set out in Note 7 to the Financial Statements. None of the Directors or Supervisors waived any emoluments during the year ended 31 December 2017.

董事及監事於2017年酬金的詳情載於財務報表附註7。截至2017年12月31日止年度，概無董事或監事放棄任何酬金。

Details of the emoluments of each senior management of the Company (excluding Directors who also hold executive positions) in 2017 are set out below:

各本公司高級管理人員(不包括兼任行政職銜的董事)於2017年酬金的詳情載列如下：

		Wages, salaries and allowances	Contributions to defined contribution retirement benefit schemes	Total
		工資、獎金、津貼	定額退休福利計劃供款	總計
		RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元
Mr. Li Shuang 李爽先生	Deputy general manager 副總經理	222	15	237
Ms. Xue Lian 薛蓮女士	Supervisor 監事	86	12	98
Mr. Lei Xiantong 雷先桐先生	Chief financial official 財務總監	258	15	273
Mr. Pan Sanxiong 潘三雄先生	Secretary of the Board 董事會秘書	221	12	233
Total	總計	787	54	841

REPORT OF THE BOARD OF DIRECTORS

董事會報告

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACTS

At the end of the year of 2017 or at any time during the year, there were no transactions, arrangement or contracts of significance subsisting in relation to the Group's business to which the Company or any of its subsidiaries was a party, directly or indirectly, and in which any Director or Supervisor (or an entity connected with any Director or Supervisor) had a material interest.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its holding company, any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year 2017, none of the Directors or their associates had any competing interests in any business that constitutes or may constitute direct or indirect competition with the Company's businesses.

董事及監事於交易、安排或合約的權益

於2017年末或年內的任何時間，本公司或其任何附屬公司概無參與訂立各董事或監事（或與該董事或監事有關連的實體）直接或間接有重大權益、與本集團業務有關、且仍然有效的重要交易、安排或合約。

購入股份或債權證之安排

本公司、其控股公司或其任何附屬公司或同系附屬公司於年內任何時間概無參與訂立任何安排，致使本公司董事可藉購入本公司或任何其他法人團體之股份或債權證而獲益。

董事於競爭業務的權益

於2017年度內，概無董事及彼等的聯繫人與本公司業務可能構成直接或間接競爭的任何業務中擁有任何競爭權益。

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2017, the interests and short positions of the Directors, Supervisors and chief executive of the Company in the Shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and short position in accordance with such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register kept by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

董事、監事及最高行政人員在股份、相關股份及債權證中擁有的權益及淡倉

於2017年12月31日，下列董事、監事及本公司最高行政人員在本公司及其任何相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份或債權證中擁有須根據證券及期貨條例第XV部第7及第8分部知會本公司及聯交所的權益及淡倉(包括其根據證券及期貨條例的該等規定被認為或視為擁有的權益及淡倉)，或須根據證券及期貨條例第352條載入有關條例所述由本公司存置的登記冊內的權益及淡倉，或須根據標準守則知會本公司及聯交所的權益及淡倉：

Name of Director 董事姓名	Types of Shares 股份類別	Capacity 身份	Number of shares/underlying shares held (shares) 持有股份/ 相關股份 數目(股)	Approximate percentage of total issued share capital 股本總額的 概約百分比 (%)	Approximate percentage of relevant class of shares capital 相關類別 股本的 概約百分比 (%)
Mr. Mo Kit ¹ 毛杰先生 ¹	H Shares H股	Interest in controlled corporation 受控制法團權益	75,000,000 (L) 75,000,000 (L)	16.59% 16.59%	33.21% 33.21%

(L) – Long position

(L) – 好倉

The calculation is based on the total number of 452,022,850 shares in issue of the Company, as at 31 December 2017, comprising 226,200,000 Domestic Shares and 225,822,850 H Shares.

計算乃根據本公司於2017年12月31日的已發行股份總數452,022,850股而得出，包括226,200,000股內資股及225,822,850股H股。

Note:

附註：

1. Mr. Mo Kit owned 100% equity interest in North & South Brother Investment Holdings Limited and is deemed to be interested in the Shares which are interested by North & South Brother Investment Holdings Limited.

1. 毛杰先生於North & South Brother Investment Holdings Limited擁有100%股本權益，並被視為於North & South Brother Investment Holdings Limited所持有之股份中擁有權益。

REPORT OF THE BOARD OF DIRECTORS

董事會報告

Save as disclosed above, as at 31 December 2017, so far as is known to the Directors, none of the Directors, Supervisors or chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and short position in accordance with such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register kept by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2017, to the knowledge of the Directors, the persons (other than the Directors, Supervisors or chief executive of the Company) who have an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of shareholders 股東名稱	Types of shares 股份類別	Capacity 身份	Number of shares/underlying shares held (shares) 持有股份/ 相關股份 數目(股)	Approximate percentage of relevant class of share capital 相關類別 股本的 概約百分比 (%)	Approximate percentage of total issued share capital 已發行 股本總額的 概約百分比 (%)
Parent Company* 母公司*	Domestic Shares 內資股	Beneficial owner 實益擁有人	226,200,000 (L)	100%	50.04%
Linzhi HEC Pharmaceutical Investment Co., Ltd. *2 林芝東陽光藥業投資有限公司*2	Domestic Shares 內資股	Interest in controlled corporation 受控制法團權益	226,200,000 (L)	100%	50.04%
Shenzhen HEC Industrial*2 深圳市東陽光實業*2	Domestic Shares 內資股	Interest in controlled corporation 受控制法團權益	226,200,000 (L)	100%	50.04%

除上文所披露外，於2017年12月31日，據董事所知，概無董事、監事或本公司最高行政人員於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份或債權證中擁有須根據證券及期貨條例第XV部第7及第8分部知會本公司及聯交所的權益或淡倉(包括其根據證券及期貨條例的該等規定被認為或視為擁有的權益及淡倉)，或須根據證券及期貨條例第352條載入有關條例所述由本公司存置的登記冊內的權益或淡倉，或須根據標準守則知會本公司及聯交所的權益或淡倉。

主要股東於股份的權益

於2017年12月31日，就董事所知，下列人士(董事、監事或本公司最高行政人員除外)於本公司股份或相關股份中擁有須根據證券及期貨條例第XV部第2及第3分部向本公司披露的權益或淡倉，及記錄於根據證券及期貨條例第336條須予備存於本公司的登記冊的權益或淡倉：

REPORT OF THE BOARD OF DIRECTORS

董事會報告

Name of shareholders 股東名稱	Types of shares 股份類別	Capacity 身份	Number of shares/underlying shares held (shares) 持有股份/ 相關股份 數目(股)	Approximate percentage of relevant class of share capital 相關類別 股本的 概約百分比 (%)	Approximate percentage of total issued share capital 已發行 股本總額的 概約百分比 (%)
Ruyuan Yao Autonomous County Yuneng Electric Industrial Co., Ltd. ²	Domestic Shares	Interest in controlled corporation	226,200,000 (L)	100%	50.04%
乳源瑤族自治縣寓能電子實業 有限公司 ²	內資股	受控制法團權益	226,200,000 (L)	100%	50.04%
Ruyuan Yao Autonomous County Xinjing Technology Development Co., Ltd. ²	Domestic Shares	Interest in controlled corporation	226,200,000 (L)	100%	50.04%
乳源瑤族自治縣新京科技發展 有限公司 ²	內資股	受控制法團權益	226,200,000 (L)	100%	50.04%
Mr. Zhang Zhongneng ³	Domestic Shares	Interest in controlled corporation	226,200,000 (L)	100%	50.04%
張中能先生 ³	內資股	受控制法團權益	226,200,000 (L)	100%	50.04%
Ms. Guo Meilan ⁴	Domestic Shares	Interest in controlled corporation	226,200,000 (L)	100%	50.04%
郭梅蘭女士 ⁴	內資股	受控制法團權益	226,200,000 (L)	100%	50.04%
North & South Brother Pharmacy Investment Company Limited	H Shares	Beneficial owner	75,000,000 (L)	33.21%	16.59%
南北兄弟藥業投資有限公司	H股	實益擁有人	75,000,000 (L)	33.21%	16.59%
North & South Brother Investment Holdings Limited ⁵	H Shares	Interest in controlled corporation	75,000,000 (L)	33.21%	16.59%
North & South Brother Investment Holdings Limited ⁵	H股	受控制法團權益	75,000,000 (L)	33.21%	16.59%
Sanxing Electric (Hong Kong) Company Limited	H Shares	Beneficial owner	15,503,000 (L)	6.87%	3.43%
Sanxing Electric (Hong Kong) Company Limited	H股	實益擁有人	15,503,000 (L)	6.87%	3.43%

REPORT OF THE BOARD OF DIRECTORS

董事會報告

Name of shareholders 股東名稱	Types of shares 股份類別	Capacity 身份	Number of	Approximate	Approximate
			shares/underlying shares held (shares) 持有股份/ 相關股份 數目(股)	percentage of relevant class of share capital 相關類別 股本的 概約百分比 (%)	percentage of total issued share capital 已發行 股本總額的 概約百分比 (%)
Ningbo Sanxing Medical Electric Co., Ltd. ⁶	H Shares	Interest in controlled corporation	15,503,000 (L)	6.87%	3.43%
Ningbo Sanxing Medical Electric Co., Ltd. ⁶	H股	受控制法團權益	15,503,000 (L)	6.87%	3.43%
AUX Holdings Co., Ltd. ⁶	H Shares	Interest in controlled corporation	15,503,000 (L)	6.87%	3.43%
AUX Holdings Co., Ltd. ⁶	H股	受控制法團權益	15,503,000 (L)	6.87%	3.43%
Mr. Zheng Jianjiang ⁶	H Shares	Interest in controlled corporation	15,503,000 (L)	6.87%	3.43%
鄭堅江先生 ⁶	H股	受控制法團權益	15,503,000 (L)	6.87%	3.43%
Ms. He Yiju ⁷	H Shares	Interest in controlled corporation	15,503,000 (L)	6.87%	3.43%
何意菊女士 ⁷	H股	受控制法團權益	15,503,000 (L)	6.87%	3.43%
Temasek Holdings (Private) Limited ⁸	H Shares	Interest in controlled corporation	17,260,000 (L)	7.64%	3.82%
Temasek Holdings (Private) Limited ⁸	H股	受控制法團權益	17,260,000 (L)	7.64%	3.82%
中金智德股權投資管理有限公司	H Shares	Other	11,705,490 (L)	5.18%	2.59%
中金智德股權投資管理有限公司	H股	其他	11,705,490 (L)	5.18%	2.59%
China International Capital Corporation Limited ⁹	H Shares	Interest in controlled corporation	11,705,490 (L)	5.18%	2.59%
中國國際金融股份有限公司 ⁹	H股	受控制法團權益	11,705,490 (L)	5.18%	2.59%

(L) – Long position

(L) – 好倉

The calculation is based on the total number of 452,022,850 shares in issue of the Company as at 31 December 2017, comprising 226,200,000 Domestic Shares and 225,822,850 H Shares.

計算乃根據本公司於2017年12月31日的已發行股份總數452,022,850股而得出，包括226,200,000股內資股及225,822,850股H股。

Notes:

- * Mr. Tang Xinfu is a director of the Parent Company, Linzhi HEC Pharmaceutical Investment Co., Ltd., and Shenzhen HEC Industrial Development Co., Ltd. Mr. Zhu Yingwei is a director of the Parent Company and Linzhi HEC Pharmaceutical Investment Co., Ltd.
- The shareholding information of the shareholders of the Company as at 31 December 2017 are based on the information recorded in the register required to be kept by the Company under section 352 of the SFO.
 - As at 31 December 2017, Linzhi HEC Pharmaceutical Investment Co., Ltd. owned 60.70% equity interest in the Parent Company, therefore Linzhi HEC Pharmaceutical Investment Co., Ltd. is deemed to be interested in the Shares held by the Parent Company. Shenzhen HEC Industrial owned 100% equity interest in Linzhi HEC Pharmaceutical Investment Co., Ltd., therefore Shenzhen HEC Industrial is deemed to be interested in the Shares which are interested by Linzhi HEC Pharmaceutical Investment Co., Ltd.. Ruyuan Yao Autonomous County Yuneng Electric Industrial Co., Ltd. owned 42.34% equity interest in Shenzhen HEC Industrial and 58% equity interest in Shaoguan Xinyuneng Industrial Investment Company Limited, which owned 27.01% equity interest in Shenzhen HEC Industrial, therefore Ruyuan Yao Autonomous County Yuneng Electric Industrial Co., Ltd. is deemed to be interested in the Shares which are interested by Shenzhen HEC Industrial. Ruyuan Yao Autonomous County Xinjing Technology Development Co., Ltd. owned 30.66% equity interest in Shenzhen HEC Industrial and 42% equity interest in Shaoguan Xinyuneng Industrial Investment Company Limited, which owned 27.01% equity interest in Shenzhen HEC Industrial, therefore Ruyuan Yao Autonomous County Xinjing Technology Development Co., Ltd. is deemed to be interested in the Shares which are interested by Shenzhen HEC Industrial.
 - As at 31 December 2017, Mr. Zhang Zhongneng ("Mr. Zhang") owned 99.69% equity interest in Ruyuan Yao Autonomous County Yuneng Electric Industrial Co., Ltd., therefore Mr. Zhang is deemed to be interested in the Shares which are interested by Ruyuan Yao Autonomous County Yuneng Electric Industrial Co., Ltd.
 - As at 31 December 2017, Ms. Guo Meilan ("Ms. Guo") owned 99.51% equity interest in Ruyuan Yao Autonomous County Xinjing Technology Development Co., Ltd., therefore Ms. Guo is deemed to be interested in the Shares which are interested by Ruyuan Yao Autonomous County Xinjing Technology Development Co., Ltd. Ms. Guo is the spouse of Mr. Zhang and is deemed to be interested in the Shares which are interested by Mr. Zhang under the SFO.
 - As at 31 December 2017, North & South Brother Investment Holdings Limited owned 100% equity interest in North & South Brother Pharmacy Investment Company Limited and is deemed to be interested in the Shares which are interested by North & South Brother Pharmacy Investment Company Limited.

附註：

- * 唐新發先生為母公司、林芝東陽光藥業投資有限公司及深圳市東陽光實業發展有限公司的董事。朱英偉先生為母公司及林芝東陽光藥業投資有限公司的董事。
- 於2017年12月31日本公司股東的持股資料乃根據本公司按照證券及期貨條例第352條須予備存的登記冊所記錄的資料。
 - 於2017年12月31日，林芝東陽光藥業投資有限公司擁有母公司60.70%的股本權益，因此，林芝東陽光藥業投資有限公司被視為為母公司所持有之股份中擁有權益。深圳市東陽光實業擁有林芝東陽光藥業投資有限公司100%股本權益，因此，深圳市東陽光實業被視為為林芝東陽光藥業投資有限公司實益擁有的股份中擁有權益。乳源瑤族自治縣寓能電子實業有限公司擁有深圳市東陽光實業42.34%股本權益及擁有Shaoguan Xinyuneng Industrial Investment Company Limited(其擁有深圳市東陽光實業27.01%股本權益)58%股本權益，因此乳源瑤族自治縣寓能電子實業有限公司被視為為深圳市東陽光實業實益擁有的股份中擁有權益。乳源瑤族自治縣新京科技發展有限公司擁有深圳市東陽光實業30.66%股本權益及擁有Shaoguan Xinyuneng Industrial Investment Company Limited(其擁有深圳市東陽光實業27.01%股本權益)42%股本權益，因此乳源瑤族自治縣新京科技發展有限公司被視為為深圳市東陽光實業實益擁有的股份中擁有權益。
 - 於2017年12月31日，張中能先生(「張先生」)擁有乳源瑤族自治縣寓能電子實業有限公司99.69%股本權益，因此張先生被視為為乳源瑤族自治縣寓能電子實業有限公司實益擁有的股份中擁有權益。
 - 於2017年12月31日，郭梅蘭女士(「郭女士」)擁有乳源瑤族自治縣新京科技發展有限公司99.51%股本權益。因此郭女士被視為為乳源瑤族自治縣新京科技發展有限公司實益擁有的股份中擁有權益。郭女士為張先生之配偶，且根據證券及期貨條例被視為為張先生所實益擁有的股份中擁有權益。
 - 於2017年12月31日，North & South Brother Investment Holdings Limited擁有南北兄弟藥業投資有限公司100%股本權益，因而被視為為南北兄弟藥業投資有限公司擁有權益的股份中擁有權益。

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6. As at 31 December 2017, Ningbo Sanxing Medical Electric Co., Ltd. owned 100% equity interest in Sanxing Electric (Hong Kong) Company Limited and is deemed to be interested in the Shares which are interested by Sanxing Electric (Hong Kong) Company Limited. AUX Holdings Co., Ltd. and Mr. Zheng Jianjiang owned 37.54% and 19.61% equity interest in Ningbo Sanxing Medical Electric Co., Ltd. respectively. Mr. Zheng Jianjiang owned 70% equity interest in AUX Holdings Co., Ltd.. Therefore, AUX Holdings Co., Ltd. and Mr. Zheng Jianjiang are deemed to be interested in Shares which are interested by Ningbo Sanxing Medical Electric Co., Ltd.
 7. As at 31 December 2017, Ms. He Yiju is the spouse of Mr. Zheng Jianjiang and is deemed to be interested in the Shares which are interested by Mr. Zheng Jianjiang under the SFO.
 8. As at 31 December 2017, Bartley Investments Pte. Ltd. owned 100% equity interest in Ellington Investments Pte. Ltd. and is deemed to be interested in the Shares which are interested by Ellington Investments Pte. Ltd.. Tembusu Capital Pte. Ltd. owned 100% equity interest in Bartley Investments Pte. Ltd. and Temasek Holdings (Private) Limited owned 100% equity interest in Tembusu Capital Pte. Ltd.. Therefore, Temasek Holdings (Private) Limited and Tembusu Capital Pte. Ltd. are deemed to be interested in Shares which are interested by Bartley Investments Pte. Ltd..
 9. As at 31 December 2017, China International Capital Corporation Limited owned 100% equity interest in 中金智德股權投資管理有限公司 and is deemed to be interested in the Shares which are interested by 中金智德股權投資管理有限公司.
6. 於2017年12月31日，Ningbo Sanxing Medical Electric Co., Ltd. 擁有 Sanxing Electric (Hong Kong) Company Limited 100% 股本權益，因而被視為於 Sanxing Electric (Hong Kong) Company Limited 擁有權益的股份中擁有權益。AUX Holdings Co., Ltd. 及鄭堅江先生分別擁有 Ningbo Sanxing Medical Electric Co., Ltd. 37.54% 及 19.61% 股本權益。鄭堅江先生擁有 AUX Holdings Co., Ltd. 70% 股本權益。因此，AUX Holdings Co., Ltd. 及鄭堅江先生均被視為於 Ningbo Sanxing Medical Electric Co., Ltd. 擁有權益的股份中擁有權益。
 7. 於2017年12月31日，何意菊女士是鄭堅江先生的配偶，根據證券及期貨條例，被視為於鄭堅江先生擁有權益的股份中擁有權益。
 8. 於2017年12月31日，Bartley Investments Pte. Ltd. 擁有 Ellington Investments Pte. Ltd. 100% 股本權益，因而被視為於 Ellington Investments Pte. Ltd. 擁有權益的股份中擁有權益。Tembusu Capital Pte. Ltd. 擁有 Bartley Investments Pte. Ltd. 100% 股本權益，而 Temasek Holdings (Private) Limited 擁有 Tembusu Capital Pte. Ltd. 100% 股本權益，因此，Temasek Holdings (Private) Limited 及 Tembusu Capital Pte. Ltd. 被視為於 Bartley Investments Pte. Ltd. 擁有權益的股份中擁有權益。
 9. 於2017年12月31日，中國國際金融股份有限公司擁有 中金智德股權投資管理有限公司 100% 股本權益，因而被視為於 中金智德股權投資管理有限公司 擁有權益的股份中擁有權益。

Save as disclosed above, as at 31 December 2017, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors, Supervisors or chief executive of the Company) in the Shares or underlying shares of the Company which are required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which are required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

除上文所披露外，於2017年12月31日，據董事所知，概無任何人士（除董事、監事或本公司最高行政人員外）於本公司股份或相關股份或債權證中擁有須根據證券及期貨條例第XV部第2及第3分部向本公司披露的任何權益或淡倉，或記錄於根據證券及期貨條例第336條須予備存的本公司登記冊的權益或淡倉。

MANAGEMENT CONTRACT

No contract concerning the management and administration of all or any substantial part of our business was entered into by the Company or existed in 2017.

CONNECTED TRANSACTIONS

The Group has conducted certain non-exempt connected transactions during the year.

Connected Transactions

On 24 February 2017, the Company entered into the projects contracting agreement with Yidu Shanchengshuidu Project Construction Co., Ltd., a subsidiary of Shenzhen HEC Industrial and a connected person of the Company, in relation to the expansion of the APIs production plant at Yidu Base Area No. 2 (the "Expansion Project") and the construction of a new insulin production plant at Yidu Base Area No. 3 (the "Construction Project"). The total consideration under the projects contracting agreement was RMB225,000,000, comprising of RMB138,000,000 for the Expansion Project and RMB87,000,000 for the Construction Project. For the reasons of entering into the transaction, the terms of payment and other detailed information, please refer to the announcement of the Company dated 24 February 2017 and the circular of the Company dated 24 March 2017.

On 27 March 2017, the Company entered into the equity transfer agreement with TaiGen Biopharmaceuticals (Beijing), a shareholder of the Dongguan HEC TaiGen Biopharmaceuticals Co., Ltd. ("Dongguan HEC TaiGen") and a connected person of the Company, to acquire 9% equity interests in Dongguan HEC TaiGen held by TaiGen Biopharmaceuticals (Beijing). The consideration of the equity transfer under the equity transfer agreement will be US\$40 million or US\$20 million, subject to the results of the Phase II clinical trials conducted by the Dongguan HEC TaiGen for the Furaprevir and Yimitasvir Phosphate. For the reasons of entering into the transaction, the terms of payment and other detailed information, please refer to the announcement of the Company dated 27 March 2017.

管理合約

於2017年內本公司並無就有關全部或任何重大部分業務的管理及行政工作簽訂或存在任何合約。

關連交易

本集團於年內進行了若干非豁免關連交易。

關連交易

於2017年2月24日，本公司與宜都山城水都建築工程有限公司(深圳東陽光實業的附屬公司及本公司之關連人士)就在宜都基地二號地擴建原料藥生產工廠(「擴建工程」)及在宜都基地三號地興建新的胰島素生產工廠(「建築工程」)而訂立工程承包協議。工程承包協議項下的總對價為人民幣225,000,000元，包括擴建工程人民幣138,000,000元及建築工程人民幣87,000,000元。有關交易理由、付款安排及其他詳情請參閱本公司日期為2017年2月24日的公告及本公司日期為2017年3月24日的通函。

於2017年3月27日，本公司與太景北京(東莞東陽光太景醫藥研發有限責任公司(「東莞東陽光太景」)的股東及本公司之關連人士)訂立股權轉讓協議，以收購太景北京所持東莞東陽光太景9%股權。股權轉讓協議項下股權轉讓的對價將為4,000萬美元或2,000萬美元，取決於東莞東陽光太景公司進行的伏拉瑞韋及磷酸依米他韋II期臨床試驗結果。有關交易理由、付款安排及其他詳情請參閱本公司日期為2017年3月27日的公告。

REPORT OF THE BOARD OF DIRECTORS

董事會報告

Continuing Connected Transactions

The Group has conducted certain non-exempt continuing connected transactions during the year:

持續關連交易

本集團於年內進行了若干非豁免持續關連交易：

	Connected transactions under 關連交易事項	Connected persons 關連人士	Annual caps	Actual transaction
			for 2017 (RMB million) 2017年年度上限 (人民幣百萬元)	value in 2017 (RMB million) 於2017年的 實際交易值 (人民幣百萬元)
1.	Energy Purchase	Parent Company Yichang HEC Power Plant Co., Ltd.	9.506	7.072
1.	採購能源	母公司 宜昌東陽光火力發電有限公司	9.506	7.072
2.	Purchase of Packaging Materials and Chemical Raw Materials	Parent Company Shaoguan HEC Packaging and Printing Co., Ltd.	23.829	16.473
2.	採購包裝材料及化學原料	母公司 韶關東陽光包裝印刷有限公司	23.829	16.473
3.	Purchase of APIs	Parent Company	19.000	2.362
3.	採購原料藥	母公司	19.000	2.362
4.	2017 Liquid Waste Processing Agreement	Parent Company	2.5	2.137
4.	2017年委託處理污水協議	母公司	2.5	2.137
5.	Framework Equipment Purchase Agreement	Yidu Changjiang Machine and Equipment Co., Ltd.	5.0	0.586
5.	設備購買框架協議	宜都長江機械設備有限公司	5.0	0.586
6.	Framework Pharmaceutical Products and APIs Sales Agreement	Guangdong HEC Pharmaceutical Co., Ltd.	8.0	2.594
6.	藥品及原料藥銷售框架協議	廣東東陽光藥業有限公司	8.0	2.594

1. Framework Energy Procurement Agreement

On 6 December 2015, the Company entered into a framework energy procurement agreement with Shenzhen HEC Industrial in relation to the purchase of electricity and steam from Shenzhen HEC Industrial and its subsidiaries from time to time. The framework energy procurement agreement took effect upon the Listing Date and shall be valid for a period of three years ended in 2017. On 22 December 2017, the Company entered into the 2018-2020 framework energy procurement agreement with Shenzhen HEC Industrial with a term of three years, effective from 1 January 2018 to 31 December 2020.

Pricing Policy

According to the framework energy procurement agreement, the price for the electricity to be charged under the framework energy procurement agreement was determined with reference to the official written reply issued by Yidu Price Bureau (宜都市物價局) in response to the pricing enquiry of the electricity and steam submitted by Yichang HEC Power Plant Co., Ltd. in 2011 (the "Reply"), which provided the reference price of electricity of RMB0.383 per kWh. The price for the steam to be charged under the framework energy procurement agreement will be determined pursuant to the price range of RMB85 per ton to RMB135 per ton as prescribed by Yidu Price Bureau in the Reply.

For the reasons of entering into the transaction and other details, please refer to the prospectus of the Company dated 15 December 2015.

2. Framework Packaging and Chemical Materials Purchase Agreement

On 6 December 2015, the Company entered into a framework packaging and chemical materials purchase agreement with Shenzhen HEC Industrial in relation to the purchase of certain packaging and chemical materials from Shenzhen HEC Industrial and/or its associates (other than the Group) for the packaging and manufacturing of our pharmaceutical products. The framework packaging and chemical materials purchase agreement took effect upon the Listing Date and shall be valid for a period of three years ended in 2017. On 24 February 2017, the Board resolved to adjust the original annual cap for the year 2017 under the framework packaging and chemical materials purchase agreement from the existing RMB18,829,000 to RMB23,829,000.

1. 框架能源採購協議

於2015年12月6日，本公司與深圳市東陽光實業簽訂框架能源採購協議，內容有關不時向深圳市東陽光實業及其附屬公司購買電力和蒸汽。框架能源採購協議於上市日期生效及截至2017年止三個年度期間有效。於2017年12月22日，本公司與深圳東陽光實業訂立2018年－2020年框架能源採購協議，為期三年，自2018年1月1日起生效至2020年12月31日屆滿。

定價政策

根據框架能源採購協議，框架能源採購協議所收取電力的價格乃參考宜都市物價局於其2011年對宜昌東陽光火力發電有限公司提交的電力和蒸汽定價諮詢作出的官方回覆（「回覆」）而定，當中電力參考價格為每千瓦時人民幣0.383元，而根據框架能源採購協議所收取蒸汽的價格將根據宜都市物價局於回覆中指定的價格範圍每噸人民幣85元至人民幣135元釐定。

有關交易理由及其他詳情，請參閱本公司日期為2015年12月15日的招股章程。

2. 框架包裝及化學材料購買協議

於2015年12月6日，本公司與深圳市東陽光實業簽訂框架包裝及化學材料購買協議，內容有關向深圳市東陽光實業及／或其聯繫人（本集團除外）購買特定包裝及化學材料用於包裝及生產藥物。框架包裝及化學材料購買協議於上市日期生效及截至2017年止三個年度期間有效。於2017年2月24日，董事會議決調整框架包裝及化學材料購買協議項下交易的原2017年年度上限，由現有的人民幣18,829,000元至人民幣23,829,000元。

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On 22 December 2017, the Company entered into the 2018-2020 framework packaging and chemical materials purchase agreement with Shenzhen HEC Industrial with a term of three years, effective from 1 January 2018 to 31 December 2020.

Pricing Policy

According to the framework packaging and chemical materials purchase agreement, when selecting supplier of the packaging and chemical materials, the Company obtains quotations from our connected person as well as from at least two independent third party suppliers. During the Reporting Period, the price and terms offered by our connected person were fair and reasonable and comparable to those offered by such independent third party suppliers.

For the reasons of entering into the transaction and other details, please refer to the prospectus of the Company dated 15 December 2015.

3. Framework API Purchase Agreement

On 6 December 2015, the Company entered into a framework API purchase agreement with Shenzhen HEC Industrial for the purchase of certain APIs from Shenzhen HEC Industrial and/or its subsidiaries (other than the Group) for the production of our pharmaceutical products, mainly azithromycin, clarithromycin and roxithromycin products. The framework API purchase agreement took effect upon the Listing Date and shall be valid for a period of three years ended in 2017. On 22 December 2017, the Company entered into the 2018-2020 framework API purchase agreement with Shenzhen HEC Industrial with a term of three years, effective from 1 January 2018 to 31 December 2020.

Pricing Policy

According to the framework API purchase agreement, when selecting supplier of the API, the Company obtains quotations from our connected person as well as from at least two independent third party suppliers. As the Company is also engaged in manufacturing of pharmaceutical products industry, we are familiar with the market price of relevant APIs required for the production. During the Reporting Period, the price and terms offered by our connected person were fair and reasonable and comparable to those offered by such independent third party suppliers.

For the reasons of entering into the transaction and other details, please refer to the prospectus of the Company dated 15 December 2015.

於2017年12月22日，本公司與深圳東陽光實業訂立2018年－2020年框架包裝及化學材料購買協議，為期三年，自2018年1月1日起生效至2020年12月31日屆滿。

定價政策

根據框架包裝及化學材料購買協議，於選擇包裝及化學物料供貨商時，本公司向關連人士及至少兩名獨立第三方供貨商索取報價。於報告期內，我們的關連人士所提供的價格及條款屬公平合理，並與該等獨立第三方供貨商所提供者相若。

有關交易理由及其他詳情，請參閱本公司日期為2015年12月15日的招股章程。

3. 框架原料藥購買協議

於2015年12月6日，本公司與深圳市東陽光實業簽訂框架原料藥購買協議，內容有關向深圳市東陽光實業及／或其附屬公司(本集團除外)購買特定原料藥用於生產藥物，主要為阿奇霉素、克拉霉素及羅紅霉素產品。框架原料藥購買協議於上市日期生效及截至2017年止三個年度期間有效。於2017年12月22日，本公司與深圳東陽光實業訂立2018年－2020年框架原料藥購買協議，為期三年，自2018年1月1日起生效至2020年12月31日屆滿。

定價政策

根據框架原料藥購買協議，選擇原料藥供貨商時，本公司將向關連人士及至少兩名獨立第三方供貨商索取報價。由於我們亦有從事藥物生產行業，我們熟知生產所需的相關原料藥的市價。於報告期內，我們的關連人士所提供的價格及條款屬公平合理，並與該等獨立第三方供貨商所提供者相若。

有關交易理由及其他詳情，請參閱本公司日期為2015年12月15日的招股章程。

4. 2017 Liquid Waste Processing Agreement

On 24 February 2017, the Company entered into the 2017 liquid waste processing agreement with the Parent Company, pursuant to which, the Parent Company has agreed to provide liquid waste processing service to the Company. The term of the 2017 liquid waste processing agreement is from 24 February 2017 to 31 December 2019.

Pricing Policy

The Parent Company will only charge the service fees based on the actual cost incurred, which is more favorable than the term that can be obtained by the Company from independent third parties.

For the reasons of entering into the transaction and other details, please refer to the announcement dated 24 February 2017 of the Company.

5. Framework Equipment Purchase Agreement

On 24 February 2017, the Company entered into the framework equipment purchase agreement with Shenzhen HEC Industrial, pursuant to which, the Company has agreed to purchase customized equipment from Shenzhen HEC Industrial and/or its associates. The term of the framework equipment purchase agreement is from 24 February 2017 to 31 December 2019.

Pricing Policy

Under the framework equipment purchase agreement, the price for the customized equipment will be determined with reference to the Consumption Quota and Unit Pricing Table for General Installation Works in Hubei Province (《湖北省通用安裝工程消耗量定額及單位估價表》) issued by the Department of Housing and Urban-Rural Development of Hubei Province in 2013. The Consumption Quota and Unit Pricing Table provides pre-determined formulas for service fees calculation by setting out each category of fees to be charged and the formula for calculating the fees in different scenarios under each category.

For the reasons of entering into the transaction and other details, please refer to the announcement dated 24 February 2017 of the Company.

4. 2017年委託處理污水協議

於2017年2月24日，本公司與母公司訂立2017年委託處理污水協議，據此母公司同意向本公司提供液體廢料處理服務。2017年委託處理污水協議的期限自2017年2月24日起至2019年12月31日止。

定價政策

母公司將僅按所產生實際成本收取服務費，優於本公司能夠向獨立第三方取得的條款。

有關交易理由及其他詳情，請參閱本公司日期為2017年2月24日的公告。

5. 設備購買框架協議

於2017年2月24日，本公司與深圳東陽光實業訂立設備購買框架協議，據此，本公司已同意向深圳東陽光實業及／或其聯繫人採購定製設備。設備購買框架協議的期限自2017年2月24日起至2019年12月31日止。

定價政策

根據設備購買框架協議，定製設備價格將參考湖北省住房和城鄉建設廳於2013年發佈的《湖北省通用安裝工程消耗量定額及單位估價表》釐定。《消耗量定額及單位估價表》載列每個應收費用類別及計算每個類別不同情形下費用的公式，為計算服務費用提供預定公式。

有關交易理由及其他詳情，請參閱本公司日期為2017年2月24日的公告。

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6. Framework Pharmaceutical Products and APIs Sales Agreement

On 24 February 2017, the Company entered into the framework pharmaceutical products and APIs sales agreement with Shenzhen HEC Industrial, pursuant to which, Shenzhen HEC Industrial and/or its associates have agreed to purchase pharmaceutical products and APIs from the Company. The term of the framework pharmaceutical products and APIs sales agreement is from 24 February 2017 to 31 December 2019.

Pricing Policy

As the Company also sells pharmaceutical products and APIs to independent third parties, the fees to be charged shall not be lower than the price charged to any independent third parties.

For the reasons of entering into the transaction and other details, please refer to the announcement dated 24 February 2017 of the Company.

Review by and Confirmation of Independent Non-executive Directors of the Company

The independent non-executive Directors have reviewed the above continuing connected transactions, and confirmed that such transactions were:

- (i) carried out in the ordinary and usual course of business of the Group;
- (ii) made on normal or better commercial terms (as defined in the Listing Rules); and
- (iii) carried out according to the terms in the relevant transaction agreements, which are fair and reasonable, and in the interests of the Shareholders as a whole.

External auditor's report on the Group's continuing connected transactions

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing the auditor's findings and conclusions in respect of the continuing connected transactions disclosed by the Group on page 54 of the Annual Report in accordance with Listing Rule 14A.56. A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

6. 藥品及原料藥銷售框架協議

於2017年2月24日，本公司與深圳東陽光實業訂立藥品及原料藥銷售框架協議，據此，深圳東陽光實業及／或其聯繫人已同意向本公司採購藥品及原料藥。藥品及原料藥銷售框架協議的期限自2017年2月24日起至2019年12月31日止。

定價政策

由於本公司亦向獨立第三方銷售醫藥產品及原料藥，故所收取的費用不得低於向任何獨立第三方收取的價格。

有關交易理由及其他詳情，請參閱本公司日期為2017年2月24日的公告。

本公司獨立非執行董事審閱及確認

獨立非執行董事已審閱上述持續關連交易，並確認該等交易：

- (i) 乃於本集團一般日常業務中進行；
- (ii) 按照一般或更佳商務條款(按上市規則所界定)訂立；及
- (iii) 乃根據相關交易協議的條款進行，屬公平合理，並符合股東的整體利益。

有關本集團持續關連交易之外部核數師報告

本公司的核數師已獲委聘，根據香港會計師公會所頒佈《香港核證工作準則》第3000號(經修訂)「歷史財務資料審計或審閱以外的核證工作」，及參考《實務說明》第740號「關於香港上市規則所述持續關連交易的核數師函件」，就本集團的持續關連交易作出匯報。核數師已根據上市規則第14A.56條發出本集團於年報第54頁所披露之持續關連交易的無保留意見函件，當中載有其發現及結論。本公司已向香港聯交所提供核數師函件副本。

Details of the related party transactions of the Group are set out in Note 26 of the Consolidated Financial Statements. Apart from the connected transactions and continuing connected transactions as disclosed in this Annual Report, none of the related party transactions constituted connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules, which are subject to the requirements of announcement or independent shareholders' approval. The Company has complied with disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the connected transactions and the continuing connected transactions as set out in the Annual Report.

NON-COMPETITION AGREEMENT

The Company had entered into a non-competition agreement on 6 December 2015 (the "Non-Competition Agreement") with the Controlling Shareholders, under which our Controlling Shareholders agreed not to, and to procure its subsidiaries (other than the Group) not to, compete with us in our businesses and granted us options to acquire the businesses of production and sale of APIs and overseas sale of pharmaceutical products operated by the Parent Company and/or its subsidiaries (other than the Group) and certain future new business.

The Controlling Shareholders have confirmed in writing to the Company of their compliance with the Non-competition Agreement for disclosure in this report during the Reporting Period.

The independent non-executive Directors have reviewed the Non-competition Agreement and had determined that the Controlling Shareholders have not been in breach of the Non-competition Undertaking during the Reporting Period.

Save as disclosed above, during the Reporting Period, the Directors (including independent non-executive Directors) did not make any decisions in relation to whether to exercise or terminate an option or a right of first refusal and take up or waive any business opportunity.

本集團的關聯方交易詳情載於綜合財務報表附註26。除於本年報披露的關連交易及持續關連交易外，概無關聯方交易構成上市規則第十四A章項下須予公告或由獨立股東批准的關連交易或持續關連交易。本公司已就本年報內所載列的關連交易和持續關連交易遵守之上市規則第14A章項下的披露規定。

避免同業競爭協議

我們已於2015年12月6日與控股股東訂立避免同業競爭協議（「避免同業競爭協議」），據此控股股東同意不會，並將促使其附屬公司（本集團除外）不會就我們的業務與我們競爭，並向我們授予購股權以收購由母公司及／或其附屬公司（本集團除外）經營的原料藥生產及銷售、製劑產品海外銷售業務及若干未來新業務。

控股股東已以書面形式向本公司確認，於報告期內，彼等已遵守在本年報內披露的避免同業競爭協議。

獨立非執行董事已審閱避免同業競爭協議，並確定於報告期內，控股股東並無違反避免同業競爭承諾。

除上文披露者外，於報告期間，董事（包括獨立非執行董事）並無就是否行使或終止選擇權或優先購買權及接納或放棄任何商機作出任何決定。

REPORT OF THE BOARD OF DIRECTORS

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STRATEGIC COOPERATION AGREEMENT

We refer to the section headed "Business" in the prospectus of the Company dated 15 December 2016. As disclosed in the prospectus, we have entered into the Strategic Cooperation Agreement with Shenzhen HEC Industrial, pursuant to which we have a pre-emptive right to acquire the right to manufacture and sell new pharmaceutical products being developed by HEC Research Group (including Yichang HEC Research Co., Ltd. (宜昌東陽光藥研發有限公司), Linzhi HEC Pharmaceutical Investment Co., Ltd. (林芝東陽光藥業投資有限公司) and their respective subsidiaries, being the subsidiaries of Shenzhen HEC Industrial). During the year of 2017, in consideration of the R&D progress of new products conducted by the HEC Research Group and the Company's product strategy, the Company didn't exercise the pre-emptive right under the Strategic Cooperation Agreement.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2017, the total amount of procurement from the five largest suppliers of the Company accounted for 44.8% of the total amount of procurement of the year. Among the five largest suppliers for the year of 2017, Yichang HEC Power Plant Co., Ltd. and Shaoguan HEC Packaging and Printing Co., Ltd. are subsidiaries of Shenzhen HEC Industrial; the single largest supplier was Shaanxi Jiahe Phytochem Co., Ltd. and our purchase from that company accounted for 17.7% of the total purchase amount during the year.

For the year ended 31 December 2017, the total amount of sales to the five largest customers of the Company accounted for 23.3% of the total revenue of sales of the year. The sales to the largest customers accounted for 8.8% of the total revenue of sales of the year.

Save as disclosed above, during the year of 2017, to the knowledge of the Directors, none of the Directors, their close associates, or Shareholders of the Company (which, to the knowledge of the Directors, owned more than 5% of the number of issued Shares of the Company) had interests in the five largest suppliers or customers of the Company.

MAJOR ACQUISITION

On 27 March 2017, the Company entered into the equity transfer agreement with TaiGen Biopharmaceuticals (Beijing), a shareholder of the Dongguan HEC TaiGen, to acquire 9% equity interests in Dongguan HEC TaiGen held by TaiGen Biopharmaceuticals (Beijing). The consideration of the equity transfer under the equity transfer agreement will be US\$40 million or US\$20 million, subject to the results of the Phase II clinical trials conducted by the joint venture for the Furaprevir and Yimitasvir Phosphate. For detailed information, please refer to the announcement of the Company dated 27 March 2017.

戰略合作協議

我們提述本公司日期為2016年12月15日的招股章程「業務」一節。如招股章程中披露，我們已經與深圳市東陽光實業訂立戰略合作協議，據此我們可有取得東陽光藥研發集團(包括宜昌東陽光藥研發有限公司、林芝東陽光藥業投資有限公司及其各自的附屬公司，為深圳東陽光實業的附屬公司)開發的新藥品的生產及銷售的優先權利。於2017年年度內，基於東陽光藥研發集團藥品研發進度及本公司產品戰略安排考慮，本公司並無行使戰略合作協議項下的優先購買權。

主要客戶及供貨商

截至2017年12月31日止年度，本公司向五大供貨商的採購總額佔年度採購總額的44.8%。2017年度五大供貨商中，宜昌東陽光火力發電有限公司和韶關東陽光包裝印刷有限公司為深圳市東陽光實業的附屬公司；最大供貨商為陝西嘉禾生物科技股份有限公司，而我們向該公司的採購額佔年內採購總額的17.7%。

截至2017年12月31日止年度，本公司向五大客戶的銷售總額佔年度銷售總額23.3%。本公司最大客戶的銷售總額佔年度銷售總額8.8%。

除以上所披露外，於2017年內，就董事所知，董事、其緊密聯繫人或據董事所知任何擁有本公司已發行的股份數目5%以上的本公司股東概無擁有本集團五大供貨商或客戶的任何權益。

主要收購事項

於2017年3月27日，本公司與太景北京(為東莞東陽光太景的股東)訂立股權轉讓協議，以收購太景北京所持東莞東陽光太景9%股權。股權轉讓協議項下股權轉讓的對價將為4,000萬美元或2,000萬美元，取決於合營公司進行的伏拉瑞韋及磷酸依米他韋II期臨床試驗結果。詳情請參閱本公司日期為2017年3月27日的公告。

CONTRACT OF SIGNIFICANCE

Save as disclosed in this Annual Report, at no time during the year of 2017 had the Company or any of its subsidiaries entered into any contract of significance with the Controlling Shareholder or any of its subsidiaries, nor had any contract of significance been entered into for the services provided by the Controlling Shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Please refer to the Note 5(b) to the Consolidated Financial Statements for detailed information on the retirement and employee benefits scheme.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a company listed on the Stock Exchange, the Company always strives to maintain a high level of corporate governance and complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules for the year ended 31 December 2017.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained a public float of no less than 25% of the issued shares as at the date of this Annual Report, which was in line with the requirement under the Listing Rules.

USE OF PROCEEDS

Proceeds from the Global Offering

According to the final results of the global offering of the Company (the "Global Offering"), the net proceeds raised from the Global Offering are approximately HK\$1,307.5 million (approximately RMB1,095.4 million).

In view of the relatively low interests rate on deposits and in order to enhance the efficiency of use of the net proceeds from the Global Offering and avoid exchange loss, based on the latest construction budget for the new oral formulation production plant and new insulin production plant, the Board resolved on 22 December 2017 to reallocate the unutilised net proceeds originally allocated to (i) new oral formulation production plant and (ii) promotional and marketing activities of approximately RMB701.4 million for (i) the new insulin production plant and (ii) working capital and general corporate purposes, including the payment of the patent royalties in connection with oseltamivir phosphate and cash dividends to the Shareholders.

重要合約

除本年報所披露者外，於2017年內任何時間，本公司或其任何附屬公司概無與控股股東或其任何附屬公司訂立任何重要合約，亦無就控股股東或其任何附屬公司向本公司或其任何附屬公司提供服務而訂立任何重要合約。

退休及僱員福利計劃

退休及僱員福利計劃詳情載於綜合財務報表附註5(b)。

遵守企業管治守則

本公司作為聯交所上市公司，始終致力於保持高水平的企業管治，並於截至2017年12月31日止年度遵守載於上市規則附錄十四所載的企業管治守則的所有守則條文。

公眾持股量

根據本公司可公開獲得的資料及就董事所知，於本年報日期，公眾人士持有本公司已發行股份不少於25%，符合上市規則的規定。

所得款項用途

全球發售所得款項

根據本公司全球發售（「全球發售」）最終結果，全球發售募集資金淨額約港幣1,307.5百萬元（約人民幣1,095.4百萬元）。

鑒於存款利率相對較低，為提升全球發售所得款項淨額的使用效率及避免匯兌虧損，基於最新的新口服製劑生產工廠及新胰島素生產工廠的工程預算，董事會於2017年12月22日決議將初始分配用作(i)興建新口服製劑生產工廠及(ii)產品推廣及營銷活動的未動用所得款項淨額約人民幣701.4百萬元進行重新分配，用於(i)興建新胰島素生產工廠及(ii)營運資金及一般企業用途，包括支付有關磷酸奧司他韋的專利授權許可使用費及股東現金股利等。

REPORT OF THE BOARD OF DIRECTORS

董事會報告

As at 31 December 2017, details of utilization of the net proceeds raised from the Global Offering are as follows:

於2017年12月31日，全球發售所得款項淨額的使用詳情如下：

		Revised allocation of use of net proceeds (Approximate RMB million) 所得款項淨額 用途的經修訂分配 (約人民幣百萬元)	Utilized amount as at 31 December 2017 (Approximate RMB million) 於截至2017年12月31日 的已動用金額 (約人民幣百萬元)
New oral formulation production plant	新口服製劑生產工廠	300.0	67.5
New insulin production plant	新胰島素生產工廠	328.7	45.4
Promotional and marketing activities	推廣及營銷活動	136.1	135.9
Working capital and general corporate purposes	營運資金及一般企業用途	330.6	301.1
Total	總計	1,095.4	549.9

Proceeds from the Subscription

On 16 December 2016, the Company entered into the capital increase agreement with the Parent Company, pursuant to which, the Company conditionally agreed to issue and allot, and the Parent Company conditionally agreed to subscribe in cash for, an aggregate of 1,200,000 new Domestic Shares at the subscription price of RMB16.12 per new Domestic Share (the "Subscription").

The Subscription completed on 10 February 2017. The net proceeds from the Subscription was approximately RMB18.29 million. Such net proceeds from the Subscription has been utilized as described in the sections headed "(F) Use of proceeds" and "(G) Reasons for and Benefit of the Proposed Subscription" in the circular of the Company dated 20 January 2017 to supplement the general working capital of the Company.

認購所得款項

於2016年12月16日，本公司與母公司訂立增資協議，據此，本公司已有條件同意發行及配發，而母公司已有條件同意按每股新內資股人民幣16.12元之認購價以現金認購合共1,200,000股新內資股（「認購」）。

認購已於2017年2月10日完成。認購所得款項淨額約為人民幣18.29百萬元。該等認購所得款項淨額已按本公司日期為2017年1月20日的通函中「(F)所得款項用途」及「(G)進行擬議認購之原因及裨益」各節所述用作補充本公司一般流動資金。

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 December 2017, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company.

AUDIT COMMITTEE

The audit committee of the Company includes two independent non-executive directors, namely Mr. Tang Jianxin and Mr. Lee Chi Ming and one non-executive director, namely Mr. Tang Xinfu. With professional qualification and experience in finance, Mr. Tang Jianxin was appointed as the chairman of the audit committee. The primary duties of the audit committee are to make independent recommendations on the effectiveness of our financial reporting procedures, internal control and risk management systems and maintaining good relationship with external auditors of the Group, so as to assist the Board, supervise the audit process and perform other responsibilities and related duties assigned by the Board. The audit committee will meet with the external auditors of the Company and in-house auditors, and review their plans, internal audit procedures, their results of audits and review of the risk management and internal supervision system.

The audit committee of the Company has reviewed the Group's 2017 annual results announcement, the Annual Report and the audited financial statements for the year ended 31 December 2017 prepared in accordance with the IFRS.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company is committed to the sustainable development of the environment and the society. In recognition of the potential climate impact due to manufacturing of pharmaceutical products, the Company strives to enhance the environmental performance of its pharmaceutical products manufacturing and development through eco-friendly operational measures as well as supporting a number of external charters with regard to energy efficiency and carbon reduction. In addition, during the Reporting Period, the Group had continually increased investment in research and development, upgrading its technology, improved production process, focused on the establishment of drug quality system, extended the life cycle of pharmaceutical products and lowered the cost in order to offer safe, efficient, affordable pharmaceutical products and services. The Group constantly strengthened environment protection, optimized the production process and improved the utilization rate of the production facilities for the purposes of energy saving, emission reduction and environment protection. The Group emphasized harmonious development with nature to protect the sustainable development of the environment. The Group also improved clean production as well as environmental protection construction, and proactively supported environmental protection and charitable matters in the community.

重大法律訴訟

截至2017年12月31日止年度，本公司並無涉及任何重大法律訴訟或仲裁。就董事所知，亦無任何尚未了結或本公司可能面臨的重大法律訴訟或索賠。

審核委員會

本公司的審核委員會包括兩名獨立非執行董事唐建新先生及李志明先生及一名非執行董事唐新發先生。唐建新先生具備執業資格和財務經驗，獲委任為審核委員會主席。審核委員會的主要職責乃就財務申報過程、內部監控及風險管理系統是否有效及維持與本集團外聘核數師關係提供獨立意見，藉以協助董事會、監督審核過程及履行董事會委派的其他職責及有關責任。審核委員會與本公司之外聘核數師及內部核數師會晤，並審閱其審核計劃、內部審核程序、其審查及評估風險管理及內部監控系統之結果。

本公司的審核委員會已審閱本集團2017年之年度業績公告、年報，及按國際財務報告準則編製的截至2017年12月31日止年度的經審核財務報表。

環境政策及績效

本公司矢志促進環境和社會的可持續發展。我們深明製造藥品對氣候有一定的影響，因此，本公司通過環保的營運措施，致力提高旗下藥品製造及發展的環境績效，並簽訂多份約章以承諾提高能源效益及減少碳排放。此外，於報告期內，本集團持續加大研發投入，不斷改進技術、改善生產工藝流程，注重藥品質量體系建設，延長藥品生命週期、降低成本，為民眾提供更為安全、有效、平價的藥品和服務；持續增加環保投入，優化生產工藝，提升生產設施的利用效能，以實現節能減排、保護環境；強調與自然和諧發展，保障環境的可持續發展，同時在清潔生產、環保建設等方面持續改善，積極支持社會環保公益事業。

REPORT OF THE BOARD OF DIRECTORS

董事會報告

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements could lead to the termination of operating licences. The Group has been allocating system and staff resources to ensure ongoing compliance with rules and regulations and to maintain cordial working relationships with regulators effectively through effective communications. During the year of 2017, the Group has complied, to the best of our knowledge, with all relevant rules and regulations that have a significant impact on the Company, including but not limited to the Company Law of the PRC, the Securities Law of the PRC, the Code of Corporate Governance for Listed Companies, the Listing Rules, the Law of the PRC on the Administration of Drugs, the Measures for the Administration of Drug Registration and the Good Manufacture Practice of Drugs.

RELATIONSHIP WITH STAKEHOLDERS

The Company recognizes that our employees, customers and business associates are keys to our sustainable journey. We strive to achieve corporate sustainability through engaging our employees, providing quality services for our customers, collaborating with business partners and supporting our community.

The Company places significant emphasis on human capital. The Company provides a fair workplace, promoting non-discrimination and diversity to our staff, together with competitive remuneration and benefits, as well as a range of opportunities for career advancement based on employees' merits and performance. The Company administers its employee health and safety management system and ensures the adoption of the principles across the Group. The Company provides regular trainings for staff to keep them abreast of the latest developments in the market and industry, in the form of both internal trainings and trainings provided by experts from external organizations.

To enhance customer satisfaction and promote a customer-oriented culture within the Company, we take 'Customer First' as one of our core values. We value the feedback from customers through daily communication, regular inspections and etc. We have also established the mechanism about customer service, support and complaints. When dealing with a customer complaint, we treat it as an opportunity to improve our relationship with the customer, addressing the concern in a timely manner and in accordance with international standards.

遵守法律及法規

本集團深明遵守監管要求的重要性，而未能遵守該等要求則可予終止營運牌照。本集團已分配系統及人力資源，以確保一直遵守規則及法規，以及透過有效溝通有效地與監管機構維持良好關係。於2017年間，就我們所知悉，本集團已遵守所有對本公司有重要影響的相關規則及法規，包括但不限於《中國公司法》、《中華人民共和國證券法》、《上市公司治理規則》、上市規則、《中華人民共和國藥品管理法》、《藥品註冊管理辦法》及《藥品生產質量管理規範》。

持份者關係

本公司深明在可持續發展的路上，員工、顧客和業務夥伴是我們可持續發展里程的關鍵。我們致力與員工緊密聯繫，為顧客提供優質服務，同時與業務夥伴協力同心，支持社會公益事務，以達至企業可持續發展。

本公司重視人力資源。為員工提供公平的工作環境，提倡共融及多元文化背景。我們提供具競爭力的薪酬待遇，並按照員工的表現，提供不同的晉升機會。本公司管理其僱員健康及安全管理系統，確保本集團採納各項原則落實執行。本公司為員工提供定期培訓，包括內部培訓和由外間專業機構提供的進修課程，從而使員工對市場及行業的最新發展有所了解。

為提高客戶滿意度及提倡以客為本的服務文化，我們以「顧客至上」為核心價值之一。我們非常重視顧客的意見，因此透過日常溝通及定期巡視等調查了解他們的想法。此外，我們亦訂立了處理顧客服務、支援和投訴的機制。當回應顧客投訴時，我們會將其視作改善與客戶關係的良機，遵循國際標準的指引，迅速作出反應。

We believe that our suppliers are equally important in driving quality delivery of our products. We proactively collaborate with our business partners (including suppliers and contractors) to deliver quality sustainable products and services. We have included certain requirements in our standard tender documents. These requirements include regulatory compliance, labour practices, anti-corruption and other business ethics. We assure the performance of our suppliers through supplier approval process and by conducting factory audits/site visits and spot checks on the delivered goods at site during the contractual periods.

AUDITORS

The consolidated financial statements of the Company for the year ended 31 December 2017 have been audited by KPMG who retire and, being eligible, offer themselves for re-appointment at the AGM. A resolution for the re-appointment of KPMG as the Company's auditors will be proposed for shareholders' approval at the forthcoming AGM. The Company did not change the auditor for the past three years.

FINANCIAL SUMMARY

Summary of results of operation and the assets and liabilities of the Group for the last five financial years is set out on page 3 in the Annual Report.

On behalf of the Board

YiChang HEC Changjiang Pharmaceutical Co., Ltd.

TANG Xinfu

Chairman

Hubei, the PRC

23 March 2018

我們深信若要營造優質的產品，供應商的角色亦同樣重要。我們積極與業務夥伴(包括供應商及承建商)合作，以提供優質可持續的產品及服務。我們於招標文件中訂明若干規定，包括遵守法規、勞工僱傭守則、防止貪污賄賂及其他商業道德守則。我們透過供應商評核程序，以及到工廠實地視察及審核評估其表現，並於合約期內即場為付運之產品作抽樣檢查，確保供應商之表現。

核數師

本集團截至2017年12月31日止年度綜合財務報表由畢馬威會計師事務所審核。畢馬威會計師事務所將於股東週年大會退任，惟其合資格並願意獲續聘連任。有關續聘畢馬威會計師事務所為本公司核數師的決議案，將於應屆股東週年大會上提呈。本公司於過去三年並無更換核數師。

財務摘要

本集團過往五個財政年度的經營業績、資產及負債摘要載列於本年報的第3頁。

代表董事會

宜昌東陽光長江藥業股份有限公司

董事長

唐新發

中國湖北

2018年3月23日

REPORT OF THE BOARD OF SUPERVISORS

監事會報告

In 2017, all members of the Board of Supervisors of the Company complied with the requirement of the Company Law of the PRC, the Articles of Association, as well as relevant regulations to diligently and honestly perform their duties. They independently exercised their power under the law to ensure the standard operation of the Company and protect the interests of the Company and the investors. The Board of Supervisors supervised the Company's operation plans, use of proceeds from financing activities, connected transactions, production and operation activities of the Company, financial position and performance of duty of Directors and senior management of the Company as well as the operation of subsidiaries, and facilitated the compliant operation and healthy development of the Company. The report of main works of the Board of Supervisors for the year is set forth below:

I. BASIC ASSESSMENT OF THE COMPANY'S OPERATION AND MANAGEMENT ACTIVITIES AND PERFORMANCE IN 2017

In 2017, the Board of Supervisors strictly complied with the requirement of the Company Law of the PRC, the Articles of Association, the Rules of the Procedures of the Board of Supervisors as well as relevant laws and regulations to honestly perform its supervise duties in pragmatically protecting the interests and rights of the Company and the many minority shareholders.

After having attended each of the meetings of the Board of Directors and the shareholders' general meetings in 2017, the Board of Supervisors is of the opinion that the Board of Directors has earnestly implemented resolutions of the shareholders' general meetings and faithfully performed fiduciary duties, it has not conducted any acts which would damage the interests of the Company and the Shareholders. Each resolution of the Board of Directors has been in compliance with the requirement of the Company Law of the PRC and other laws and regulations as well as the Articles of Association. The Board of Supervisors supervised the production and operation activities of the Company during its session period. It considers that the management members of Company earnestly implemented every resolutions of the Board with due diligence and conducted no acts of violation in the course of business.

2. DETAILS OF MEETINGS OF BOARD OF SUPERVISORS

During the Reporting Period, the Board of Supervisors held three meetings in aggregate:

- (1) On 20 March 2017, the first meeting of 2017 of Board of Supervisors was convened, on which the resolutions in relation to Work Report of Board of Supervisors for 2016, 2016 Final Accounts Report of the Company, The Plan Regarding Dividend Distribution for 2016 and The Proposal Regarding Continuing Connected Transactions for 2016 were considered and approved.

2017年度本公司監事會全體成員按照《中國公司法》、公司章程以及相關的法規要求，勤勉、認真地履行職能，依法獨立行使職權，以保障本公司規範運作，維護本公司和投資者利益。監事會對本公司經營計劃、募集資金使用情況、關聯交易、本公司生產經營活動、財務狀況和本公司董事、高級管理人員的履職情況、附屬公司的經營情況進行了監督，促進了本公司規範運作和健康發展。現將監事會在本年度的主要工作報告如下：

一、對本公司2017年度經營管理行為和業績的基本評價

2017年監事會嚴格按照《中國公司法》、公司章程、《監事會議事規則》和有關法律、法規的要求，從切實維護本公司利益和廣大中小股東權益出發，認真履行監督職責。

監事會列席了2017年歷次董事會會議和股東大會，並認為：董事會認真執行了股東大會的決議，忠實履行了誠信義務，未出現損害本公司、股東利益的行為，董事會的各項決議符合《中國公司法》等法律法規和公司章程的要求。監事會對任期內本公司的生產經營活動進行了監督，認為本公司經營班子勤勉盡責，認真執行了董事會的各項決議，經營中不存在違規操作行為。

二、監事會會議情況

本報告期內監事會共召開3次會議：

- (一) 2017年3月20日，召開2017年第一次監事會會議，會議審議通過了以下議案：《本公司2016年度監事會工作報告》、《本公司2016年度財務決算報告》、《關於2016年度股息分配的預案》、《關於2016年度持續關聯交易的議案》。

- (2) On 22 May 2017, the second meeting of 2017 of Board of Supervisors was convened, on which the resolution in relation to the appointment of Mr. LUO Zhonghua as a Supervisor of the Company in place of Mr. LIN Jian was considered and approved.
- (3) On 21 July 2017, the third meeting of 2017 of Board of Supervisors was convened, on which the resolution in relation to the re-appointment of Ms. HUANG Fangfang as the chairman of the Board of Supervisors was considered and approved.

- (二) 2017年5月22日，召開2017年第二次監事會會議，會議審議通過了以下議案：羅忠華先生接替林健先生擔任本公司監事一職的提案
- (三) 2017年7月21日，召開2017年第三次監事會會議，會議審議通過了以下議案：審議同意黃芳芳女士繼續擔任監事會主席的提案

3. THE SUPERVISORY OPINION FROM THE BOARD OF SUPERVISORS ON RELATED MATTERS OF THE COMPANY IN 2017

(1) Financial Conditions of the Company

The Board of Supervisors of the Company conducted inspection with regard to the financial conditions of the Company's own segment and its subsidiaries after having taken into account the actual situation of the Company in ways of hearing reports from financial department and regular auditing and other methods, thus strengthening the supervision over the Company's financial affairs. The Board of Supervisors of the Company is of the view that the Company and each of its subsidiaries have established their own independent financial departments with separate financial books and have conducted auditing independently, and that they have complied with Accounting Law as well as relevant financial regulations and rules. In 2017, the financial management of the Company and each of its subsidiaries was carried out on a standard basis and the accounting statements gave a true and accurate picture of the actual situation of the Company and each of its subsidiaries.

(2) Details of Connected Transactions

During the Reporting Period of the current year, the ordinary connected transactions between the Company and its connected persons have all been considered and approved on the meetings of the Board of Directors or shareholders' general meetings (if applicable) of the Company. The connected transactions were carried out in accordance with contracts or agreements in arm's length with no damages to the interests of the Company.

4. COMPREHENSIVE OPINION FROM BOARD OF SUPERVISORS ON THE COMPANY'S SITUATION IN 2017

- (1) During the Reporting Period, members of Board of Supervisors earnestly performed duties and supervised the Board of Director's performance of duties and its implementations of the Company's decision procedures by attending meetings of the Board of Directors. The Board of Supervisors is of the view that each resolution and decision procedure has been arrived by the Board of Directors in due compliance of the requirements of the Company Law of the PRC, the Articles of Association and the Rules of the Procedures of the Meetings of the Board of Directors and are legal and effective.

三、監事會對本公司2017年度有關事項的監督意見：

(一) 本公司財務狀況

本公司監事會結合本公司實際情況，通過聽取財務部門彙報、進行定期審計等方式，對本公司本部、附屬公司的財務情況進行了檢查，強化了對本公司財務工作的監督。本公司監事會認為，本公司及各附屬公司設有獨立的財務部門，有獨立財務賬冊，獨立核算，遵守《會計法》和有關財務規章制度。2017年的本公司及各附屬公司財務管理規範，會計報表真實、準確地反映了本公司及各附屬公司的實際情況。

(二) 關聯交易情況

報告期內，本公司與關聯人士的日常性關聯交易事項均通過了本公司董事會或股東大會（如適用）的審議，關聯交易中按合同或協議公平交易，沒有損害本公司的利益。

四、監事會對本公司2017年度情況的綜合意見

- (一) 報告期內，監事會成員認真履行職責，恪盡職守，通過列席董事會會議，對董事會履行職權、執行本公司決策程序進行了監督。監事會認為，本公司董事會所形成的各項決議和決策程序認真履行了《中國公司法》、公司章程和董事會議事規則的規定，是合法有效的。

REPORT OF THE BOARD OF SUPERVISORS

監事會報告

- (2) During the Reporting Period, the senior management members of the Company fulfilled their duties in accordance with the Articles of Association and relevant laws and regulations of China. With aims to protect the interests of the Company and its Shareholders, they earnestly implemented the resolutions of the Company's general meetings, fulfilled obligations of fiduciary and due diligence so as to facilitate the Company to carry out a standard operation, democratic decision, management science, clear targeting and continuing innovation, having achieved favourable economic benefits without acts of violation.
- (3) The Board of Supervisors has honestly reviewed the financial reports for 2017 and other relevant information. It considers that such reports give an objective view of the Company's financial conditions and operating results. The operating results of the Company for 2017 are true and accurate and the control over cost is effective.
- (4) **Opinion Regarding The Company's Self-Appraisal on Its Internal Control**
The Company has, taking into account of the Company's actual situation, established and developed an internal control system that covers all areas of the Company according to the relevant requirements of the Listing Rules, Company Law of the People's Republic of China and Articles of Association. Such system has ensured that the Company's operating activities are in a normal and ordinary course and has safeguarded the security and integrity of the Company's assets. The institutional framework of the internal control of the Company is complete and the internal auditing department and personnel allocation are in place, which has ensured that the implementation of and supervision over key activities under the Company's internal control are sufficient and effective. In 2017, no circumstances under which the Company would violate the Guidelines for Internal Control of Listed Companies and the internal control system of the Company occurred. The Board of Supervisors considers that the Company's self-appraisal on its internal control gives a comprehensive and true picture of the actual situation of the internal control of the Company.
- (二) 報告期內，本公司高級管理人員履行職務時能遵守公司章程和國家法律、法規，以維護本公司股東利益為出發點，認真執行本公司股東大會決議，履行誠信和勤勉盡責的義務，使本公司運作規範，決策民主、管理科學、目標明確、不斷創新，取得了良好的經濟效益，沒有出現違法違規行為。
- (三) 監事會認真審核了2017年度財務報告等有關資料，認為報告客觀的反映了本公司的財務狀況和經營成果，本公司2017年度實現的業績是真實的，成本控制效果顯著。
- (四) 對本公司內部控制自我評價的意見
本公司根據上市規則、《中華人民共和國公司法》、公司章程的有關規定，按照本公司實際情況，建立健全了覆蓋本公司各環節的內部控制制度，保證了本公司業務活動的正常活動，保護本公司資產的安全和完整。本公司內部控制組織機構完整，內部審計部門及人員配備到位，保證了本公司內部控制重點活動的執行及監督充分有效。2017年本公司沒有違反《上市公司內部控制指引》及本公司內部控制制度的情形發生。監事會認為，本公司內部控制自我評價全面、真實的反映了本公司內部控制的實際情況。

Chairman of the Board of Supervisors

HUANG Fangfang

Hubei, the PRC

23 March 2018

監事會主席

黃芳芳

中國湖北

2018年3月23日

The Board is pleased to present this corporate governance report as set out in the Company's annual report for the year ended 31 December 2017.

The Group strives to maintain high standards of corporate governance to enhance Shareholders' value and safeguard Shareholders' interests. The Company's corporate governance principles emphasize the importance of a quality Board, effective internal controls and accountability to Shareholders.

CORPORATE GOVERNANCE PRACTICE

The Company has complied with all the code provisions as set out in Appendix 14 of the Listing Rules during the year ended 31 December 2017.

The Company will review its corporate governance practices regularly to ensure its compliance with the corporate governance code.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code regarding Directors' and Supervisors' dealings in the Company's securities (the "Model Code").

The Company has made specific enquiry to all of the Directors and Supervisors and all of the Directors and Supervisors have confirmed that they have complied with the Model Code since the Listing Date to 31 December 2017.

董事會欣然提呈載於本公司截至2017年12月31日止年度報告之企業管治報告。

本集團致力維持高標準企業管治，以提升股東價值及保障股東權益。本公司之企業管治原則強調高質董事會、有效內部監控及向股東負責之重要性。

企業管治常規

截至2017年12月31日止年度內，本公司已遵守上市規則附錄14所載的所有守則條文。

本公司將定期檢討其企業管治常規，以確保其符合企業管治守則。

遵守有關董事及監事所進行證券交易之標準守則

本公司已採納上市規則附錄10所載的標準守則作為其有關董事及監事買賣本公司證券的守則（「標準守則」）。

本公司已向全體董事及監事作出特定查詢，而全體董事及監事均已確認，彼等自上市日期起至2017年12月31日止已遵守標準守則。

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD OF DIRECTORS

Board composition

The Board is responsible for overseeing the Group's strategic development, and determining the objectives, business strategies and policies of the Group. The Board also monitors and controls operating and financial performance in pursuit of the Group's strategic objectives. The Board currently consists of nine Directors, comprising four executive Directors, two non-executive Directors and three independent non-executive Directors. The Directors who held office during the year ended 31 December 2017 and as the date of this report are:

Executive Directors

Mr. JIANG Juncai

Mr. WANG Danjin

Mr. CHEN Yangui

Mr. ZHU Qiaohong (appointed on 16 June 2017)

Non-executive Directors

Mr. TANG Xinfa (*Chairman*)

Mr. ZHU Yingwei (resigned on 9 May 2017)

Mr. MO Kit

Independent Non-executive Directors

Mr. TANG Jianxin

Mr. FU Hailiang

Mr. LEE Chi Ming

The Directors have no financial, business, family or other material/relevant relationships with each other.

The biographies of the Directors are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" of this report.

Each of the Directors (including the non-executive Directors) has entered into a service contract with the Company. The principal particulars of these service contracts are: (a) each of the contracts is for a term of three years following each Director's respective appointment date; and (b) each of the contracts is subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the Articles of Association and the applicable rules.

董事會

董事會之組成

董事會負責監管本集團的戰略發展，決定本集團的目標、商務策略及政策，並監察及掌握營運及財務表現，以達到本集團的戰略性目標。目前，董事會包括九名董事，其中包括四名執行董事、兩名非執行董事及三名獨立非執行董事。於截至2017年12月31日止年度內及本報告日期期間，任職董事如下：

執行董事

蔣均才先生

王丹津先生

陳燕桂先生

朱巧洪先生(於2017年6月16日獲委任)

非執行董事

唐新發先生(董事長)

朱英偉先生(於2017年5月9日辭任)

毛杰先生

獨立非執行董事

唐建新先生

付海亮先生

李志明先生

董事彼此間概無任何財務、業務、家族或其他重大／相關關連。

董事簡歷載於本報告「董事、監事及高級管理人員簡介」一節。

各董事(包括非執行董事)已與本公司簽訂服務合約。該等服務合約之主要內容為：(a)各合約的期限為自各董事任命之日起三年；及(b)各合約根據其各自的條款終止。可以根據公司章程和適用規則續簽合約。

Up to the date of this report, the Board at all times complied with the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written confirmation from each of the independent non-executive Director of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

RESPONSIBILITIES OF THE BOARD

The Board shall exercise the following functions and powers:

- To convene the general meetings, submit relevant matters to the general meetings for passing, and report on its work to the Shareholders;
- To implement the resolution of the general meeting;
- To decide on the business plans and investment schemes of the Company;
- To formulate the Company's proposed annual financial budget and final accounts;
- To formulate the Company's profit distribution plan and plan for making up for losses;
- To formulate proposals for the increase or reduction of the Company's registered capital, and plans for the issue of corporate bonds or other securities and the listing plan;
- To draw up plans for material assets acquisition or disposal, repurchase of the Company's Shares, or merger, demerger, dissolution or change of the form of the Company;
- To decide on the establishment of the Company's internal management organization;
- To appoint or remove the Company's general manager and secretary of the Board; to appoint or remove other senior management officers pursuant to the general manager's nominations, and to determine the abovementioned matters relating to the remuneration, incentives and punishments of the senior management officers;

直至本報告日期，董事會一直遵守上市規則中有關委任至少三名獨立非執行董事以及其中至少一名獨立非執行董事須擁有相關專業資格或會計或相關財務管理專長的規定。

本公司已接獲各獨立非執行董事根據上市規則第3.13條的規定就其獨立性發出的確認書。根據上市規則所載的獨立性指引，本公司認為全體獨立非執行董事均具獨立性。

董事會之職責

董事會須行使下列職權：

- 召集股東大會會議，提請股東大會通過有關事項，並向股東大會報告工作；
- 執行股東大會的決議；
- 決定本公司的經營計劃和投資方案；
- 制訂本公司的年度財務預算方案和決算方案；
- 制訂本公司的利潤分配方案和彌補虧損方案；
- 制訂本公司增加或者減少註冊資本的方案以及發行本公司債券或其他證券及上市的方案；
- 擬訂本公司重大資產收購和出售、回購本公司股票或合併、分立、解散及變更本公司形式的方案；
- 決定本公司內部管理機構的設置；
- 聘任或者解聘本公司總經理、董事會秘書；根據總經理的提名，聘任或者解聘本公司其他高級管理人員；並決定前述高級管理人員薪酬事項和獎懲；

CORPORATE GOVERNANCE REPORT

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- To formulate the Company's basic management system;
 - To formulate proposals for any amendment to the Articles of Association;
 - To decide on the matters such as merger, division, reorganization or dissolution of the Company's wholly-owned subsidiaries and subsidiaries;
 - To change the use of the placement to the extent beyond the decision of the general meeting as required by laws and regulations;
 - To decide on the establishment of special committees under the Board and to appoint or remove its person-in-charge;
 - To propose at the general meetings a resolution in respect of candidates for independent Directors and replacement of independent Directors;
 - To propose at the general meetings for the appointment, renewal or remove of accountants' firm conducting auditing for the Company;
 - To hear the work report and inspect the work of the general manager;
 - To manage information disclosure of the Company;
 - To formulate the equity incentive plan;
 - Save as otherwise required to be decided by the general meetings under laws and regulations and the Articles of Association, the Board exercises its power to make decisions on external investments (including capital increase and equity transfer of the invested enterprises), financing, risk management and trust management, external guarantees, etc.;
 - To decide on other major affairs of the Company, save for matters to be resolved at the general meetings as required by the PRC Company Law and the Articles of Association;
 - To exercise other functions and powers as granted by the Articles of Association or the general meetings of the Company; and
 - To conduct other matters as required by PRC laws and regulations.
- 制定本公司的基本管理制度；
 - 制訂本公司章程的修改方案；
 - 決定本公司的全資附屬公司或控股附屬公司的合併、分立、重組或解散等事項；
 - 修改募集資金的使用用途，但法律法規要求由股東大會決定的除外；
 - 決定董事會專門委員會的設置和任免專門委員會負責人；
 - 向股東大會提出獨立董事候選人和提議撤換獨立董事的議案；
 - 向股東大會提請聘任、續聘或解聘承辦本公司審計業務的會計師事務所；
 - 聽取總經理的工作匯報並檢查總經理工作；
 - 管理本公司信息披露事項；
 - 制訂股權激勵方案；
 - 董事會對除法律法規以及本公司章程規定的必須由股東大會決策以外的對外投資（包括對所投資企業的增資和股權轉讓）、融資、風險投資及委託理財、對外擔保等事項行使決策權；
 - 除中國公司法和公司章程規定由股東大會決議的事項外，決定本公司的其他重大事務；
 - 本公司章程或股東大會授予的其他職權；及
 - 中國法律法規規定的其他事項。

In addition, the Board undertakes corporate governance function includes:

- To establish and review the Company's corporate governance policies and codes;
- To review and supervise the training and sustained professional development of the Company's Directors, Supervisors and senior management officers;
- To review and supervise the Company's policies and practices in connection with compliance with laws and regulatory requirements;
- To establish, review and supervise the codes of conduct and compliance handbook (if any) applicable to Directors and employees;
- To review the Company's compliance with the Code on Corporate Governance Practices and the disclosures made in the Corporate Governance Report.

The Board had reviewed the Company's corporate governance policies and codes; the training and sustained professional development of the Company's Directors, Supervisors and senior management officers; the Company's policies and codes in connection with compliance with laws and regulatory requirements and the Company's compliance with the Code on Corporate Governance Practices and the disclosures made in the Corporate Governance Report.

The Group's management team, which possesses extensive operating experience and industry knowledge, has been delegated by the Board with the authority and responsibility for the day-to-day management of the Group. During the year, the Board considered and approved the annual budget and its performance under management supervision together with the business reports from the management. The Board also reviewed and approved the final results for the year ended 31 December 2017 and other critical business operations. The Board also assessed the internal control and the financial matters of the Group.

In addition, this corporate governance report has been reviewed by the Board in discharge of its corporate governance function.

此外，董事會須負責的企業管治職能包括：

- 制定及檢討本公司的企業管治政策及常規；
- 檢討及監察董事、監事及高級管理人員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、檢討及監察僱員及董事的操守準則及合規手冊(如有)；
- 檢討本公司遵守上市規則內的《企業管治守則》的情況及在《企業管治報告》內的披露。

董事會已檢討本公司的企業管治政策及守則、本公司董事、監事及高級管理人員的培訓及持續專業發展、本公司有關遵守法律法規的政策及守則，及本公司是否遵守企業管治常規守則以及企業管治報告中所作披露。

本集團的管理層團隊具備廣泛的營運經驗及行業知識，並已獲董事會授予權利及責任以負責本集團日常管理。年內，董事會已審議並批准年度預算及在管理層監察下的預算表現，連同管理層的業務報告。董事會亦已審閱並批准截至2017年12月31日止年度的年度業績及其他重要業務活動，董事會亦已評核本集團的內部監控及財務事宜。

此外，董事會已審閱本企業管治報告，以履行其於企業管治職能的責任。

CORPORATE GOVERNANCE REPORT

企業管治報告

OPERATION OF THE BOARD

Meetings of the Board of Directors shall be held at least 4 times each year. Such meetings shall be convened by the Chairman of the Board.

In case of any of the followings, the Chairman of the Board shall convene an interim meeting of the Board of Directors within 10 days:

- When proposed by Shareholders representing one tenth of voting rights or more;
- When proposed by one third of Directors or more;
- When the Chairman of the Board deems it necessary;
- When proposed by two or more independent Directors;
- When proposed by the Board of Supervisors; or
- When the General Manager proposes the convening of the interim meetings of the Board of Directors.

To convene a regular or interim meeting of the Board of Directors, a written notice shall be sent to all Directors and Supervisors 14 days prior to the date of a regular meeting or 3 days prior to an interim meeting. By written consent of all Directors present at the meeting, the above time limit may not be observed. The office or other department designated by the Board of Directors is responsible for serving the written meeting notice to all Directors and Supervisors by direct service, fax, e-mail or other means. If an interim meeting of the Board of Directors needs to be held quickly due to urgent circumstances, a meeting notice may be given at any time by telephone or other oral methods, provided that the convener makes an explanation thereof at the meeting.

Meetings of the Board of Directors may be held only if more than one half of the Directors are present. Each Director shall have one vote. Unless specified otherwise in the laws, administrative regulations or the Articles of Association, resolutions of the Board must be passed by more than half of all the Directors.

Directors shall not vote the resolution on the approval of contract, arrangement or other suggestions that they or their associates maintain interests inside (which shall not be included in the quorum of the relevant meetings). Even though such Directors claim to vote, the votes will not be counted, unless otherwise specified in laws, administrative regulations, relevant regulatory regulations or rules.

董事會之運作

董事會每年至少召開四次會議，由董事長召集。

倘發生下列任何事項時，董事長應自接到提議後10日內召開臨時董事會會議：

- 代表十分之一以上表決權的股東提議；
- 三分之一以上的董事聯名提議；
- 董事長認為必要時；
- 兩名或以上獨立董事提議時；
- 監事會提議時；或
- 總經理提議召開臨時董事會會議時。

召開董事會定期會議應當於會議召開14日前或臨時會議應當於會議召開3日前通知全體董事、監事。經出席會議的全體董事書面同意的，可不受上述時間限制。董事會辦公室或董事會指定的其他部門負責，將書面會議通知，通過直接送達、傳真、電子郵件或者其他方式，提交全體董事、監事。情況緊急，需要儘快召開董事會臨時會議的，可以隨時通過電話或者其他口頭方式發出會議通知，但召集人應當在會議上作出說明。

董事會會議應當由過半數的董事出席方可舉行。每名董事有一票表決權。董事會作出決議，除法律、行政法規和公司章程另有規定外，必須經全體董事的過半數通過。

董事不得就批准本身或其任何聯繫人佔有其中利益的合約或安排或其他建議的任何決議案進行表決（也不得計入有關會議的法定人數），即使董事宣稱要表決，亦不計算其所投票數，但法律、行政法規、有關監管條例或規則另有規定的除外。

In 2017, the Board held eight meetings and the attendance records of Directors at the Board meetings were as follows:

於2017年，董事會已舉行8次會議，董事出席董事會會議次數的記錄如下：

Name of Directors:		Meeting attended/ Number of Board meetings convened
董事姓名：		出席會議／召開董事會會議次數
Mr. Tang Xinfu	唐新發先生	8/8
Mr. Zhu Qiaohong ⁽²⁾	朱巧洪先生 ⁽²⁾	4/8
Mr. Jiang Juncai	蔣均才先生	8/8
Mr. Wang Danjin	王丹津先生	8/8
Mr. Chen Yangui	陳燕桂先生	8/8
Mr. Mo Kit	毛杰先生	8/8
Mr. Tang Jianxin	唐建新先生	8/8
Mr. Fu Hailiang	付海亮先生	8/8
Mr. Lee Chi Ming	李志明先生	8/8
Mr. Zhu Yingwei ⁽¹⁾	朱英偉先生 ⁽¹⁾	4/8

Note⁽¹⁾: Mr. Zhu Yingwei resigned as a non-executive director of the Company with effect from 9 May 2017.

註⁽¹⁾：朱英偉先生已於2017年5月9日辭任本公司非執行董事。

⁽²⁾: Mr. Zhu Qiaohong was appointed as an executive director of the Company with effect from 16 June 2017.

⁽²⁾：朱巧洪先生於2017年6月16日獲委任為本公司執行董事。

NOMINATION AND REMOVAL OF DIRECTOR

The Company has formulated a formal and transparent procedure for the appointment of new Directors to the Board. Nomination of new Director is first considered by the Nomination Committee and the Remuneration and Evaluation Committee and then recommended to the Board for consideration. All newly nominated Directors are subject to the approval of the Shareholders at the general meetings of the Company. Removal of members of the Board are also subject to the approval of the Shareholders at the Company's general meetings.

董事之提名及任免

本公司已就委任新董事加入董事會制訂正式及具透明度的程序。新董事的提名先由提名委員會和薪酬與考核委員會考慮，再向董事會推薦以待考慮。所有新提名的董事須經股東於本公司股東大會上批准。罷免董事會成員亦須經股東於本公司股東大會上批准。

DIRECTOR'S TRAINING

The Directors are continually updated their knowledge on the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing briefing and professional development for Directors will be arranged by the Company where necessary. Individual Directors also participated in the courses relating to the roles, functions and duties of a listed company director or further enhancement of their professional development by way of attending training courses or via online aids or reading relevant materials.

董事培訓

董事持續更新彼等有關法律及監管制度以及營商環境的知識，以履行彼等職責。本公司並於有需要時安排董事接受持續簡報及專業發展。個別董事亦出席有關上市公司董事的角色、職能及職責的課程或透過參加網上輔助或閱讀相關資料進一步鞏固其專業發展。

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The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that they could make contribution to the Board based on their possessing of comprehensive professional attainment. In 2017, the Directors are committed to complying with the provision A.6.5 of the Code on Directors' training. All Directors have participated in continuous professional development and provided a record of training they received.

The list below summaries the training received by the Directors for the year ended 31 December 2017:

本公司鼓勵董事參與持續的專業發展，以發展及更新彼等的知識及技能，以確保彼等在具備全面職業涵養的前提下為董事會作出貢獻。於2017年，董事嚴格遵守守則條文A.6.5進行董事培訓。全體董事均已參與持續的專業發展，並已提供彼等收到的培訓記錄。

以下概列董事於截至2017年12月31日止年度已接受的培訓：

Name of Directors 董事姓名		Attending seminar, conference and workshop related to director's duties	Reading materials like newspaper, journals and updates relevant to corporate governance
		出席於董事職責相關的研討會、 會議及討論會	閱讀資料，例如報紙、 雜誌及企業管治相關更新資料
Mr. Tang Xinfu	唐新發先生	√	√
Mr. Zhu Qiaohong	朱巧洪先生	√	√
Mr. Chen Yangui	陳燕桂先生	√	√
Mr. Jiang Juncai	蔣均才先生	√	√
Mr. Mo Kit	毛杰先生	√	√
Mr. Wang Danjin	王丹津先生	√	√
Mr. Tang Jianxin	唐建新先生	√	√
Mr. Fu Hailiang	付海亮先生	√	√
Mr. Lee Chi Ming	李志明先生	√	√
Mr. Zhu Yingwei ⁽¹⁾	朱英偉先生 ⁽¹⁾	√	√

Note⁽¹⁾: Mr. Zhu Yingwei resigned as a non-executive director of the Company with effect from 9 May 2017.

註⁽¹⁾：朱英偉先生已於2017年5月9日辭任本公司非執行董事。

CHAIRMAN AND GENERAL MANAGER

The roles and duties of the Chairman of the Board and the general manager of the Company are separate and held by different persons and have been clearly defined in the Articles of Association. Mr. TANG Xinfa and Mr. JIANG Juncai act as the Chairman of the Board and the general manager of the Company respectively.

The Chairman of the Board, Mr. TANG Xinfa, a non-executive Director is entitled to exercise the following functions and powers:

- To preside over Shareholder's general meetings, to convene and preside over meetings of the Board of Directors;
- To procure and inspect the implementation of the resolutions of the Board of Directors;
- To sign the share certificates, corporate bonds and other negotiable securities issued by the Company;
- To sign important documents of the Board of Directors and other documents to be signed by the legal representative of the Company, and to exercise the functions and powers of the legal representative;
- To organize and establish various systems and harmonize the operation of the Board of Directors;

董事長及總經理

董事長及本公司總經理的職責有所區分，並由不同人士擔任，且於公司章程明確界定。唐新發先生及蔣均才先生分別擔任董事長及本公司總經理。

董事長兼非執行董事唐新發先生負責行使下列職權：

- 主持股東大會和召集、主持董事會會議；
- 督促、檢查董事會決議的實施情況；
- 簽署本公司發行的股票、本公司債券及其他有價證券；
- 簽署董事會重要文件和應由本公司法定代表人簽署的其他文件，行使法定代表人的職權；
- 組織制訂董事會運作的各項制度，協調董事會的運作；

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- To hear the regular or non-regular work reports of the senior management officers of the Company, and give guidance on the implementation of the resolutions of the Board of Directors;
 - To nominate the list of the secretary candidates of the Board of Directors; and
 - Other functions and powers conferred by the laws, regulations or the Articles of Association, and the Board of Directors.
- 聽取本公司高級管理人員定期或不定期的工作報告，對董事會決議的執行提出指導性意見；
 - 提名本公司董事會秘書人選名單；及
 - 法律法規或公司章程規定，以及董事會授予的其他職權。

Mr. JIANG Juncai, an executive Director and general manager of the Company, is responsible to the Board of Directors and exercise the following functions and powers:

本公司執行董事兼總經理蔣均才先生向董事會負責及行使下列職權：

- To be in charge of the production, operation and management of the Company, and report to the Board of Directors;
 - To organize and implement the resolutions of the Board of Directors, annual business plans and investment schemes of the Company;
 - To prepare the annual financial budget plan, and final account plan of the Company, and make recommendations to the Board of Directors;
 - To prepare the basic management system and plan for establishment of the Company's internal management organization;
 - To formulate specific rules of the Company;
 - To request the Board of Directors to engage or dismiss other senior management officers; and
 - To engage or dismiss the responsible managers except those who shall be engaged or dismissed by the Board of Directors.
- 主持本公司的生產經營管理工作，並向董事會報告工作；
 - 組織實施董事會決議、本公司年度經營計劃和投資方案；
 - 擬訂本公司年度財務預算方案、決算方案，並向董事會提出建議；
 - 擬訂本公司的基本管理制度和內部管理機構設置方案；
 - 制定本公司具體規章；
 - 提請董事會聘任或者解聘其他高級管理人員；及
 - 聘任或者解聘除應由董事會聘任或者解聘以外的負責管理人員。

BOARD COMMITTEES

The Board had delegated certain responsibilities to various committees. The Company had established three Board committees, being the Nomination Committee, Remuneration and Evaluation Committee and Audit Committee.

董事會委員會

董事會已將部份職責轉授予多個委員會。本公司已設立三個董事會委員會，即提名委員會、薪酬與考核委員會及審核委員會。

Nomination Committee

The Company has established a Nomination Committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix I4 to the Listing Rules. The Nomination Committee consists of three members, namely Mr. Lee Chi Ming (an independent non-executive Director), Mr. Zhu Qiaohong (an executive Director) and Mr. Fu Hailiang (an independent non-executive Director), among whom Mr. Lee Chi Ming serves as the chairman of Nomination Committee.

The primary duties of the Nomination Committee are to review the composition of the Board, assess the independence of independent non-executive Directors and make recommendations to the Board on the appointment and removal of Directors.

The Company had adopted a diversification policy aims to set out the approach to achieve the diversity of members of the Board to enhance the effectiveness of the Board. The Company recognises and embraces the benefits of diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members.

The Nomination Committee will follow a range of diversified criteria, including but not limited to sex, age, cultural and education background, race, professional experience, skills, knowledge and years of service. The ultimate decision will be made upon the possible contribution that the selected candidates will bring to the Board.

In 2017, the Nomination Committee held one meeting and the attendance record of Directors at the Nomination Committee meeting was as follows:

Name of Directors 董事姓名		Meeting attended/ Number of Nomination Committee convened 出席會議／召開提名委員會會議次數
Mr. Lee Chi Ming	李志明先生	1/1
Mr. Zhu Qiaohong ⁽²⁾	朱巧洪先生 ⁽²⁾	0/1
Mr. Fu Hailiang	付海亮先生	1/1
Mr. Zhu Yingwei ⁽¹⁾	朱英偉先生 ⁽¹⁾	1/1

Note⁽¹⁾: Mr. Zhu Yingwei resigned as a non-executive director of the Company and member of Nomination Committee with effect from 9 May 2017.

⁽²⁾: Mr. Zhu Qiaohong was appointed as an executive director of the Company and member of Nomination Committee with effect from 16 June 2017.

In 2017, the Nomination Committee reviewed the composition of the Board in accordance with the requirements as stipulated in the Corporate Governance Code and concluded that the Board comprised members with diversified backgrounds and skills which ensured balance and safeguarded the interests of Shareholders as well as the public. In 2017, the Nomination Committee has considered a number of aspects including diversification factors, and approved the nomination of Mr. Zhu Qiaohong as the executive Director of the Company and has submitted to the Board of Directors for consideration and approval.

提名委員會

本公司已根據上市規則附錄I4所載企業管治守則成立提名委員會，並制定其書面職權範圍。提名委員會由三名成員組成，即李志明先生（獨立非執行董事）、朱巧洪先生（執行董事）及付海亮先生（獨立非執行董事），其中李志明先生出任提名委員會的主席。

提名委員會的主要職責為審核董事會的成員組成、評估獨立非執行董事的獨立性以及向董事會建議委任和罷免董事。

本公司已採取多元化政策，務求達到董事會成員多元化之目的，從而提升董事會效能。本公司承認並接受多元化的董事會成員的裨益。這可致力確保董事會能因應本公司業務需求具備適當技巧、經驗及多樣的觀點及角度。本公司仍會按有關人選的長處並考慮對董事會成員多元化的裨益而作出董事會委任。

提名委員會將從多方面就多元化因素進行考慮，包括但不限於性別、年齡、文化及教育背景、種族、專業經驗、技能、知識及服務年資，並按董事人選可為董事會帶來的貢獻而作出最終決定。

於2017年，提名委員會已舉行一次會議，董事出席提名委員會會議次數的記錄如下：

註⁽¹⁾：朱英偉先生已於2017年5月9日辭任本公司非執行董事及提名委員會成員。

⁽²⁾：朱巧洪先生於2017年6月16日獲委任為本公司執行董事及提名委員會成員。

於2017年，提名委員會根據企業管治守則規定審閱董事會的組成，並認為董事會由具備多元化背景及技能的成員組成，並確保充分制衡以及保障股東及公眾人士利益。於2017年，提名委員會已從多方面就多元化因素進行考慮，審議通過了提名朱巧洪先生為本公司執行董事並提呈董事會審議考慮。

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Remuneration and Evaluation Committee

The Company had established a Remuneration and Evaluation Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix I4 to the Listing Rules. The Remuneration and Evaluation Committee consists of three members, namely Mr. Fu Hailiang (an independent non-executive Director), Mr. Jiang Juncai (an executive Director) and Mr. Tang Jianxin (an independent non-executive Director), among whom Mr. Fu Hailiang serves as the chairman of Remuneration and Evaluation Committee.

The primary duties of the Remuneration and Evaluation Committee are to advise on and formulate the remuneration and evaluation policy in respect of Directors, senior management and other managing members of the Group and make recommendations to the Board.

In 2017, the Remuneration and Evaluation Committee held one meeting, at which the resolutions in relation to the remuneration of executive Directors and senior management of the Company in 2016 and the remuneration policy for the executive Directors and senior management for 2017 were discussed and proposed. The attendance record of Directors at the Remuneration and Evaluation Committee meeting was as follows:

Name of Directors		Meeting attended/Number of Remuneration and Evaluation Committee convened
董事姓名		出席會議／召開薪酬與考核委員會會議次數
Mr. Fu Hailiang	付海亮先生	1/1
Mr. Jiang Juncai	蔣均才先生	1/1
Mr. Tang Jianxin	唐建新先生	1/1

In 2017, the Remuneration and Evaluation Committee assessed the performance of executive Directors, reviewed the remuneration policy, considered and approved the proposed 2018 Director's fees for executive Directors and made recommendation to the Board on the Directors' fees for non-executive Directors.

Remuneration of Directors and senior management

The Company has established a formal and transparent procedure for formulating policies on remuneration of senior management of the Group. Details of the remuneration of each of the Directors for the year ended 31 December 2017 are set out in Note 7 to the Financial Statements.

薪酬與考核委員會

本公司已根據上市規則第3.25條以及上市規則附錄I4所載企業管治守則成立薪酬與考核委員會，並制定其書面職權範圍。薪酬與考核委員會由三名成員組成，即付海亮先生（獨立非執行董事）、蔣均才先生（執行董事）及唐建新先生（獨立非執行董事），其中付海亮先生出任薪酬與考核委員會的主席。

薪酬與考核委員會的主要職責為就本集團董事、高級管理人員及其他管理成員建議及制定薪酬與評估政策，並向董事會提供意見。

於2017年，薪酬與考核委員會已舉行一次會議，會上討論及建議董事會考慮有關2016年本公司執行董事及高級管理層薪酬的決議案及2017年執行董事及高級管理層的薪酬政策。董事出席薪酬與考核委員會會議次數的記錄如下：

Meeting attended/Number of Remuneration and Evaluation Committee convened

出席會議／召開薪酬與考核委員會會議次數

於2017年，薪酬及考核委員會已評估執行董事的表現、檢討薪酬政策、審議及批准2018年執行董事的董事袍金建議以及向董事會建議非執行董事的董事袍金。

董事及高級管理人員的薪酬

本公司已就制訂本集團高級管理人員的薪酬政策建立正式及具透明度的程序。截至2017年12月31日止年度各董事薪酬的詳情載於財務報表附註7。

Remuneration paid to the senior management (excluding the Directors) by bands for the year ended 31 December 2017 is set out below:

下表載列截至2017年12月31日止年度按區間劃分支付予高級管理人員(不包括董事)的薪酬：

Remuneration bands HKD 薪酬區間港幣	Number of individuals 人數
Nil to HK\$1,000,000 零至1百萬港元	2

Audit Committee

The Company had established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Audit Committee consists of three members, namely Mr. Tang Jianxin (an independent non-executive Director), Mr. Lee Chi Ming (an independent non-executive Director) and Mr. Tang Xinfu (a non-executive Director), among whom Mr. Tang Jianxin serves as the chairman of Audit Committee.

The primary duties of the Audit Committee are to oversee the financial reporting system and internal control procedures of the Company, review the financial information of the Company and consider issues relating to the external auditors and their appointment.

The work performed by the Audit Committee in 2017 included review of the annual results of the Company for the year ended 31 December 2016, interim results of the Company for the six months ended 30 June 2017. The Audit Committee also reviewed the adequacy and effectiveness of the risk management and internal control system and making recommendation to the Board for improvement of internal control, credit control and risk management.

審核委員會

本公司已根據上市規則第3.21條以及上市規則附錄14所載企業管治守則成立審核委員會，並制定其書面職權範圍。審核委員會由三名成員組成，即唐建新先生(獨立非執行董事)、李志明先生(獨立非執行董事)及唐新發先生(非執行董事)，其中唐建新先生出任審核委員會的主席。

審核委員會的主要職責為監督本公司的財務申報系統及內部監控程序、檢討本公司的財務信息以及審議與外部核數師及其委任相關的事宜。

審核委員會於2017年的工作包括審閱本公司截至2016年12月31日止年度的年度業績、本公司截至2017年6月30日止六個月的中期業績。審核委員會亦檢討風險管理及內部控制系統是否準確有效，以及就改善內部監控、信貸控制及風險管理向董事會提出建議。

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In 2017, the Audit Committee held two meetings and the attendance records of Directors at the Audit Committee meetings were as follows:

於2017年，審核委員會已舉行兩次會議，董事出席審核委員會會議次數的記錄如下：

Directors		Meeting attended/ Number of Audit Committee convened
董事姓名		出席會議／召開審核委員會會議次數
Mr. Tang Jianxin	唐建新先生	2/2
Mr. Lee Chi Ming	李志明先生	2/2
Mr. Tang Xinfra	唐新發先生	2/2

In 2017, the Audit Committee reviewed, discussed and approved the annual results for the year ended 31 December 2016 and the interim results for the period ended 30 June 2017. The Audit Committee also reviewed the auditor's remuneration for 2017 and recommended the Board to re-appoint KPMG as the Company's auditor for the year of 2018, subject to the approval of the Shareholders at the AGM.

於2017年，審核委員會已審閱、討論及批准截至2016年12月31日止年度的年度業績及截至2017年6月30日止期間的中期業績。審核委員會亦審閱2017年的核數師酬金及向董事會推薦續聘畢馬威會計師事務所為2018年之本公司核數師，惟須待股東於股東週年大會上批准。

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the Consolidated Financial Statements of the Company for the year ended 31 December 2017. The Directors consider that the Group has sufficient resources to continue in business for the foreseeable future and are not aware of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

問責及審核

董事承認須負責編製本公司截至2017年12月31日止年度的綜合財務報表。董事認為本集團擁有充足資源以在可見將來繼續經營業務，而且並不知悉可能引致本公司能否持續經營業務成為重大疑問的重大不明朗因素。

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

董事會須負責就年度及中期報告、內幕消息公告及根據上市規則及其他法律及監管規定而須發表之其他披露呈報作出平衡、清晰及可理解之評估。

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's Consolidated Financial Statements, which are put to the Board for approval.

管理層已向董事會提供必要的解釋及資料，讓董事會可就提交予董事會批准之本公司綜合財務報表作出知情批准。

INTERNAL CONTROLS AND RISK MANAGEMENT

It is the responsibility of the Board of Directors to ensure that the Company maintains sound and effective internal controls to safeguard the Shareholders' investment and the Group's assets at all times. In preparation for the Listing, we engaged an internal control consultant to perform certain procedures in May 2015 in respect of assessing our internal control. Upon completion of such procedures, the internal control consultant provided us with a number of assessment results and the relevant recommendations, which we have adopted in full. In particular, we have adopted a series of internal control policies, procedures and programmes designed to achieve effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. Highlights of our internal control system include the following:

- *Internal Audit.* We put in place the internal audit charter that clearly states the objectives, organisation, functions and responsibilities, working scope and procedures of our internal audit functions. We established an internal audit department that is responsible for internal auditing and execution of antibribery measures in accordance with the internal audit charter. The internal audit department reports to our senior management and the Audit Committee.
 - *Listing Rules Compliance.* We have adopted various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to corporate governance, connected transactions, notifiable transactions, inside information and securities transactions by the Directors. We have designated staff to monitor our compliance with Listing Rules and other applicable laws and regulations who have the power to investigate relevant incidents if any and communicate with the related authorities or advisers.
 - *Code of Conduct.* Our code of conduct explicitly communicates to each employee our values, acceptable criteria for decision-making and our ground rules for behaviour. Our code of conduct also includes whistle-blowing policies to encourage all employees to speak up against any sub-standard behaviour. We also established an anti-money laundering management group and a related working group that are responsible for monitoring and supervising the implementation of our code of conduct and our anti-money laundering policies.
- 內部控制及風險管理**
- 董事會負責確保本公司維持良好及有效的內部控制，以始終保障股東的投資及本集團的資產。為籌備上市，我們委聘一名內部控制顧問於2015年5月對我們的內部控制進行評估若干程序。完成該等程序後，內部控制顧問已向我們提供評估結果及相關推薦建議，而我們已全面採納。尤其是，我們已採納一系列針對性內部控制政策、程序及方案，以實現有效及高效營運、可靠財務申報及遵守適用法律法規。我們內部控制系統的重點包括以下各項：
- *內部審核。*我們已制訂內部審核章程，明確載列我們內部審核職能的目標、組織、職能及職責、工作範圍及程序。我們已成立內部審計部，負責根據內部審核章程進行內部審核及執行反賄賂措施。內部審計部向我們的高級管理人員及審核委員會匯報。
 - *上市規則合規。*我們已採納多項政策確保遵守上市規則，包括但不限於企業管治、關連交易、須予通告交易、內幕消息及董事進行證券交易等方面。我們已指定員工監控我們是否遵守上市規則及其他適用法律法規，其有權調查相關事件(若有)及與相關部門或顧問溝通。
 - *行為守則。*我們的行為守則明確地向每名僱員傳達我們的價值、可接受的決策標準及我們的基本行為準則。我們的行為守則亦包括檢舉揭發政策，鼓勵全體僱員匯報任何不規範的行為。我們亦已設立反洗黑錢小組及相關工作小組，負責監控及監督我們的行為守則及反洗黑錢政策的執行。

CORPORATE GOVERNANCE REPORT 企業管治報告

The Board has the overall responsibility for maintaining sound and effective risk management and internal control systems for the Group to ensure that major risks that may impact on the Company's performance are appropriately identified and managed to provide reasonable, though not absolute, assurance against material misstatement or loss and to manage rather than eliminate the risk of failure to achieve business objectives. These measures are regularly reviewed and updated.

The Board, on the basis of the target setting, identifies the risks in the process of internal control through daily and regular assessment procedures and methods, classifies the risks and prepares the Company's risk list. The Company understands its obligations under the SFO and the Listing Rules and the overriding principle that inside information should be announced immediately after such information comes to our attention and/or it is the subject of a decision unless it falls within the SFO safe harbours. Meanwhile, the Company has set up an inside information management system, the insider internal reporting obligations, reporting procedures and liability of disclosure of information of the personnel concerned has been clearly stated, and the Company shall arrange self-examination in a timely manner in accordance with the provisions of the relevant regulatory authorities. The real-time monitoring performed by the Company may involve the inside information, and should organize intermediary agencies to determine whether the information belongs to an inside information and practical, if it has fulfilled the disclosure requirements, will soon organize the disclosure and will strictly control the scope of the monitoring before the disclosure, the volatility of share price will be monitored until the disclosure of inside information is completed; if the disclosure requirements are not satisfied, the Company will also maintain strict confidentiality. The main functions of the risk management and internal control systems are to safeguard assets, to ensure proper maintenance of accounting records and provide reliable financial reporting, and to ensure compliance with relevant legislation and regulations.

The Company will review the internal control and risk management twice a year. The Board has reviewed the internal control and risk management system for the year ended 31 December 2017 and confirmed its effectiveness and appropriateness.

The Company's internal audit function is performed by the Internal Audit and Risk Department. It is responsible for conducting independent reviews of the appropriateness and effectiveness of the Company's internal control and risk management system. It also assesses the risks inherent in particular business or functional areas, including fraud or corruption, and conducts reviews or audits to provide reasonable, though not absolute, assurance that adequate governance and controls are in place to address such risks.

董事會整體負責為本集團維持良好及有效的風險管理及內部控制系統，以保證可能影響本公司表現的主要風險獲充分識別及管理，以合理地(雖未能絕對)確保不會出現嚴重誤報或損失，並管理(而非消除)業務目標未能實現的風險。此等措施定期予以檢討及更新。

董事會在目標設定的基礎上，通過日常和定期的評估程序與方法加以識別內部控制實施過程中的風險，將各類風險進行分類整理，並形成公司的風險清單。本公司明白其根據證券及期貨條例和上市規則所須履行的責任，首要原則是本公司一旦知悉內幕消息及/或在作出有關決定後須實時公佈，除非該等內幕消息屬證券及期貨條例下的「安全港條文」。同時，本公司已制定內幕信息管理制度，明確內幕知情人的內部報告義務，報告程序和有關人員的信息披露職責，並根據有關監管部門的規定適時安排自查。本公司實時監控可能涉及的內幕消息，組織中介機構判斷該消息是否屬於內幕消息且切實可行，如滿足披露標準，將儘快組織披露，在披露之前，嚴格控制知悉範圍，監控股價波動直至內幕消息披露完成；如不滿足披露標準，本公司也會組織嚴格保密。風險管理及內部控制系統的主要功能為保障資產，確保妥善保存會計記錄及提供可靠的財務報告，並確保遵守有關法例及規定。

本公司將會每年兩次檢討內部控制及風險管理。董事會已檢討就截至2017年12月31日止年度的內部控制及風險管理系統，並確認其有效且適當。

本公司的內部審核職能由內部審核及風險部門執行，負責就本公司內部控制及風險管理系統是否適當及有效進行獨立檢討，亦會評估某項業務或職能範圍的內在風險(包括欺詐或貪污)，以及進行審閱或審核，以合理地(雖未能絕對)確保採取充足管治及控制措施應對有關風險。

AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about its reporting responsibilities for the Consolidated Financial Statements is set out in the "Independent Auditor's Report" on page 96 to 98.

During the year ended 31 December 2017, the remuneration paid/payable to the Company's external auditor, KPMG, is set out below:

核數師酬金

本公司外部核數師有關其就綜合財務報表須承擔的申報責任的聲明載於第96至98頁的「獨立核數師報告」內。

下表載列截至2017年12月31日止年度，支付／應付予本公司外部核數師畢馬威會計師事務所的薪酬：

		Amount
		RMB
		金額
		人民幣
Annual audit services	年度審核服務	1,300,000
Non-audit services	非審核服務	600,000
Total fees	費用總額	1,900,000

The non-audit services were interim review service.

非審核服務為中期審閱服務

GENERAL MEETINGS

During the Reporting Period, the Company held one annual general meeting, three extraordinary general meetings, and the attendance records of the Directors at the general meetings were as follows:

股東大會

於報告期內，本公司已舉行了一次股東週年大會，三次臨時股東大會，董事出席股東大會的情況記錄如下：

Name of Directors		Meeting attended/ Number of general meetings convened
董事姓名		出席會議／召開股東大會次數
Mr. Tang Xinfu	唐新發先生	4/4
Mr. Zhu Qiaohong ⁽²⁾	朱巧洪先生 ⁽²⁾	2/4
Mr. Jiang Juncai	蔣均才先生	4/4
Mr. Wang Danjin	王丹津先生	4/4
Mr. Chen Yangui	陳燕桂先生	4/4
Mr. Mo Kit	毛杰先生	4/4
Mr. Tang Jianxin	唐建新先生	4/4
Mr. Fu Hailiang	付海亮先生	4/4
Mr. Lee Chi Ming	李志明先生	4/4
Mr. Zhu Yingwei ⁽¹⁾	朱英偉先生 ⁽¹⁾	2/4

Note⁽¹⁾: Mr. Zhu Yingwei resigned as a non-executive director of the Company with effect from 9 May 2017.

註⁽¹⁾：朱英偉先生已於2017年5月9日辭任本公司非執行董事。

⁽²⁾: Mr. Zhu Qiaohong has been appointed as executive director of the Company with effect from 16 June 2017.

⁽²⁾：朱巧洪先生於2017年6月16日獲委任為本公司執行董事。

CORPORATE GOVERNANCE REPORT

企業管治報告

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable Shareholders and investors to make the best investment decisions. The general meetings of the Company provide a forum for face-to-face communication between the Board and the Shareholders.

Shareholder rights

Right to propose to convene extraordinary general meeting

Pursuant to the Articles of Association, the Shareholders request for the convening of the extraordinary general meeting or meeting of class Shareholders shall follow the procedure below:

Shareholders individually or jointly holding a total of 10% or more of the shares carrying the right to vote at the meeting sought to be held may sign one or more written requests of identical form and substance requesting the Board to convene an shareholders' extraordinary general meeting or a meeting of shareholders of different classes and state the subject of the meeting. The Board shall convene an shareholders' extraordinary general meeting or a class meeting as soon as possible after having received the abovementioned written request. The shareholding referred to above shall be calculated as of the day on which the written request is made.

If the Board fails to issue an announcement on the convening of meeting within 30 days after receiving the above-mentioned written request, the proposing Shareholders are entitled to submit a written request to the Board of Supervisors on the convening of Shareholders' extraordinary general meeting or meeting of the class Shareholders.

If the Board of Supervisors fails to issue an announcement on the convening of meeting within 30 days after receiving the above-mentioned written request, the Shareholders individually or collectively representing 10% or more of the Company's voting Shares at the proposed meeting for at least consecutive 90 days may convene the meeting on their own within four months after the Board of Directors receives the request. The convening procedures shall be the same as the procedures for the convening of Shareholders' general meeting by the Board of Directors.

Shareholders' right to propose resolutions at the general meeting

Shareholder(s) individually or jointly holding 3% or more of the total voting shares of the Company shall be entitled to propose an interim resolution and submit the same to the convener. The convener shall issue a supplemental announcement of shareholders' general meeting within 2 days after the receipt of such proposal and submit such interim resolution to the shareholders' general meeting for consideration and approval. The contents of an interim resolution shall fall within the authority of the shareholders' general meeting and maintain topics for discussion and specific matters to be resolved.

與股東及投資者的溝通

本公司認為，與股東保持有效溝通，對促進投資者關係及加深投資者對本集團業務表現及戰略的了解至為重要。本公司亦明白保持公司資料透明度及適時披露公司資料的重要性，此舉將使股東及投資者作出最佳投資決定。本公司股東大會為董事會與股東提供直接對話的平台。

股東之權利

提議召開臨時股東大會之權利

根據公司章程，股東要求召集臨時股東大會或者類別股東會議，應當按照下列程序辦理：

單獨或者合計持有在該擬舉行的會議上有表決權的股份10%以上(含10%)的股東，可以簽署一份或者數份同樣格式內容的書面要求，提請董事會召集臨時股東大會或類別股東會議，並闡明會議的議題。董事會在收到前述書面要求後應當儘快召集臨時股東大會或類別股東會議。前述持股數按股東提出書面要求日計算。

如果董事會在收到前述書面要求後30日內沒有發出召集會議的通告，提出該要求的股東有權向監事會提議召開臨時股東大會或類別股東會議，並應當以書面向監事會提出請求。

如果監事會在收到前述書面要求後30日內沒有發出召集會議的通告，連續90日以上單獨或者合計持有在該擬舉行的會議上有表決權的股份10%以上(含10%)的股東可以在董事會收到該要求後四個月內自行召集會議，召集的程序應當儘可能與董事會召集股東會議的程序相同。

於股東大會提議決議案之股東權利

單獨或者合計持有公司3%以上有表決權的股份的股東，可以提出臨時提案並提交召集人。召集人應當在收到提案後2日內發出股東大會補充通知，並將該臨時提案提交股東大會審議，臨時提案的內容應當屬於股東大會職責範圍，並有明確議題和具體決議事項。

The Company sets out the following contact details for the Shareholders to communicate with the Company:

Telephone number : 86-769-81768866
Company website : www.hec-changjiang.com
E-mail address : pansanxiong82@dyg-hec.com

本公司現載列下列通訊資料，以便股東與本公司溝通：

電話號碼 : 86-769-81768866
公司網站 : www.hec-changjiang.com
電郵地址 : pansanxiong82@dyg-hec.com

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

On 6 February 2017, the Company passed a resolution, among other things, to approve the amendment to its Articles of Association, which was effective on 10 February 2017. The updated Articles of Association was published on the websites of the Stock Exchange and the Company on 10 February 2017.

On 13 October 2017, the Company passed a resolution, among other things, to approve the addition to the business scope of the Company and corresponding amendment to its Articles of Association, which was effective on 20 October 2017. The updated Articles of Association was published on the websites of the Stock Exchange and the Company on 20 October 2017.

章程之修改

於2017年2月6日，本公司通過一項決議案，(其中包括)以批准修訂章程，自2017年2月10日起生效。經更新的章程已於2017年2月10日刊登在聯交所及本公司網站。

於2017年10月13日，本公司通過一項決議案，(其中包括)以批准修訂章程增加本公司經營範圍並相應修訂公司章程，自2017年10月20日起生效。經更新的章程已於2017年10月20日刊登在聯交所及本公司網站。

COMPANY SECRETARY

Mr. PAN Sanxiong and Ms. NG Wing Shan act as joint company secretaries of the Company. For the biography of Mr. PAN and Ms. NG, please refer to the section headed "Profiles of Directors, Supervisors and Senior Management" of this Annual Report.

Ms. NG is an assistant vice president of SW Corporate Services Group Limited and her primary corporate contact person at the Company is Mr. PAN Sanxiong. In compliance with Rule 3.29 of the Listing Rules, each of Mr. PAN and Ms. NG has undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2017.

公司秘書

潘三雄先生及吳詠珊女士擔任本公司的聯席公司秘書。有關潘先生與吳女士之履歷，請參閱本年報「董事、監事及高級管理人員簡介」一節。

吳女士為信永方圓企業服務集團有限公司之副總監，其在本公司的主要聯絡人為潘三雄先生。於截至2017年12月31日止年度內，潘先生及吳女士均已接受至少十五小時的相關專業培訓，符合上市規則第3.29條的規定。

NON-COMPETITION UNDERTAKING

The Company had entered into a non-competition agreement on 6 December 2015 with the Controlling Shareholders. Please refer to page 59 of this Annual Report for details.

The independent non-executive Directors have reviewed the Non-competition Agreement and had determined that the Controlling Shareholders have not been in breach of the Non-competition Undertaking during the year ended 31 December 2017.

避免同業競爭承諾

本公司已於2015年12月6日與控股股東訂立避免同業競爭協議。詳情載於本年報第59頁。

獨立非執行董事已審閱避免同業競爭協議，並確定於截至2017年12月31日止年度內，控股股東並無違反避免同業競爭承諾。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



Independent auditor's report to the shareholders of YiChang HEC Changjiang Pharmaceutical Co., Ltd.

(Incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of YiChang HEC Changjiang Pharmaceutical Co., Ltd. ("the Company") and its subsidiaries ("the Group") set out on pages 99 to 178, which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement 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 International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants ("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") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

致宜昌東陽光長江藥業股份有限公司股東的獨立核數師報告

(於中華人民共和國註冊成立的有限公司)

意見

本核數師(以下簡稱「我們」)已審核列載於第99頁至178頁宜昌東陽光長江藥業股份有限公司(「貴公司」)及其附屬公司(「貴集團」)的綜合財務報表,此綜合財務報表包括於2017年12月31日的綜合財務狀況表與截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表,以及綜合財務報表附註,包括主要會計政策概要。

我們認為,綜合財務報表已根據國際會計準則委員會(「國際會計準則委員會」)頒佈的國際財務報告準則(「國際財務報告準則」)真實而公平地反映貴集團於2017年12月31日的綜合財務狀況,及貴集團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

我們已根據香港會計師公會(「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。我們於該等準則項下的責任在本報告「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國際職業會計師道德守則(「守則」)及中華人民共和國中任何與我們審核綜合財務報表有關的道德要求,我們獨立於貴集團,並已遵循該等要求及守則履行其他道德責任。我們相信,我們所獲得的審核憑證是充足和適當地為我們的審核意見提供基礎。

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.

關鍵審核事項

根據我們的專業判斷，關鍵審核事項為我們審核本期綜合財務報表中最重要的事項。我們在整體審核綜合財務報表和就此形成意見時處理此等事項，而不會就此等事項單獨發表意見。

Timing of revenue recognition 收入確認時點	
Refer to note 3 to the consolidated financial statements and the accounting policies on page 123. 參閱綜合財務報表附註3及第123頁的會計政策。	
The Key Audit Matter 關鍵審核事項	How the matter was addressed in our audit 在審核中的處理方法
<p>Revenue of the Group mainly comprises sales of pharmaceutical products to a large number of distributors. 貴集團的營業收入主要包括向多個分銷商銷售藥品的收入。</p> <p>The Group enters into standard sales contracts with each distributor and manufactures and sells its products in accordance with the terms agreed in the sales contracts. 貴集團與各分銷商及生產商簽訂標準的銷售銷售合同並根據合同約定的條款生產、銷售藥品。</p> <p>Once the products leave the warehouse and are delivered to the location designated by the distributor, the risks and rewards of ownership of the goods are considered to have been transferred to the distributor and revenue is recognised accordingly. 當貨物離開倉庫並運送至分銷商指定的地點時，商品所有權上的主要風險和報酬被認為已轉移給分銷商，據此確認營業收入。</p>	<p>Our audit procedures to assess the timing of revenue recognition included the following: 我們評估營業收入確認時點的審計程序包括：</p> <ul style="list-style-type: none"> obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition; 了解和評價與營業收入確認環節相關的控制的設計、執行及運行的有效性； inspecting sales contracts with customers, on a sample basis, to understand the terms of the sales transactions including the terms of delivery and acceptance and any sales return arrangements to assess the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards; 通過抽樣檢查與客戶簽訂的銷售合同，了解包括收發貨物及退貨安排等銷售條款，以確定貴集團營業收入確認時點的政策與適用會計準則的要求是否一致；

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The Key Audit Matter 關鍵審核事項	How the matter was addressed in our audit 在審核中的處理方法
<p>The Group's sales contracts are standardised and do not include terms relating to discounts or rebates and do not permit sales return except for where the products are damaged or defective.</p> <p>貴集團與分銷商簽訂的標準化銷售合同，不包含相關折讓及返利條款。根據合同約定，除產品質量問題外，不接受任何形式的退貨。</p> <p>We identified the timing of revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.</p> <p>我們識別出營業收入的確認時點是一個關鍵審核事項，因為營業收入是貴集團關鍵的業績指標之一，存在管理層通過操縱營業收入確認時點以達到特定目標或期望的固有風險。</p>	<ul style="list-style-type: none"> • inspecting goods delivery notes and logistics records, on a sample basis, to assess whether revenue transactions recorded just before and after the financial year end date had been recognised in the appropriate financial period on the basis of the terms of sale as set out in the sales contracts; • 通過抽樣檢查商品出庫單及物流記錄，以確定記錄在資產負債表日前後的營業收入是否根據銷售合同規定的條款記錄在正確的財務報表期間； • inspecting underlying documentation for manual journal entries and adjustments relating to revenue raised during the year which were considered to be material or met other specific risk – based criteria; and • 檢查與營業收入相關的被認為重大或符合其他特定風險條件的手工分錄及調整的支持性文件；及 • inspecting actual sales returns and credit notes recorded after the financial year end and evaluating whether the related adjustments to revenue had been recorded in the appropriate financial period. • 檢查資產報表日後實際發生銷售退回及銷售沖回記錄，並評估相關的營業收入調整是否計入正確的財務報表期間。

Recoverability of trade receivables 應收賬款的可回收性	
Refer to note 16 to the consolidated financial statements and the accounting policies on page 111-113. 參閱綜合財務報表附註16及第111至113頁的會計政策。	
The Key Audit Matter 關鍵審核事項	How the matter was addressed in our audit 在審核中的處理方法
<p>The carrying value of the Group's gross trade receivables as at 31 December 2017 totalled RMB602.38 million, which included an allowance for doubtful debts of RMB11.06 million.</p> <p>2017年12月31日貴集團的應收賬款賬面餘額為602.38百萬人民幣，其中包含已計提壞賬準備的應收賬款11.06百萬人民幣。</p> <p>The Group's allowance for doubtful debts is based on management's estimate of the recoverability of individual trade receivables with reference to the ageing of overdue balances, repayment histories of individual debtors, existing customer – specific and market conditions and the fulfilment of repayment arrangements agreed with specific debtors, all of which involve a significant degree of management judgement.</p> <p>貴集團對壞賬準備的計提是基於管理層對單筆應收賬款可回收性的評估。管理層考慮了逾期賬款的賬齡、個別債務人的歷史回款情況、現有客戶自身和市場情況及與特定客戶簽訂的還款安排的實行情況等因素評估單筆應收賬款的可回收性，以上因素都涉及了重大管理層判斷。</p>	<p>Our audit procedures to assess the recoverability of trade receivables included the following:</p> <p>我們評估應收賬款可回收性的審計程序主要包括：</p> <ul style="list-style-type: none"> obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls relating to credit control, debt collection and the calculation of the allowance for doubtful debts; 了解及評價與信用控制、債務回收及壞賬準備計算環節相關的關鍵內部控制的設計、執行及運行的有效性； assessing the classification of individual balances in the trade receivable ageing report by comparing the details in the trade receivable ageing report with the underlying goods delivery notes and invoices, on a sample basis; 通過選取樣本，比對應收賬款賬齡報告和相關的出庫單及發票，評估單項應收款項餘額賬齡分類的準確性；

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The Key Audit Matter 關鍵審核事項	How the matter was addressed in our audit 在審核中的處理方法
<p>We identified the recoverability of trade receivables as a key audit matter because of the inherent uncertainty in assessing if trade receivables will be recovered in full and because the assessment of the allowance for doubtful debts requires the exercise of significant management judgement.</p> <p>我們識別出應收賬款的可回收性是一個的關鍵審核事項，因為應收賬款是否可以全部收回的評定存在固有的不確定性，且在評估壞賬準備時需要運用重要的管理層判斷。</p>	<ul style="list-style-type: none"> • obtaining an understanding of the basis of management's judgements about the recoverability of individual overdue balances and evaluating the allowance for doubtful debts made by management for these individual balances with reference to the industry in which the debtors are operating, the ageing of overdue balances, historical and post year-end payment records and repayment arrangements agreed with specific debtors. This included inspecting relevant correspondence with individual debtors; • 了解管理層判斷逾期未收應收款項的可回收性以及計提壞賬準備的依據，這些依據包括債務人所處的行業狀況，逾期應收賬款餘額的賬齡，歷史及期後回款情況，與特定債務人商定的還款安排等，包括檢查與個別債務人的對賬； • assessing the historical accuracy of the estimates made by the management for the allowance for doubtful debts by comparing the level of provision made by management as at 31 December 2016 with the actual new provisions, write offs and recoveries in respect of trade receivables as at 31 December 2016 during the current year; and • 通過比較管理層在2016年12月31日計提的壞賬準備和實際針對2016年12月31日應收賬款餘額新發生的壞賬準備計提，核銷及轉回情況，評估管理層關於應收賬款壞賬計提的歷史準確性；及 • comparing cash receipts from debtors subsequent to the financial year end relating to trade receivable balances at 31 December 2017 with bank statements and relevant underlying documentation, on a sample basis. • 抽樣檢查資產負債表日後應收賬款回款的收據、銀行回單及支持性文件，並與2017年12月31日相應的應收賬款餘額比對。

<p>Capitalisation of intangible assets 無形資產資本化</p>	
<p>Refer to note 11 to the consolidated financial statements and the accounting policies on page 110-111. 參閱綜合財務報表附註11及第110至111頁的會計政策。</p>	
<p>The Key Audit Matter 關鍵審核事項</p>	<p>How the matter was addressed in our audit 在審核中的處理方法</p>
<p>As disclosed in Note 11 to the consolidated financial statements, the Group capitalises costs incurred in the development of its pharmaceutical products if they meet the criteria for capitalisation as set out in the prevailing accounting standards.</p> <p>誠如綜合財務報表附註11所披露，貴集團將符合過往會計準則所載資本化準則的開發醫藥產品所產生開支撥充資本。</p> <p>This involves significant management judgement in both determining when the criteria for capitalisation are met and in identifying the relevant costs to be capitalised. As at 31 December 2017, the carrying value of capitalised development costs of intangible assets totalling RMB 57.16 million.</p> <p>這需要管理層的重大判斷，以釐定資本化準則於何時達成及識別將資本化的相關成本。於2017年12月31日，已資本化的無形資產開發成本賬面值合共為人民幣57.16百萬元。</p>	<p>Our audit procedures to assess the capitalisation of intangible assets included the following:</p> <p>我們評估無形資產資本化的審核程序包括下列各項：</p> <ul style="list-style-type: none"> • obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to the capitalisation of intangible assets; • 了解及和評價管理層就與無形資產資本化環節相關的主要內部控制的設計、執行及運行的有效性； • obtaining the commercial and technical feasibility report prepared by the Group's researchers and assessing the reasonableness of the commercial and technical feasibility by reference to the industry and market information; • 取得貴集團研究人員提供的商業及技術可行性報告，評價商業及技術可行性的合理性，當中參考行業及市場資訊； • challenging management's assessment of the fulfilment of the criteria for capitalisation of intangible assets as set out in the prevailing accounting standards by discussing with the Group's researchers the development progress and commercial application of each development project; • 透過與貴集團研究人員討論各開發項目的開發進度及商業應用，質詢管理層對達成過往會計準則所載無形資產資本化準則的評價；

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The Key Audit Matter 關鍵審核事項	How the matter was addressed in our audit 在審核中的處理方法
<p>We identified the capitalisation of intangible assets as a key audit matter because of the significant level of management judgement involved in determining the timing and amount of development costs capitalised.</p> <p>我們識別出無形資產資本化是一個關鍵審核事項，因其涉及重大管理層判斷，以釐定已資本化開發成本的時間及金額。</p>	<ul style="list-style-type: none"> • inspecting a sample of items capitalised during the year with relevant underlying documentation, including clinical trial expenses, staffing cost and etc.; • 抽樣審查年內已資本化項目及相關文件，包括臨床試驗開支及員工成本等； • Obtaining the profit forecast prepared by the management for each development project and assess the appropriateness of key assumptions by making enquiries of management and researchers and comparing the sales data with comparable companies. • 取得管理層就各個開發項目編製的溢利預測，透過向管理層及研究人員作出查詢及比較可資比較公司的銷售數據，評價主要假設的合適性。

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all 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 IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors 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其他資料及我們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，但不包括綜合財務報表及我們就此發出的核數師報告。

我們對綜合財務報表作出的意見並未考慮其他資料。我們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，我們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我們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。倘若我們基於已完成的工作認為其他資料出現重大錯誤陳述，我們須報告此一事實。我們就此並無須報告事項。

董事就綜合財務報表須承擔的責任

董事須負責根據國際會計準則委員會頒佈的國際財務報告準則及香港公司條例的披露規定編製及真實而公允地列報該等綜合財務報表，並負責董事認為編製綜合財務報表所必需的有關內部控制，以確保綜合財務報表的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述。

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）。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，否則董事須採用以持續經營為基礎的會計法。

董事獲審核委員會協助履行其監督貴集團財務報告流程的責任。

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 person for the contents of this report.

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

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

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

核數師就審核綜合財務報表須承擔的責任

我們的目標是合理確定整體而言此等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，並發出包含審核意見的核數師報告。本報告僅為閣下(作為整體)而編製，並無其他用途。我們並不就本報告之內容對任何其他人士承擔任何義務或負上任何責任。

合理確定屬高層次的核證，但不能擔保根據國際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。重大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。

我們根據國際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職業懷疑態度。我們亦：

- 識別及評估綜合財務報表由於欺詐或錯誤而導致的重大錯報風險，因應這些風險設計及執行審核程序，獲得充足及適當的審核憑證為我們的意見提供基礎。由於欺詐涉及合謀串通、偽造、故意遺漏、誤導性陳述或凌駕內部控制，因此未能發現由此造成的重大錯報風險比未能發現由於錯誤而導致的重大錯報風險更高。
- 瞭解與審核有關的內部控制，以設計恰當的審核程序，但並非旨在對貴集團的內部控制的有效性發表意見。

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.
- 評估所用會計政策是否恰當，以及董事所作出的會計估算和相關披露是否合理。
- 總結董事採用以持續經營為基礎的會計法是否恰當，並根據已獲取的審核憑證，總結是否有對貴集團持續經營的能力構成重大疑問的事件或情況等重大不確定因素。倘若我們總結認為有重大不確定因素，我們需要在核數師報告中提請注意綜合財務報表內的相關資料披露，或如果相關披露不足，則修訂我們的意見。我們的結論是基於截至核數師報告日期所獲得的審核憑證。然而，未來事件或情況可能導致貴集團不再具有持續經營的能力。
- 評估綜合財務報表(包括數據披露)的整體列報、架構和內容，以及綜合財務報表是否已公允地反映及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的審核憑證，以就綜合財務報表發表意見。我們須負責指導、監督和執行貴集團的審核工作。我們須為我們的審核意見承擔全部責任。

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.

我們就審核工作的計劃範圍和時間、在審核過程中的主要發現(包括內部控制的重大缺失)及其他事項與審核委員會進行溝通。

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

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 partner on the audit resulting in this independent auditor's report is Lam Kai Wa.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

23 March 2018

我們亦向審核委員會作出聲明，確認我們已遵守有關獨立性的道德要求，並就所有被合理認為可能影響核數師獨立性的關係和其他事宜以及相關保障措施(如適用)，與審核委員會進行溝通。

我們通過與審核委員會溝通，確定哪些是本期綜合財務報表審核工作的最重要事項，即關鍵審核事項。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，我們認為披露此等事項可合理預期的不良後果將超過公眾知悉此等事項的利益而不應在報告中予以披露，否則我們會在核數師報告中描述此等事項。

負責此審核項目與簽發獨立核數師報告的項目合夥人為林啟華。

畢馬威會計師事務所

執業會計師
香港中環
遮打道十號
太子大廈八樓

2018年3月23日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

for the year ended 31 December 2017
截至2017年12月31日止年度
(Expressed in Renminbi)
(以人民幣呈列)

		Note	2017	2016
			2017年	2016年
			RMB'000	RMB'000
		附註	人民幣千元	人民幣千元
Revenue	營業額	3	1,601,567	941,504
Cost of sales	銷售成本		(280,416)	(214,234)
Gross profit	毛利		1,321,151	727,270
Other revenue	其他收入	4(a)	21,823	15,998
Distribution costs	分銷成本		(372,090)	(180,887)
Administrative expenses	行政管理開支		(192,985)	(132,711)
Other net (loss)/income	其他(虧損)/收入淨額	4(b)	(25,415)	30,629
Profit from operations	經營溢利		752,484	460,299
Finance costs	融資成本	5(a)	(4,289)	(7,233)
Profit before taxation	除稅前溢利	5	748,195	453,066
Income tax	所得稅	6	(121,838)	(72,469)
Profit for the year			626,357	380,597
Profit and total comprehensive income for the year attributable to:	歸屬於以下項目的年內溢利及全面收益總額：			
Equity shareholders of the Company	本公司權益股東	13	647,101	380,597
Non-controlling interests	非控股權益		(20,744)	—
Profit and total comprehensive income for the year	年內溢利及全面收益總額		626,357	380,597
Basic and diluted earnings per share	每股基本及攤薄盈利	9	RMB1.43	RMB0.84
			人民幣1.43元	人民幣0.84元

The notes on pages 104 to 178 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in Note 23(b).

第104頁至178頁之附註構成該等財務報表一部份。有關年內溢利中應付公司權益股東的股息詳情，載於附註23(b)。

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

at 31 December 2017
於2017年12月31日
(Expressed in Renminbi)
(以人民幣呈列)

			2017	2016
			2017年	2016年
		Note	RMB'000	RMB'000
		附註	人民幣千元	人民幣千元
Non-current assets	非流動資產			
Fixed assets	固定資產			
– Property, plant and equipment	– 物業、廠房及設備	10	590,390	413,915
– Interests in leasehold land held for own use under operating leases	– 根據經營租賃持作自用之租賃土地權益	10	79,835	81,767
			670,225	495,682
Intangible assets	無形資產	11	374,170	–
Goodwill	商譽	12	75,896	–
Prepayments	預付款項	14	558,811	422,544
Deferred tax assets	遞延稅項資產	22(b)	28,243	11,415
			1,707,345	929,641
Current assets	流動資產			
Inventories	存貨	15	87,967	110,624
Trade and other receivables	貿易及其他應收款項	16	746,961	337,149
Time deposits	定期存款	17	346,519	238,988
Pledged deposits	已抵押存款		–	2,635
Cash and cash equivalents	現金及現金等值項目	18	887,183	1,212,072
			2,068,630	1,901,468
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付款項	19	549,542	182,377
Bank loans	銀行貸款	20	10,000	70,000
Deferred income	遞延收益	21	4,379	4,379
Current taxation	應付即期稅項	22(a)	76,826	27,525
			640,747	284,281
Net current assets	流動資產淨額		1,427,883	1,617,187
Total assets less current liabilities	總資產減流動負債		3,135,228	2,546,828

The notes on pages 104 to 178 form part of these financial statements.

第104頁至178頁之附註構成該等財務報表一部份。

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

at 31 December 2017
於2017年12月31日
(Expressed in Renminbi)
(以人民幣呈列)

		Note	2017	2016
		附註	2017年	2016年
			RMB'000	RMB'000
			人民幣千元	人民幣千元
Non-current liabilities	非流動負債			
Bank loans	銀行貸款	20	10,000	20,000
Deferred income	遞延收益	21	64,642	69,021
			74,642	89,021
Net assets	淨資產		3,060,586	2,457,807
Capital and reserves	資本及儲備			
Share capital	股本	23(c)	452,023	450,823
Reserves	儲備	23(d)	2,355,813	2,006,984
Total equity attributable to equity shareholders of the Company	本公司權益股東應佔總權益		2,807,836	2,457,807
Non-controlling interests	非控股權益	13	252,750	-
Total equity	總權益		3,060,586	2,457,807

Approved and authorised for issue by the board of directors on 23 March 2018.

財務報表已由董事會於2018年3月23日批准及授權刊發。

Tang Xinfu

唐新發

Director

董事

Chen Yangui

陳燕桂

Director

董事

The notes on pages 104 to 178 form part of these financial statements.

第104頁至178頁之附註構成該等財務報表一部份。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

for the year ended 31 December 2017
截至2017年12月31日止年度
(Expressed in Renminbi)
(以人民幣呈列)

Attributable to equity shareholders of the Company

本公司權益股東應佔

		Share capital 股本	Capital reserve 資本儲備	Statutory reserve 法定儲備	Retained earnings 保留收益	Total 總計	Non-	Total 總權益
							controlling interests 非控股權益	
Note		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
附註		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
Balance at 1 January 2016	於2016年1月1日的結餘：	450,659	1,456,614	26,571	209,005	2,142,849	-	2,142,849
Changes in equity for 2016:	2016年權益變動：							
Total comprehensive income for the year	年內全面收入總額	-	-	-	380,597	380,597	-	380,597
Dividends approved in respect of the previous year	批准過往年度股息	23(b)	-	-	(67,623)	(67,623)	-	(67,623)
Shares issued upon the over-allotment options exercised	行使超額配股權時發行的股份	23(c)	164	1,820	-	1,984	-	1,984
Appropriation to statutory reserve	轉撥至法定儲備		-	-	38,065	(38,065)	-	-
Balance at 31 December 2016 and 1 January 2017	於2016年12月31日及 2017年1月1日的結餘	450,823	1,458,434	64,636	483,914	2,457,807	-	2,457,807
Changes in equity for 2017:	2017年權益變動：							
Issue of ordinary shares	發行普通股	23(c)	1,200	18,144	-	19,344	-	19,344
Acquisition of equity interests in a subsidiary	收購一間附屬公司股權	12	-	-	-	-	273,494	273,494
Total comprehensive income for the year	年內全面收入總額		-	-	647,101	647,101	(20,744)	626,357
Dividends approved in respect of the previous year	批准過往年度股息	23(b)	-	-	(135,607)	(135,607)	-	(135,607)
Dividends approved in respect of the current year	批准本年度股息	23(b)	-	-	(180,809)	(180,809)	-	(180,809)
Appropriation to statutory reserve	轉撥至法定儲備		-	-	67,738	(67,738)	-	-
Balance at 31 December 2017	於2017年12月31日的結餘	452,023	1,476,578	132,374	746,861	2,807,836	252,750	3,060,586

The notes on pages 104 to 178 form part of these financial statements.

第104頁至178頁之附註構成該等財務報表一部分。

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

for the year ended 31 December 2017
截至2017年12月31日止年度
(Expressed in Renminbi)
(以人民幣呈列)

		Year ended 31 December	
		截至12月31日止年度	
		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
	Note		
	附註		
Operating activities	經營活動		
Cash generated from operations	18(b)	760,116	448,999
The People's Republic of China (the "PRC")			
Corporate Income Tax ("CIT") paid	22(a)	(89,365)	(51,793)
Net cash generated from operating activities	經營活動產生的現金淨值	670,751	397,206
Investing activities	投資活動		
Interest received		14,737	8,104
Payment for the purchase of property, plant and equipment		(327,036)	(62,987)
Proceeds received from disposal of property, plant and equipment		367	-
Prepayment for intangible assets		(43,709)	(110,000)
Payment for acquisition of equity interests in a subsidiary	12	(137,402)	-
Investment in time deposits with maturity over three months		(536,210)	(235,826)
Proceeds from time deposits		416,882	33,000
Net cash used in investing activities	投資活動中使用的現金淨值	(612,371)	(367,709)
Financing activities	融資活動		
Proceeds from issuance of shares		19,344	1,984
Payment of listing expenses		-	(22,535)
Repayments of bank loans	18(c)	(70,000)	(105,000)
Dividends paid to equity shareholders of the Company		(316,416)	(67,623)
Interest paid	18(c)	(4,394)	(7,454)
Net cash used in financing activities	用於融資活動的現金淨值	(371,466)	(200,628)
Net decrease in cash and cash equivalents	現金及現金等值項目淨減少	(313,086)	(171,131)
Cash and cash equivalents at 1 January	於1月1日的現金及現金等值項目	1,212,072	1,353,651
Effect of foreign exchange rate changes	外匯匯率變動的影響	(11,803)	29,552
Cash and cash equivalents at 31 December	於12月31日的現金及現金等值項目	887,183	1,212,072

The notes on pages 104 to 178 form part of these financial statements.

第104頁至178頁之附註構成該等財務報表一部分。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

I SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB"), 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 IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note I(c) 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.

I 重大會計政策

(a) 合規聲明

財務報表乃根據所有適用國際財務報告準則(「國際財務報告準則」，該統稱詞彙涵蓋國際會計準則理事會(「國際會計準則理事會」)所頒佈之所有適用個別國際財務報告準則、國際會計準則(「國際會計準則」)以及其詮釋)、香港公認會計原則以及香港公司條例之披露規定而編製。財務報表亦符合香港聯合交易所有限公司證券上市規則的適用披露條文。本集團所採納的重大會計政策披露如下。

國際會計準則理事會已頒佈若干新訂及經修訂的國際財務報告準則，有關準則於本集團及本公司的本會計期間首次生效或可供提早採納。附註I(c)提供就首次應用該等變動(與本財務報表內所反映本集團於本會計期間及過往會計期間的事宜相關者為限)，所產生的會計政策變動。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Basis of presentation of the financial statements

The consolidated financial statements for the year ended 31 December 2017 comprise the Company and its subsidiary (together referred to as "the Group").

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with IFRSs 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 IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 2.

I 重大會計政策

(b) 財務報表呈列基準

截至2017年12月31日止年度之綜合財務報表包括本公司及其附屬公司(統稱「本集團」)。

編製本財務報表時以歷史成本作為計量基準。

按照國際財務報告準則編製財務報表需要管理層作出判斷、估計及假設，該等判斷、估計及假設會影響政策應用以及所呈報的資產、負債、收益及開支金額。該等估計及假設基於歷史經驗及在當時情形下被認為合理的多種其他因素。其結果構成判斷從其他來源中不明顯的資產及負債面值的判斷依據。實際結果可能與該等估計不同。

該等估計及相關假設會持續審閱。倘會計估計的修訂僅對作出修訂的期間產生影響，則有關修訂只會在該期間內確認；倘會計估計的修訂對現時及未來期間均產生影響，則會在作出該修訂期間及未來期間內確認。

管理層應用國際財務報告準則時所作出對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於附註2討論。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Changes in accounting policies

The IASB has issued several amendments to IFRSs that are first effective for the current accounting period of the Group. None of these impact on the accounting policies of the Group. However, additional disclosure has been included in Note 18(c) to satisfy the new disclosure requirements introduced by the amendments to IAS 7, *Statement of cash flows: Disclosure initiative*, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries and non-controlling interests

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.

I 重大會計政策(續)

(c) 會計政策變動

國際會計準則理事會已頒布數項國際財務報告準則修訂本，於本集團的本會計期間首次生效。有關修訂概無影響本集團的會計政策。然而，附註18(c)已載列額外披露，以符合國際會計準則第7號，*現金流量表：披露計劃*的新披露規定，其要求實體提供披露，使財務報表使用者可評估融資活動所產生的負債變動，包括因現金流量及非現金變動而產生的變動。

本集團並未應用於現行會計期間尚未生效的任何新準則或詮釋。

(d) 附屬公司及非控股權益

附屬公司為由本集團控制的實體。倘本集團就參與實體所得可變動回報承擔風險或享有權利，並能透過其於該實體之權力影響該等回報，則本集團對該實體有控制權。於評估本集團是否擁有權力時，僅會考慮實質權力(由本集團及其他人士持有)。

自控制開始日期直至控制結束日期，於附屬公司之投資會被併入綜合財務報表內。集團內成員公司間之結餘、交易及現金流，及任何因集團內成員公司間交易而產生之未變現溢利均在編製綜合財務報表時全數對銷。集團內成員公司間進行交易所錄得之未實現虧損均會以處理未變現收益之同樣方式予以對銷，惟只會抵銷沒有減值跡象的部份。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Subsidiaries and non-controlling interests (Cont'd)

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

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.

I 重大會計政策(續)

(d) 附屬公司及非控股權益(續)

非控股權益指非直接或間接歸屬於本公司附屬公司權益，且本集團就此並無與該等權益持有人協定任何額外條款，致使本集團整體須就該等符合金融負債定義的權益承擔合約責任。就各業務合併而言，本集團可選擇按公允價值或按非控股權益佔附屬公司可識別淨資產的比例而計量任何非控股權益。

非控股權益於綜合財務狀況表的權益內呈列，獨立於本公司權益股東應佔之權益。本集團業績的非控股權益乃於綜合損益及其他全面收益表列作本公司非控股權益及權益股東之間本年度溢利或虧損總額及全面收益總額的分配結果。

並無導致本集團失去對一間附屬公司控制權的擁有權益變動作為權益交易入賬，據此，會對綜合權益內的控股及非控股權益金額作出調整，以反映相關權益的變動，但不會對商譽作出調整及確認損益。

當本集團失去一間附屬公司的控制權時，其將作為出售該附屬公司全部權益入賬，所產生的損益於損益內確認。於失去控制權當日在前附屬公司保留的任何權益按公允價值確認，有關金額視為於首次確認一項金融資產的公允價值或(如適用)首次確認於聯營公司或合營公司投資之成本時之公允價值。

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Subsidiaries and non-controlling interests (Cont'd)

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note I(i)) unless the investment is classified as held to sale (or included in a disposal group that is classified as held for sale).

(e) Goodwill

Goodwill represents the excess of:

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or Groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note I(i)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

I 重大會計政策(續)

(d) 附屬公司及非控股權益(續)

於本公司之財務狀況表內，於附屬公司之投資乃按成本減除任何減值損失(見附註I(i))列賬，除非該投資乃分類為持作出售(或計入分類為持作出售的出售組別)。

(e) 商譽

商譽指當：

- (i) 所轉讓代價公允價值、於被收購者的非控制性權益金額及集團先前持有被收購者權益的公允價值的總和；大於
- (ii) 被收購者的可識別資產及負債於收購當日的公允淨值。

當(ii)較(i)為大，則該差額即時在損益表確認為優惠承購的收益。

商譽是按成本值減累計減值虧損列賬。來自業務合併的商譽將分配予預期可受惠於合併協同效益的現金生產單位或現金生產單位組合，並會每年進行減值評估(見附註I(i))。

若於年內出售現金生產單位，任何歸屬予出售項目的收購商譽將被計入出售項目的收益或虧損之內。

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 1(i)):

- Buildings held for own use which are situated on leasehold land classified as held under operating leases (see Note 1(h)); and
- Other items of property, plant and equipment.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour and the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 1(s)).

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 disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

- Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion
- Machinery 15 years
- Motor vehicles 10 years
- Office equipment and others 5 – 8 years

I 重大會計政策(續)

(f) 物業、廠房及設備

下列物業、廠房及設備項目按成本減累計折舊及減值虧損列賬(見附註1(i)):

- 位於根據經營租賃持有的租賃土地的特作自用建築物(見附註1(h)); 及
- 其他物業、廠房及設備項目。

自建物業、廠房及設備項目的成本包括材料成本、直接勞工成本、拆卸及搬遷項目以及恢復項目所在地原貌的初步估計成本(如適用)以及生產開支及借貸成本的適當部份(見附註1(s))。

報廢或出售物業、廠房及設備項目所產生的收益或虧損按出售所得款項淨額與該項目賬面值之間的差額釐定，並於報廢或出售日期在損益表內確認。

折舊按下列物業、廠房及設備項目的預計可使用年期，以直線法撇銷該等項目的成本(減去估計殘值(如有))計算:

- 位於租賃土地上的建築物按未屆滿的租賃期及其估計可使用年期(以較短者為準，且不過過竣工日期後50年)折舊
- 機器 15年
- 汽車 10年
- 辦公室設備及其他 5-8年

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Property, plant and equipment (Cont'd)

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.

Construction in progress represents property, plant and equipment under construction, and is stated at cost less impairment losses (see Note 1(i)). Cost comprises direct costs of construction during the construction period. Capitalization of these costs ceases and the construction in progress is transferred to property, plant and equipment when the asset is substantially complete and ready for its intended use. No depreciation is provided in respect of construction in progress.

(g) Intangible assets (other than goodwill)

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. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see Note 1(i)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 1(i)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

I 重大會計政策(續)

(f) 物業、廠房及設備(續)

倘物業、廠房及設備項目各部份的可使用年期不同，則該項目的成本按合理基準於各部份之間分配，每部份分開折舊。資產的可使用年期及其殘值(如有)將每年檢討。

在建工程指興建中的物業、廠房及設備，按成本扣除減值虧損列賬(附註1(i))。成本包括興建期間的直接建築成本。當資產大致建成並準備投入擬定用途，有關成本即不再資本化，而在建工程則轉移至物業、廠房及設備。在建工程並不計提任何折舊。

(g) 無形資產(商譽除外)

研究活動開支乃於產生期間確認為開支。倘產品或程序在技術及商業上均具可行性，而本集團亦有充裕資源及意向完成發展，有關發展活動的費用則資本化處理。資本化開支包括材料成本、直接工資及按適當比例計算的間接費用。資本化開支按成本減去累計攤銷與減值虧損列賬(見附註1(i))。其他開發開支乃於產生期間確認為開支。

本集團收購的其他無形資產乃按成本減除累計攤銷(當估計可用年期為有限時)及減值虧損列賬(見附註1(i))。內部產生商譽及品牌的開支確認為產生期間的開支。

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(g) Intangible assets (other than goodwill) (Cont'd)

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:

– capitalised development costs	10 years
– patents	12 years

Both the period and method of amortisation are reviewed annually.

(h) Leasehold land held for own use under operating leases

Leasehold land held for own use under operating leases represent cost of land use rights paid to the PRC government authorities. Land use rights are stated as cost less accumulated amortisation and impairment losses (see Note 1(i)). Amortisation is recognised in profit or loss on a straight-line basis over the respective period of the rights.

(i) Impairment of assets

(i) Impairment of trade and other receivables

Trade and other current and non-current receivables that are stated at 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; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

I 重大會計政策(續)

(g) 無形資產(商譽除外)(續)

可用年期有限的無形資產攤銷，資產估計可用年期以直線法於損益表內扣除。以下可用年期有限的無形資產由可供使用當日起攤銷，估計可用年期如下：

– 資本化開發支出	10年
– 專利	12年

攤銷年期及方法均每年審閱。

(h) 根據經營租賃持作自用之土地權益

根據經營租賃持作自用之土地權益指向中國政府當局支付的土地使用權成本。土地使用權按成本減累計攤銷及減值虧損列賬(見附註1(i))。攤銷於各自使用權期間內以直線法於損益表確認。

(i) 資產減值

(i) 貿易及其他應收款項的減值

按攤銷成本列賬的貿易及其他即期及非即期應收款項乃於各報告期末檢討，以確定是否有減值的客觀證據。減值的客觀證據包括本集團注意到有關下列一項或多項損失事件的可觀察證據：

- 債務人的重大財務困難；
- 違約，如拖欠或無法如期償還利息或本金；
- 債務人可能破產或進行其他財務重組；及
- 科技、市場、經濟或法律環境出現重大變化對債務人造成不利影響。

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Impairment of assets (Cont'd)

(i) Impairment of trade and other receivables (Cont'd)

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

- For trade and other receivables carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of 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.

I 重大會計政策(續)

(i) 資產減值(續)

(i) 貿易及其他應收款項的減值(續)

倘出現任何該等證據，則任何減值虧損會按以下方式釐定及確認：

- 就以攤銷成本列賬的貿易及其他應收款項而言，減值虧損乃根據資產的賬面值與估計未來現金流量現值兩者間的差額計量，如折現影響屬重大，則按金融資產原實際利率(即初始確認該等資產時計算的實際利率)折現。倘該等金融資產具備類似風險特徵(如類似的逾期情況)及並未單獨評估為已減值，則有關評估會一同進行。集合評估減值的金融資產的未來現金流量乃根據與該類資產具有類似信貸風險特徵的資產的過往虧損經驗計算。
- 倘若其後減值虧損金額減少，而有關減少與確認減值虧損後發生的事件可客觀地聯繫，則有關減值虧損透過損益表撥回。減值虧損的撥回不應導致資產的賬面值超過倘在過往年度沒有確認任何減值虧損而應釐定的金額。

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Impairment of assets (Cont'd)

(i) Impairment of trade and other receivables (Cont'd)

Impairment losses recognised in respect of trade and other receivables, whose recovery is considered doubtful but not remote, are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade and other receivables 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.

I 重大會計政策(續)

(i) 資產減值(續)

(i) 貿易及其他應收款項的減值(續)

惟若對可收回的可能性有疑問但未至於可能性極低的貿易及其他應收款項的已確認減值虧損使用撥備賬記錄。倘本集團信納收回的可能性極低，則被視為不可收回的金額並從貿易及其他應收款項中直接撤銷，而在撥備賬中持有有關該債務的任何金額將會被撥回。其後收回之前從撥備賬中扣除的款項自相關撥備賬撥回。撥備賬的其他變動及之前直接撤銷的其後收回款項，均在損益表中確認。

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Impairment of assets (Cont'd)

(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, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- Property, plant and equipment;
- Interest in leasehold land held for own use under operating leases;
- Intangible assets;
- Goodwill;
- Prepayments; and
- Investments in subsidiaries in the Company's statement of financial position.

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.

I 重大會計政策(續)

(i) 資產減值(續)

(ii) 其他資產減值

內部及外間資料來源乃於各報告期末評估，以識別有否跡象顯示下列資產可能出現減值，或(在商譽情況下)先前已確認的減值虧損已不存在或可能已減少：

- 物業、廠房及設備；
- 根據經營租賃持作自用之土地權益；
- 無形資產；
- 商譽；
- 預付款項；及
- 於本公司財務狀況表內附屬公司之投資。

倘出現任何該等跡象，則會估計資產的可收回金額。此外，就商譽及尚未供使用的無形資產而言，每年估計可收回金額，評估是否存在減值跡象。

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Impairment of assets (Cont'd)

(ii) Impairment of other assets (Cont'd)

- 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 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 (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in profit or loss if 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 to reduce the carrying amount of the 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, or value in use (if measurable).

I 重大會計政策(續)

(i) 資產減值(續)

(ii) 其他資產減值(續)

- 計算可收回金額

資產的可收回金額為公允價值減銷售成本以及使用價值兩者間的較高者。在評估使用價值時，會按反映當時市場對貨幣時間價值及資產特定風險評估的稅前折現率，將估計未來現金流量折現至其現值。倘資產並無產生大致獨立於其他資產的現金流入，則以能獨立產生現金流入的最小資產組別（即現金產生單位）釐定可收回金額。

- 確認減值虧損

倘資產或其所屬現金產生單位的賬面值超過其可收回金額時，則於損益表中確認減值虧損。就現金產生單位確認的減值虧損予以分配，以按比例減少該單位（或單位組別）內資產的賬面值，惟某資產的賬面值不會減至低於其個別公允價值減去銷售成本或使用價值（如能計量）的金額。

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Impairment of assets (Cont'd)

(ii) Impairment of other assets (Cont'd)

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favorable 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 IAS 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 Notes I (i)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill 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.

I 重大會計政策(續)

(i) 資產減值(續)

(ii) 其他資產減值(續)

- 撥回減值虧損

就商譽以外的資產而言，倘用於釐定可收回金額的估計出現有利變動，則撥回減值虧損。與商譽有關的減值虧損不會撥回。

減值虧損撥回僅限於若在過往年度並未確認減值虧損時原應釐定的資產賬面值。減值虧損撥回在確認撥回的年度計入損益表。

(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，本集團須根據國際會計準則第34號中期財務報告就財政年度首6個月編製中期財務報告。於中期完結時，本集團採用於財務年度完結時應採用的同一減值測試、確認及撥回條件(見附註I(i)(i)及(ii))。

於中期內就以成本入賬的商譽確認的減值虧損不會在往後期間撥回。假設在中期相關的財政年度完結時才評估減值，而發現應不用確認虧損或應確認較少虧損時，亦不會撥回減值虧損。

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(除另有指明外，均以人民幣列示)

I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) 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.

I 重大會計政策(續)

(j) 存貨

存貨乃按成本及可變現淨值的較低者列賬。

成本乃按加權平均成本法計算，並包括所有採購成本、轉換成本及將存貨保存於現時所在地點及保持現有狀況所產生的其他成本。

可變現淨值是在日常業務過程中的估計售價減估計完成成本及作出銷售的估計所需成本。

在售出存貨時，該等存貨的賬面值是在確認相關收入的期內確認為開支。將存貨撇減至可變現淨值的數額和所有存貨虧損均在出現撇減或虧損的期內確認為開支。任何存貨撇減撥回金額乃確認為存貨金額減少，並於撥回發生期間確認為開支。

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(k) 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 (see Note I (i)).

(l) 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.

(m) 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 stated at cost.

(n) 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 six months of maturity at acquisition.

I 重大會計政策(續)

(k) 貿易及其他應收款項

貿易及其他應收款項初步按公允價值確認，其後使用實際利率法按攤銷成本減呆賬減值撥備列賬(見附註I(i))。

(l) 計息借款

計息借款初步按公允價值減應佔交易成本確認。於初步確認後，計息借款乃按攤銷成本及初步確認金額與按借款期於損益表內確認的贖回價值之間的任何差額，連同任何應付利息及費用，使用實際利率法列賬。

(m) 貿易及其他應付款項

貿易及其他應付款項初步按公允價值確認，而其後則按攤銷成本列賬，除非貼現的影響並不重大，在該情況下則按成本列賬。

(n) 現金及現金等值項目

現金及現金等值項目包括銀行存款及手頭現金、於銀行及其他金融機構的活期存款，以及可隨時兌換為已知金額現金且承受的價值變動風險並不重大的短期、高流動性投資(在購入時距離到期日不超過六個月)。

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(o) 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.

Annual contributions to retirement benefit schemes operated by the government in the PRC are recognised in the profit or loss as and when incurred.

(ii) 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.

(p) Income tax

Income tax for the period 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 period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

I 重大會計政策(續)

(o) 僱員福利

(i) 短期僱員福利及界定供款福利計劃的供款

薪金、年度花紅、有薪年假、向界定供款退休計劃供款及非金錢利益的成本乃於僱員提供相關服務的年度內應計。倘延期付款或結算而影響屬重大，則該等金額乃按其現值列賬。

向中國政府所營運的退休福利計劃作出的年度供款乃於產生時在損益表中確認。

(ii) 解僱福利

解僱福利於本集團再無能力提供該等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。

(p) 所得稅

期內所得稅包括即期稅項及遞延稅項資產與負債的變動。即期稅項及遞延稅項資產與負債的變動均於損益表內確認，惟與於其他全面收益或直接於權益內確認的項目有關者則除外，在此情況下有關稅項金額分別於其他全面收益或直接於權益內確認。

即期稅項為就期內應課稅收入採用於報告期末已生效或實質已生效的稅率計算的預期應付稅項，並就過往期間的應付稅項作出調整。

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(p) Income tax (Cont'd)

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.

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 difference 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 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.

I 重大會計政策(續)

(p) 所得稅(續)

遞延稅項資產及負債分別自可扣稅及應課稅的暫時差額產生，即就財務報告而言資產和負債的賬面值與其稅基之間的差額。遞延稅項資產亦自未動用稅項虧損及未動用稅項抵免產生。

除若干有限的例外情況外，所有遞延稅項負債及所有遞延稅項資產(以未來可能有應課稅溢利致使可動用該等資產作抵扣為限)均會予以確認。可支持確認自可扣稅暫時差額所產生的遞延稅項資產的未來應課稅溢利包括因撥回現有應課稅暫時差額而產生的金額；惟此等差額必須與同一稅務機關及同一應課稅實體有關，並預期在可扣稅暫時差額預計撥回的同一期間或遞延稅項資產所產生稅項虧損可承後或承前結轉的期間內撥回。在釐定現有應課稅暫時差額是否支持確認自未動用稅項虧損和抵免產生的遞延稅項資產時，亦會採用同一準則，即該等差額若與同一稅務機關及同一應課稅實體有關，並預期在稅項虧損或抵免可動用的期間內撥回，則予以考慮。

確認遞延稅項資產和負債的有限例外情況，為就稅務而言不影響會計或應課稅溢利的資產或負債的初步確認(前提是其並不屬業務合併的一部份)，以及有關於附屬公司的投資的暫時差額(如屬應課稅差額，則只限於本集團可控制撥回的時間，而且在可見將來不大可能撥回的差額；或如屬可扣稅差額，則只限於很可能在將來撥回的差額)。

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(p) Income tax (Cont'd)

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.

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 recognized when the liability to pay the related dividends is recognized.

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 Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

I 重大會計政策(續)

(p) 所得稅(續)

已確認的遞延稅項金額按照資產與負債賬面值的預期變現或清償方式，使用報告期末已生效或實質已生效的稅率計算。遞延稅項資產與負債均不作折現。

遞延稅項資產的賬面值乃於各報告期末檢討，並在不可能再獲得足夠的應課稅溢利可抵扣相關稅項利益時予以扣減。倘有可能獲得足夠的應課稅溢利，則扣減金額予以撥回。

因派發股息而產生的額外所得稅在支付有關股息時確認。

即期稅項結餘及遞延稅項結餘及其變動額均各自分開呈報且不予抵銷。倘本公司或本集團有法定強制執行權利以即期稅項資產抵銷即期稅項負債，並且符合以下附加條件下，則即期稅項資產可抵銷即期稅項負債，以及遞延稅項資產可抵銷遞延稅項負債：

- 倘為即期稅項資產與負債，本集團擬按淨額基準結算，或同時變現該資產及清償該負債；或

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(p) Income tax (Cont'd)

- 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.

(q) Provisions and contingent liabilities

Provisions are recognised for other 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 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.

I 重大會計政策(續)

(p) 所得稅(續)

- 倘為遞延稅項資產及負債，而此等資產及負債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，此等實體計劃在日後每個預期有大額遞延稅項負債需要清償或大額遞延稅項資產可以收回的期間內，按淨額基準變現即期稅項資產及清償即期稅項負債，或同時變現該資產及清償該負債。

(q) 撥備及或然負債

撥備乃於本集團或本公司因過往事件而產生法律或推定責任，而可能需要經濟利益流出以清償責任及能作出可靠估計時，就不確定時間或金額的其他負債確認。倘金錢的時間值屬重大時，撥備乃按預期清償責任的開支的現值列賬。

當需要經濟利益流出的可能性較低或當金額不能可靠估計時，責任會作為或然負債披露，除非經濟利益流出的可能性極低。可能的責任(其存在將僅由一項或以上未來事件的出現或不出現確認)亦作為或然負債披露，除非經濟利益流出的可能性極低者，則另當別論。

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(r) 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 leave the warehouse and are delivered to the location designated by the customers and the related risks and rewards of ownership of the goods are considered to have been transferred to the customers. 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) Government grants

Government grants are recognised in the statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset by way of recognized in other revenues.

I 重大會計政策(續)

(r) 收入確認

收入是按已收或應收代價的公允價值計量。倘有經濟利益可能流入本集團，而收入及成本(如適用)能可靠地計量時，則收入會根據下列方法於損益表中確認：

(i) 銷售貨品

收入是在貨品離開倉庫並送達客戶指定的場所且貨品擁有權的有關風險及回報被視為轉嫁予客戶時確認。收入不包括增值稅或其他銷售稅，並已扣除任何貿易折扣。

(ii) 利息收入

利息收入是在產生時按實際利率法確認。

(iii) 政府補助

當可以合理確定本集團將會收到政府補助並會遵守其附帶條件時，政府補助會初步於財務狀況表內予以確認。用作補償本集團所產生的開支的補助於產生開支的同一期間有系統地於損益表內確認為收入。補償本集團資產成本的補助初步確認為遞延收入，並於該項資產的可使用年期以確認為其他收入的方式按直線法於損益表內攤銷。

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(s) 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.

(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 that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

I 重大會計政策(續)

(s) 借貸成本

凡直接與購置、興建或生產某項資產(該資產必須經過頗長時間籌備以作預定用途或出售)有關的借貸成本，均資本化為資產的部份成本。其他借貸成本均於發生期間內支銷。

符合資本化條件的借貸成本，在資產已產生開支、借貸成本已發生及使資產達到預定可使用或可銷售狀態所必要的工作已進行時，開始資本化。符合資本化條件的資產投入擬定用途或銷售所必須的絕大部份工作中止或完成時，借貸成本便會暫停或停止資本化。

(t) 外幣換算

年內的外幣交易按交易日期公佈的外匯匯率換算。以外幣計值的貨幣資產及負債，按報告期末公佈的外匯匯率換算。匯兌盈虧於損益中確認。

按歷史成本以外幣計值的非貨幣資產及負債，按交易日期公佈的外匯匯率換算。按公平值列賬以外幣計值的非貨幣資產及負債，按計量公平值日期公佈的外匯匯率換算。

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) 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.

I 重大會計政策(續)

(u) 關連人士

- (a) 在以下情況下，某人士或其近親家庭成員與本集團有關聯：
- (i) 可控制或共同控制本集團；
 - (ii) 對本集團有重大影響力；或
 - (iii) 是本集團或本集團母公司的主要管理人員的成員。
- (b) 在任何以下情況下，某實體與本集團有關聯：
- (i) 該實體及本集團均是同一集團的成員公司(即母公司、附屬公司及同系附屬公司各自與其他方有關聯)。
 - (ii) 某實體是另一實體的聯營公司或合營公司(或另一實體為成員公司的某集團的成員公司的聯營公司或合營公司)。
 - (iii) 兩家實體均是同一第三方的合營公司。
 - (iv) 某實體是第三方實體的合營公司而另一實體則是該第三方實體的聯營公司。

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(除另有指明外，均以人民幣列示)

I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) Related parties (Cont'd)

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

(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).

(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, provides 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.

I 重大會計政策(續)

(u) 關連人士(續)

(b) 在任何以下情況下，某實體與本集團有關聯：(續)

(v) 該實體是旨在提供福利予本集團或與本集團有關聯的實體的僱員的離職後福利計劃。

(vi) 該實體受(a)項中所辨別的人士控制或共同控制。

(vii) 在(a)(i)項中所辨別的人士對該實體有重大影響力，或該人士是該實體(或是該實體的母公司)的主要管理人員的成員。

(viii) 向本集團或本集團母公司提供主要管理人員服務的實體或其所屬集團的任何成員公司。

某人士的近親家庭成員為在與實體交易時預期會影響該名人士或受到該名人士影響的家庭成員。

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(v) Segment reporting

Management has determined operating segments with reference to the reports reviewed by the chief operating decision maker of the Group that are used to assess the performance and allocate resources.

The chief operating decision maker of the Group assesses the performance and allocates the resources of the Group as a whole, as all of the Group's activities are considered to be primarily dependent on the performance on sales of pharmaceutical products. Therefore, management considers there to be only one operating segment under the requirements of IFRS 8, Operating Segments. In this regard, no segment information is presented for the year end 31 December 2017.

No geographic information is shown as the Group's operating profit is derived from activities of manufacture and sale of pharmaceutical products in the PRC.

2 ACCOUNTING ESTIMATES AND JUDGEMENTS

The key sources of estimation uncertainty and critical accounting judgments in applying the Group's accounting policies are described below.

(a) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value.

The Group reviews annually the useful life of an asset and its residual value, if any. The depreciation expense for future years is adjusted if there are significant changes from previous estimation.

I 重大會計政策(續)

(v) 分部報告

管理層乃參照本集團最高營運決策者所審閱用以評估業績表現及分配資源的報告以釐定經營分部。

由於本集團全部業務活動被視為主要依賴藥品銷售的表現，故本集團的最高經營決策者評估本集團整體表現並分配其資源。因此，根據國際財務報告準則第8號經營分部的規定，管理層認為僅存在一個經營分部。就此而言，並無呈列截至2017年12月31日止年度的分部資料。

本集團的經營溢利來自中國的產銷藥品業務，故並無展示地理資料。

2 會計估計及判斷

估計不確定性的主要來源及於應用本集團會計政策時所作出的重大會計判斷載述於下文。

(a) 折舊

於考慮估計剩餘價值後，物業、廠房及設備於估計可使用年期內按直線法折舊。

本集團每年審閱資產的可使用年期及其剩餘價值(如有)。倘過往作出的估算出現重大變動，則會對未來年度的折舊開支作出調整。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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2 ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

(b) Impairments

- (i) In considering the impairment losses that may be required for certain property, plant and equipment, intangible assets, goodwill and interests in lease hold land held for own use under operating leases, recoverable amount of these assets needs to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to items such as level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as revenue and operating costs.
- (ii) Impairment losses for doubtful debts are assessed and provided based on the directors' regular review of ageing analysis and evaluation of collectability. A considerable level of judgment is exercised by the directors when assessing the credit worthiness and past collection history of each individual customer.

An increase or decrease in the above impairment losses would affect the net profit or loss in future years.

2 會計估計及判斷(續)

(b) 減值

- (i) 於考慮可能須就若干物業、廠房、無形資產、商譽及根據經營租賃持作自用之租賃土地權益作出的減值虧損時，需要釐定該等資產的可收回金額。可收回金額為淨售價與使用價值兩者之較高者。由於未必能即時取得該等資產的市場報價，故難以精確估計售價。於釐定使用價值時，資產所產生的預期現金流會折現至其現值，當中需要就收益水平及經成本金額等項目作出重大判斷。於釐定可收回金額的合理約數時，本集團使用所有可即時取得的資料，包括根據就收益及營運成本等作出的合理及有證據支持的假設及預測作出的估算。
- (ii) 呆壞賬減值虧損乃根據董事定期對賬齡分析作出的審閱及可收回程度的估計進行評估，並作出撥備。董事於釐定每名個別客戶的信譽及過往收款記錄時需要作出大量判斷。

上述減值虧損的增減將影響未來幾年的淨溢利或虧損。

NOTES TO THE FINANCIAL STATEMENTS

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2 ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

(c) Capitalised development costs

Development costs are capitalised in accordance with the accounting policy for research and development costs in Note 1(g) to the financial statements. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. At 31 December 2017, the best estimate of the carrying amount of capitalised development costs was RMB57,157,000. Further details are contained in Note 11 to the financial statements.

3 REVENUE

The principal activities of the Group are manufacturing and sales of pharmaceuticals.

Revenue represents the sales value of goods supplied to customers. Revenue excludes sales taxes and surcharges and is after deduction of any trade discounts. The amount of each significant category of revenue is as follows:

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Sales of anti-viral drugs	銷售抗病毒藥物	1,407,948	739,824
Sales of cardiovascular drugs	銷售心血管藥物	96,331	89,182
Sales of endocrine and metabolic drugs	銷售內分泌及代謝藥物	41,355	46,739
Sales of other medical products	銷售其他藥物	55,933	65,759
		1,601,567	941,504

The Group's customer base is diversified and includes one customer (2016: one) with whom transactions have exceeded 10% of the Group's revenues for the year ended 31 December 2017, including sales to entities which are known to the Group under common control with single customer. Revenues from this customer amounted to approximately RMB638,490,000 (2016: RMB384,468,000). Details of concentrations of credit risk arising from this customer are set out in Note 24(a).

2 會計估計及判斷(續)

(c) 資本化開發支出

開發支出乃按財務報表附註1(g)中的研究與開發支出的會計政策資本化。在決定資本化金額時，需要管理層對下述事項作出假設：該資產預計將來可產生的現金收益、使用的折現率及預計受益期間。於2017年12月31日，已資本化之開發支出的最佳估算賬面價值為人民幣57,157,000元。進一步詳情載於財務報表附註11。

3 營業額

本集團的主要業務為藥品生產及銷售。

營業額指供應給客戶的貨品的銷售價值。營業額不包括銷售稅及附加費，並已扣除任何貿易折扣。各主要營業額類別的金額如下：

	2017	2016
	2017年	2016年
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Sales of anti-viral drugs	1,407,948	739,824
Sales of cardiovascular drugs	96,331	89,182
Sales of endocrine and metabolic drugs	41,355	46,739
Sales of other medical products	55,933	65,759
	1,601,567	941,504

本集團的客戶群多元化，截至2017年12月31日止年度，包括一名(2016年：一名)交易額超過本集團營業額10%的客戶(包括向本集團知悉與單名客戶受共同控制之實體銷售)。來自該名客戶的營業額約達人民幣638,490,000元(2016年：人民幣384,468,000元)。該名客戶所產生信貸風險集中的詳情載於附註24(a)。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

4 OTHER REVENUE AND OTHER NET (LOSS)/INCOME

(a) Other revenue

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Government grants	政府補助		
– Unconditional subsidies	– 無條件補助	2,486	3,322
– Conditional subsidies (Note 21)	– 有條件補助(附註21)	4,379	4,379
Interest income	利息收入	14,737	8,104
Others	其他	221	193
		21,823	15,998

4 其他收入及其他(虧損)/收入淨額

(a) 其他收入

(b) Other net (loss)/income

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Loss on disposal of fixed assets	出售固定資產的虧損	(345)	(136)
Exchange (loss)/gain	匯兌(虧損)/收益	(24,733)	32,765
Others	其他	(337)	(2,000)
		(25,415)	30,629

(b) 其他(虧損)/收入淨額

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5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Interest expenses (Note 18(c))	利息開支(附註18(c))	4,289	7,233

(b) Staff costs

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Salaries, wages, bonuses and benefits	薪金、工資、花紅及福利	105,101	71,942
Contributions to defined contribution retirement benefit schemes	定額退休福利計劃供款	14,203	7,820
		119,304	79,762

Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in defined contribution retirement benefit schemes (the "Schemes") organised by the local government authorities whereby the Group is required to make contributions to the Schemes based on certain percentages of the eligible employee's salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees. The Group has no other obligations for payments of retirement and other post-retirement benefits of employees other than the contributions described above.

5 除稅前溢利

除稅前溢利乃扣除／(計入)以下各項後得出：

(a) 融資成本

	2017	2016
	2017年	2016年
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Interest expenses (Note 18(c))	4,289	7,233

(b) 員工成本

	2017	2016
	2017年	2016年
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Salaries, wages, bonuses and benefits	105,101	71,942
Contributions to defined contribution retirement benefit schemes	14,203	7,820
	119,304	79,762

根據中國的相關勞動規則及規例，本集團參與由地方政府機關組織的定額供款退休福利計劃(「計劃」)，據此，本集團須按照合資格僱員薪金的某百分比向計劃作出供款。地方政府機關承擔向退休僱員支付全部退休金的責任。除上述供款外，本集團並無其他責任支付僱員的退休及其他退休後福利。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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5 PROFIT BEFORE TAXATION (Cont'd)

(c) Other items

			2017	2016
			2017年	2016年
		Note	RMB'000	RMB'000
		附註	人民幣千元	人民幣千元
Depreciation	折舊	10	31,793	27,449
Less: amount capitalised as development costs	減：資本化開發支出		(5,985)	-
			25,808	27,449
Amortisation	攤銷	11	17,987	-
Auditor's remuneration	核數師酬金			
– audit services	– 審核服務		1,300	1,200
– non-audit services	– 非審核服務		600	600
(Reversal)/provision of impairment losses on	減值虧損(轉回)/計提	16		
– trade receivables	– 貿易應收款項		(2,228)	500
– other receivables	– 其他應收款項		733	(1,064)
Operating lease charges	經營租賃費用		655	1,094
Research and development cost (other than amortisation costs of intangible assets) (i)	研發成本(無形資產攤銷成本 除外)(i)		96,915	64,236
Cost of inventories (ii)	存貨成本(ii)	15	142,484	136,793

(i) Research and development cost include RMB31,984,000 (2016: RMB27,068,000) relating to staff costs, depreciation expenses, amortisation expenses and operating lease charges, which amount is also included in the respective total amounts disclosed separately above or in the Note 5(b) for each of these types of expenses.

(ii) Cost of inventories include RMB36,909,000 (2016: RMB31,400,000) relating to staff costs, depreciation expenses and operating lease charges, which amount is also included in the respective total amounts disclosed separately above or in the Note 5(b) for each of these types of expenses.

5 除稅前溢利(續)

(c) 其他項目

(i) 研發成本包括與員工成本、折舊開支、攤銷開支和經營租賃費用相關的支出人民幣31,984,000元(2016年：人民幣27,068,000元)，以上款項亦計入上文或附註5(b)就各開支類別獨立披露的相應總金額內。

(ii) 存貨成本包括與員工成本、折舊開支和經營租賃費用相關的支出人民幣36,909,000元(2016年：人民幣31,400,000元)，以上金額亦計入上文或附註5(b)就各開支類別獨立披露的相應總金額內。

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6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 6 綜合損益及其他全面收益表內的所得稅

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

(a) 綜合損益及其他全面收益表內的所得稅指：

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Current tax	即期稅項		
Provision for PRC CIT for the year (Note 22(a))	本年度中國企業所得稅撥備 (附註22(a))	138,264	73,768
Under/(over) provision for PRC CIT in respect of prior years	過往年度中國企業所得稅不足/(超額)撥備	402	(276)
Deferred tax	遞延稅項	138,666	73,492
Origination of temporary differences	暫時差額的產生	(16,828)	(1,023)
Total income tax	所得稅總額	121,838	72,469

(b) Reconciliation between income tax expenses and accounting profit at applicable tax rates:

(b) 所得稅開支與按適用稅率計算的會計溢利的對賬：

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Profit before taxation	除稅前溢利	748,195	453,066
Applicable tax rate (i)	適用稅率(i)	25%	25%
Notional tax on profit before taxation	除稅前溢利的推算稅項	187,049	113,267
Under/(over) provision for PRC CIT in respect of prior years	過往年度中國企業所得稅不足/(超額)撥備	402	(276)
Tax effect of non-deductible expenses	不可扣稅開支的稅務影響	3,720	8,630
Tax effect of preferential tax rate (ii)	優惠稅率的稅務影響(ii)	(80,052)	(45,303)
Tax effect of bonus deduction of research and development expenses (iii)	研發開支優惠扣稅的稅務影響(iii)	(2,246)	(3,849)
Tax effect of unused tax losses not recognised	未確認的未利用稅項虧損的稅務影響	12,965	-
Income tax expenses	所得稅開支	121,838	72,469

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Cont'd)

(b) Reconciliation between income tax expenses and accounting profit at applicable tax rates: (Cont'd)

- (i) The PRC CIT rate is 25%.
- (ii) The PRC CIT Law allows enterprises to apply for the certificate of "High and New Technology Enterprise" ("HNTE") which entitles the qualified companies to a preferential income tax rate of 15%. The Company was recognised as "HNTE" to enjoy a preferential CIT rate of 15% from 2014 to 2016 pursuant to documents issued by local government authorities. The Company is approved to extend of "HNTE" and entitle of the preferential income tax rate from 2017 to 2019. The PRC CIT rate applicable to the Company was of 15% for the years ended 31 December 2017 and 2016.
- (iii) According to relevant tax rules in the PRC, qualified research and development expenses ("R&D expenses"), which are not capitalised, are allowed for bonus deduction for income tax purpose, i.e. an additional 50% of such expenses could be deemed as deductible expenses.

6 綜合損益及其他全面收益表內的所得稅(續)

(b) 所得稅開支與按適用稅率計算的會計溢利的對賬：(續)

- (i) 中國企業所得稅率為25%。
- (ii) 中國企業所得稅法允許企業申請認定為「高新技術企業」(「高新技術企業」)，合資格公司可藉此按優惠所得稅率15%繳納中國企業所得稅。根據地方政府機關發佈的文件，本公司獲認定為高新技術企業並自2014年至2016年期間享受15%的企業所得稅優惠稅率。本公司獲批准於2017年至2019年期間續展高新技術企業資格及享受優惠所得稅率。於截至2017年及2016年12月31日止年度，本公司適用15%的中國企業所得稅率。
- (iii) 根據中國相關稅務規則，未經資本化之符合條件的研發開支(「研發開支」)可於所得稅前加計扣除，即該開支之額外50%可被視為可扣稅開支。

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(除另有指明外，均以人民幣列示)

7 DIRECTORS' AND SUPERVISORS' REMUNERATION

The details of directors' remuneration are disclosed as follows:

7 董事及監事酬金

董事酬金之詳情披露如下：

		Directors' fees	Salaries, allowances and benefits in kind	Contributions to defined contribution retirement benefit schemes	Discretionary bonuses	2017 Total
		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
Executive directors	執行董事					
Mr. Jiang Juncai	蔣均才先生	-	194	20	110	324
Mr. Wang Danjin	王丹津先生	-	163	15	77	255
Mr. Chen Yangui	陳燕桂先生	-	214	20	132	366
Mr. Zhu Qiaohong (i)	朱巧洪先生(i)	-	170	15	77	262
Non-executive directors	非執行董事					
Mr. Tang Xinfa	唐新發先生	-	-	-	-	-
Mr. Zhu Yingwei (ii)	朱英偉先生(ii)	-	-	-	-	-
Mr. Mo Kit	毛杰先生	-	-	-	-	-
Independent non-executive directors	獨立非執行董事					
Mr. Tang Jianxin	唐建新先生	80	-	-	-	80
Mr. Fu Hailiang	付海亮先生	80	-	-	-	80
Mr. Lee Chi Ming	李志明先生	160	-	-	-	160
Supervisors	監事					
Ms. Huang Fangfang	黃芳芳女士	-	-	-	-	-
Mr. Wang Shengchao (iii)	王勝超先生(iii)	-	98	9	50	157
Mr. Luo Zhonghua (iv)	羅忠華先生(iv)	-	-	-	-	-
Ms. Xue Lian (iii)	薛蓮女士(iii)	-	86	12	-	98
Mr. Lin Jian (iv)	林健先生(iv)	-	-	-	-	-
Total	總計	320	925	91	446	1,782

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(除另有指明外，均以人民幣列示)

7 DIRECTORS' AND SUPERVISORS' REMUNERATION (Cont'd)

7 董事及監事酬金(續)

		Directors' fees	Salaries, allowances and benefits in kind	Contributions to defined contribution retirement benefit schemes	Discretionary bonuses	2016 Total
		董事袍金	薪金、津貼及實物福利	定額供款退休福利計劃供款	酌情花紅	2016年總計
		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
Executive directors		執行董事				
Mr. Jiang Juncai	蔣均才先生	–	163	16	42	221
Mr. Wang Danjin	王丹津先生	–	156	14	42	212
Mr. Chen Yangui	陳燕桂先生	–	213	20	60	293
Non-executive directors		非執行董事				
Mr. Tang Xinfu	唐新發先生	–	–	–	–	–
Mr. Zhu Yingwei (ii)	朱英偉先生(ii)	–	–	–	–	–
Mr. Mo Kit	毛杰先生	–	–	–	–	–
Independent non-executive directors		獨立非執行董事				
Mr. Tang Jianxin	唐建新先生	80	–	–	–	80
Mr. Fu Hailiang	付海亮先生	80	–	–	–	80
Mr. Lee Chi Ming	李志明先生	160	–	–	–	160
Supervisors		監事				
Ms. Huang Fangfang	黃芳芳女士	–	–	–	–	–
Ms. Xue Lian (iii)	薛蓮女士(iii)	–	128	14	42	184
Mr. Lin Jian (iv)	林健先生(iv)	–	–	–	–	–
Total	總計	320	660	64	186	1,230

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7 DIRECTORS' AND SUPERVISORS' REMUNERATION (Cont'd)

- (i) Mr. Zhu Qiaohong was appointed as executive directors on 16 June 2017.
- (ii) Mr. Zhu Yingwei resigned as non-executive director on 9 May 2017.
- (iii) Mr. Wang Shengchao was appointed as supervisor and Ms. Xue Lian resigned as supervisor on 21 July 2017.
- (iv) Mr. Luo Zhonghua was appointed as supervisor and Lin Jian resigned as supervisor on 16 June 2017.

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2016: three) is the director whose emoluments are disclosed in Note 7. The aggregate of the emoluments in respect of the other two (2016: two) individuals are as follows:

7 董事及監事酬金(續)

- (i) 朱巧洪先生於2017年6月16日獲委任為執行董事。
- (ii) 朱英偉先生於2017年5月9日辭任非執行董事。
- (iii) 王勝超先生於2017年7月21日獲委任為監事而薛蓮女士則於同日辭任監事。
- (iv) 羅忠華先生於2017年6月16日獲委任為監事而林健先生則於同日辭任監事。

8 最高薪酬人士

五名最高薪酬人士中，其中三名(2016年：三名)為董事，彼等薪酬披露於附註7。餘下兩名人士(2016年：兩名)的薪酬總額如下：

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Salaries and other emoluments	薪金及其他薪酬	384	406
Discretionary bonuses	酌情花紅	129	78
Contribution to retirement schemes	退休計劃供款	47	52
		560	536

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8 INDIVIDUALS WITH HIGHEST EMOLUMENTS (Cont'd)

The emoluments of the two (2016: two) individuals with the highest emoluments are within the following bands:

	2017 2017年 Number of Individuals 人數	2016 2016年 Number of Individuals 人數
Nil to HKD1,000,000	2	2

9 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB647,101,000 (2016: RMB380,597,000) and the weighted average of 451,904,494 (2016: 450,814,367) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

		2017 shares 2017年股數	2016 shares 2016年股數
Issued ordinary shares at 1 January (Note 23(c))	於1月1日的已發行普通股(附註23(c))	450,822,850	450,659,450
Effect of shares issued (Note 23(c))	發行股份的影響(附註23(c))	1,081,644	154,917
Weighted average number of ordinary shares at 31 December	於12月31日普通股加權平均數	451,904,494	450,814,367

(b) Diluted earnings per share

There were no dilutive potential ordinary shares in 2017 and 2016, and therefore, diluted earnings per share is the same as the basic earnings per share.

8 最高薪酬人士(續)

兩名(2016年：兩名)最高薪酬人士的薪酬介乎以下範圍：

9 每股盈利

(a) 每股基本盈利

計算每股基本盈利時乃以本公司普通權益股東應佔溢利人民幣647,101,000元(2016年：人民幣380,597,000元)和年內已發行普通股加權平均數451,904,494股(2016年：450,814,367股)為基準：

普通股的加權平均數如下：

(b) 每股攤薄盈利

於2017年及2016年，並無具攤薄效應的潛在普通股，故每股攤薄盈利與每股基本盈利相同。

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10 FIXED ASSETS

10 固定資產

		Plant and Buildings	Machinery	Office equipment and others	Motor vehicles	Construction in progress	Sub-total	Interests in leasehold land held for own use under operating leases	Total
		廠房及樓宇	機器	辦公室設備 及其他	汽車	在建工程	小計	根據經營租賃 持有自用之 租賃土地權益	總計
		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
Cost:	成本：								
At 1 January 2016	於2016年1月1日	244,442	183,661	55,992	647	12,866	497,608	96,709	594,317
Additions	添置	15,289	13,278	8,691	130	23,380	60,768	-	60,768
Transfer from construction in progress	自在建工程轉移	16,244	6,063	10,297	-	(32,604)	-	-	-
Disposals	處置	-	(171)	(224)	(136)	-	(531)	-	(531)
At 31 December 2016	於2016年12月31日	275,975	202,831	74,756	641	3,642	557,845	96,709	654,554
Additions	添置	67,526	9,677	11,522	649	117,674	207,048	-	207,048
Transfer from construction in progress	自在建工程轉移	409	5,091	3,628	-	(9,128)	-	-	-
Disposals	處置	-	(1,020)	(2,726)	(511)	-	(4,257)	-	(4,257)
At 31 December 2017	於2017年12月31日	343,910	216,579	87,180	779	112,188	760,636	96,709	857,345
Accumulated depreciation:	累計折舊：								
At 1 January 2016	於2016年1月1日	(41,733)	(49,680)	(27,034)	(360)	-	(118,807)	(13,010)	(131,817)
Charge for the year	年內扣除	(7,543)	(11,356)	(6,552)	(66)	-	(25,517)	(1,932)	(27,449)
Written-back on disposals	於處置時撤銷	-	101	201	92	-	394	-	394
At 31 December 2016	於2016年12月31日	(49,276)	(60,935)	(33,385)	(334)	-	(143,930)	(14,942)	(158,872)
Charge for the year	年內扣除	(8,646)	(12,380)	(8,763)	(72)	-	(29,861)	(1,932)	(31,793)
Written-back on disposals	於處置時撤銷	-	918	2,286	341	-	3,545	-	3,545
At 31 December 2017	於2017年12月31日	(57,922)	(72,397)	(39,862)	(65)	-	(170,246)	(16,874)	(187,120)
Carrying amount:	賬面值：								
At 31 December 2017	於2017年12月31日	285,988	144,182	47,318	714	112,188	590,390	79,835	670,225
At 31 December 2016	於2016年12月31日	226,699	141,896	41,371	307	3,642	413,915	81,767	495,682

- (i) All property, plant and equipment owned by the Group are located in the PRC. (i) 本集團擁有之所有物業、廠房及設備均位於中國。
- (ii) As at 31 December 2017, the Group was applying for certificates of ownership for certain properties, with carrying value of RMB84,512,000 (2016: RMB5,171,000). The directors of the Company are of the opinion that the use of and the conduct of operating activities at the properties referred to above are not affected by the fact that the Group has not yet obtained the relevant property title certificates. (ii) 於2017年12月31日，本公司正就賬面值為人民幣84,512,000元(2016年：人民幣5,171,000元)的若干物業申請所有權證書。本公司董事認為本集團尚未取得相關物業業權所有證書並不影響使用上述物業及從事業務活動。

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II INTANGIBLE ASSETS

II 無形資產

		Capitalised development costs	Patents	Total
		資本化開發支出	專利	總計
		RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元
Cost:	成本：			
At 1 January 2016, 31 December 2016 and 1 January 2017	於2016年1月1日、2016年 12月31日及2017年1月1日	–	–	–
Capitalised development costs of insulin (i)	資本化胰島素開發支出(i)	57,157	–	57,157
Addition through acquisition of a subsidiary (Note 12)	透過收購附屬公司新增 (附註12)	–	335,000	335,000
At 31 December 2017	於2017年12月31日	57,157	335,000	392,157
Accumulated amortisation:	累計攤銷：			
At 1 January 2016, 31 December 2016 and 1 January 2017	於2016年1月1日、2016年 12月31日及2017年1月1日	–	–	–
Charge for the year	年內扣除	–	(17,987)	(17,987)
At 31 December 2017	於2017年12月31日	–	(17,987)	(17,987)
Net book value:	賬面淨值：			
At 31 December 2017	於2017年12月31日	57,157	317,013	374,170
At 31 December 2016	於2016年12月31日	–	–	–

(i) The Group has obtained the necessary approvals and permits for clinical trials for a series of insulin research and development projects by the end of 31 December 2017. The directors of the Company are of the opinion that the development expenditure of the related projects meet the criteria of capitalisation after obtained the approval of clinical trial and capitalised the expenditure as development costs under intangible assets. As at 31 December 2017, the intangible assets under development were not yet ready for use.

(i) 本集團於2017年12月31日底前已就一系列胰島素研發項目的臨床試驗取得所需批文及許可。於取得臨床試驗的批文及費用資本化為無形資產下的開發支出後，本公司董事確認，有關項目的開發費用符合資本化標準。於2017年12月31日，開發中無形資產尚不可使用。

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12 GOODWILL

12 商譽

		2017
		2017年
		RMB'000
		人民幣千元
Cost and carrying amount	成本及賬面值	
At 1 January 2016, 31 December 2016 and 1 January 2017	於2016年1月1日、2016年12月31日及 2017年1月1日	-
Addition through acquisition of a subsidiary	透過收購附屬公司新增	75,896
At 31 December 2017	於2017年12月31日	75,896

Acquisition of HEC TaiGen

Pursuant to the agreement signed on 30 October 2016 among the Company, TaiGen Biopharmaceuticals Co. (Beijing), Ltd. ("TaiGen") and TaiGen Biopharmaceuticals Holdings Ltd., which is the controlling shareholder of TaiGen, the Company and TaiGen set up Dongguan HEC TaiGen Biopharmaceuticals Co., Ltd. (東莞東陽光太景醫藥研發有限責任公司, "HEC TaiGen") in the PRC on 10 January 2017. HEC TaiGen engages in the research, development, production and sales of new anti-Hepatitis C drugs. The registered capital of HEC TaiGen was RMB683,400,000, of which the Company contributes RMB348,400,000 by way of cash and TaiGen contributes RMB335,000,000 by way of injection of the patents related to Furaprevir (Note 11), a protease inhibitor for Hepatitis C. Upon set up of HEC TaiGen, the Company and TaiGen held 51% and 49% of the equity interests of HEC TaiGen, respectively.

On 27 March 2017, the Company entered into an equity transfer agreement ("Equity Transfer Agreement") with TaiGen and acquired additional 9% equity interests in the HEC TaiGen held by TaiGen. The consideration of the equity transfer was USD20,000,000 (equivalent to approximately RMB137,402,000). Upon completion of the equity transfer, the Company and TaiGen held 60% and 40% of the equity interests of HEC TaiGen, respectively. Management considers the above transactions, as a whole, consist an acquisition of 60% equity interests of HEC TaiGen. The differences between the total consideration of 60% equity interests of HEC TaiGen and net asset value of HEC TaiGen attributed to the Company were recognised as goodwill, which was amounting to RMB75,896,000.

收購東陽光太景

根據本公司、太景醫藥研發(北京)有限公司(「太景」)及太景的控股股東太景醫藥研發控股股份有限公司於2016年10月30日簽署的協議，本公司與太景於2017年1月10日在中國成立東莞東陽光太景醫藥研發有限責任公司(「東陽光太景」)。東陽光太景從事抗丙肝新藥的研發、生產及銷售。東陽光太景的註冊資本為人民幣683,400,000元，其中本公司以現金出資人民幣348,400,000元，太景以注入丙肝蛋白酶抑制劑伏拉瑞韋專利方式出資人民幣335,000,000元(附註11)。東陽光太景成立後，本公司與太景分別持有東陽光太景51%及49%股權。

於2017年3月27日，本公司與太景訂立股權轉讓協議(「股權轉讓協議」)，並額外收購太景所持東陽光太景9%股權。股權轉讓的對價為20,000,000美元(約相當於人民幣137,402,000元)。股權轉讓完成後，本公司及太景分別持有東陽光太景60%及40%股權。管理層將上述交易作為一個整體，視同收購東陽光太景60%股權。本公司將東陽光太景60%權益份額的總對價與本公司應佔東陽光太景的資產淨值之間的差額確認為商譽，金額為人民幣75,896,000元。

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12 GOODWILL (Cont'd)

Pursuant to the Equity Transfer Agreement, subject to the positive result of Phase II clinical trial of new anti-Hepatitis C drugs and certain conditions, the Company will additionally pay USD20,000,000 in aggregate to TaiGen by four instalments and offer a right to TaiGen to purchase up to 9% equity interests in HEC TaiGen from the Company at the price equal to that set out in Equity Transfer Agreement. As at 31 December 2017, the agreed conditions have not yet been met.

The following table summarises the consideration paid for HEC TaiGen, and the fair values of assets acquired and liabilities assumed.

12 商譽(續)

根據股權轉讓協議，取決於抗丙肝新藥二期臨床試驗的正面結果及若干限定條件，本公司將分四期向太景額外支付共計20,000,000美元，並向太景授予以相等於股權轉讓協議所載價格向本公司購買東陽光太景不超過9%股權的權利。於2017年12月31日，協定條件尚未達成。

下表概述就東陽光太景的已付代價及所收購資產及所承擔負債的公允價值。

		Recognised values on acquisition
		收購時確認 的價值
		RMB'000
		人民幣千元
Intangible asset	無形資產	335,000
Other receivables	其他應收款項	348,400
Total identifiable net assets acquired	可識別所收購淨資產總值	683,400
Non-controlling interests	非控股權益	(273,494)
Net assets acquired attributable to the Group	本集團應佔所收購淨資產	409,906
Total consideration	總代價	485,802
Goodwill	商譽	75,896
Net cash flow arising from acquisition:	收購所產生現金流量總額：	
Consideration satisfied in cash	以現金結付的代價	485,802
Less: Cash acquired	減：所收購現金	-
Consideration net yet paid	未付代價	(348,400)
Net cash out flow	現金流出淨額	137,402

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12 GOODWILL (Cont'd)

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units (CGU) identified according to country of operation and operating segment as follows:

		2017
		2017年
		RMB'000
		人民幣千元
HEC TaiGen	東陽光太景	75,896

The recoverable amount of the HEC TaiGen is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a fourteen-year period. The cash flows are discounted using a discount rate of 10.8%. The discount rates used are post-tax and reflect specific risks relating to the HEC TaiGen.

東陽光太景的可收回金額乃按使用價值計算法釐定，其使用根據管理層所批准涵蓋14年期間的財務預算的現金流量預測。現金流量使用10.8%的折現率折現。所用折現率為稅後折現率，並反映與東陽光太景有關的特定風險。

13 INVESTMENTS IN SUBSIDIARIES

As at 31 December 2017, the Company has direct interests in the following subsidiaries, which are private companies. The particulars of the subsidiaries are set out below:

13 於附屬公司之投資

於2017年12月31日，本公司於以下附屬公司（為非上市公司）擁有直接權益，有關該附屬公司詳情載列如下：

Name of company	Place of incorporation and business	Issued and fully paid up/ registered capital	Proportion of direct ownership interest	Principal activities
公司名稱	註冊成立及經營地點	已發行及繳足／註冊股本	擁有直接權益比例	主要業務
Yichang HEC Pharmaceutical	PRC	RMB2,000,000	100%	Sales of pharmaceutical products
宜昌東陽光醫藥	中國	人民幣2,000,000元	100%	銷售醫藥產品
HEC TaiGen	PRC	RMB515,900,000/ RMB683,400,000	60%	Research, development, production and sales of drugs
東陽光太景	中國	人民幣 515,900,000元／ 人民幣683,400,000元	60%	研發、生產及銷售藥品

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13 INVESTMENTS IN SUBSIDIARIES (Cont'd)

The following table lists out the information relating to HEC TaiGen, the only subsidiary of the Group which has a material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

13 於附屬公司之投資(續)

下表載列本集團唯一擁有重大非控股權益的附屬公司東陽光太景的財務資料。下文呈列的財務資料概要為公司間對銷前的金額。

		2017
		2017年
		RMB'000
		人民幣千元
NCI percentage	非控股權益百分比	40%
Current assets	流動資產	195,937
Non-current assets	非流動資產	443,413
Current liabilities	流動負債	(7,809)
Non-current liabilities	非流動負債	-
Net assets	淨資產	631,541
Carrying amount of NCI	非控股權益賬面值	252,750
Revenue	營業額	-
Loss and total comprehensive income for the year	年內虧損及全面收入總額	(51,859)
Loss allocated to NCI	分配至非控股權益的虧損	(20,744)
Dividend paid to NCI	向非控股權益支付股息	-
Cash flows from operating activities	經營活動現金流量	(167,350)
Cash flows from investing activities	投資活動現金流量	129
Cash flows from financing activities	融資活動現金流量	180,900

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(除另有指明外，均以人民幣列示)

14 PREPAYMENTS

14 預付款項

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Prepayments for intangible assets	無形資產預付款項	400,000	400,000
Prepayments for fixed assets	固定資產預付款項	158,811	22,544
		558,811	422,544

On 22 July 2015, the Group entered into an agreement with Sunshine Lake Pharma Co., Ltd. (廣東東陽光藥業有限公司, "Sunshine Lake Pharma") which is a related party of the Group. Pursuant to the agreement, the Group have acquired the right to use all the relevant knowhow and patents relating to yimtasvir phosphate and follow-up direct anti – viral agent compounds (the "Compounds") and, upon obtaining the necessary government approvals, the right to manufacture and sell worldwide. A consideration was RMB700,000,000, which comprised a down payment of RMB250,000,000 and eight milestone payments totalling RMB450,000,000 payable upon each stage of development or production approval of yimtasvir phosphate or the Compounds. The agreement expires on 31 December 2030 or the date when the first patent mentioned above expires, whichever is earlier.

Up to 31 December 2017, the Group had made payments of RMB400,000,000 to Sunshine Lake Pharma. As at 31 December 2017, phase I clinical trial of yimtasvir phosphate was accomplished, and Sunshine Lake Pharma is in progress of the phase II clinical trial. Sunshine Lake Pharma is targeting to obtain the necessary approvals and permits for yimtasvir phosphate on or before 2019 and begin commercial introduction of relevant products in 2020. The necessary approvals and production permits for the Compounds are expected to be obtained in 2020 and onwards.

於2015年7月22日，本集團已與廣東東陽光藥業有限公司（「廣東東陽光藥業」，為本集團之關連方）訂立協議。根據該協議，本集團已取得有關磷酸依米他韋及後續直接抗病毒化合物（「磷酸依米他韋化合物」）的所有相關技術和專利的使用權，並在取得相關政府部門的批文和許可證後，擁有在全球生產和銷售的權利。有關代價為人民幣700,000,000元，包括首筆付款人民幣250,000,000元和八筆總額為人民幣450,000,000元的分期於磷酸依米他韋或磷酸依米他韋化合物各開發或審批階段的付款。該協議將於2030年12月31日與上述第一項專利到期日兩者中更早期到期。

截至2017年12月31日止，本集團已向廣東東陽光藥業支付人民幣400,000,000元。於2017年12月31日磷酸依米他韋已完成臨床一期試驗，而廣東東陽光藥業正在進行臨床二期試驗。廣東東陽光藥業擬於2019年或之前取得磷酸依米他韋的必要批文及許可證並於2020年開始相關產品的商業推廣。磷酸依米他韋化合物的必要批文及生產許可證預期將於2020年或以後獲得。

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15 INVENTORIES

15 存貨

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Raw materials	原材料	43,481	56,260
Work in progress	在製品	26,148	33,051
Finished goods	製成品	18,338	21,313
		87,967	110,624

The analysis of the amount of inventories recognised as an expense and included in profit and loss is as follows:

已確認為開支並計入損益表的存貨金額分析如下：

			2017	2016
			2017年	2016年
			RMB'000	RMB'000
			人民幣千元	人民幣千元
Carrying amount of inventories sold	已售存貨賬面值		142,484	135,769
Write down of inventories	存貨撇減		-	1,803
Reversal of write-down of inventories	存貨撇減撥回		-	(779)
Cost of inventories	存貨成本	5(c)	142,484	136,793

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16 TRADE AND OTHER RECEIVABLES

16 貿易及其他應收款項

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Current	流動		
Trade receivables	貿易應收款項	613,436	286,176
Bills receivable	應收票據	119,534	56,409
Less: allowance for doubtful debts (Note 16(b))	減：呆賬準備(附註16(b))	(11,060)	(13,847)
		721,910	328,738
Prepayments for inventories	預付購貨款	11,704	5,538
Other receivables	其他應收款項	16,151	4,944
Less: allowance for doubtful debts	減：呆賬準備	(2,804)	(2,071)
		13,347	2,873
Total	總計	746,961	337,149

(a) Aging analysis

As of the end of the reporting period, the aging analysis of trade debtors and bills receivable (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

(a) 賬齡分析

於報告期末，應收賬款及應收票據(已計入貿易及其他應收款項)按發票日期經扣除呆賬準備的賬齡分析如下：

		As at 31 December	
		於12月31日	
		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Within 3 months	3個月內	689,540	280,266
More than 3 months but within 1 year	超過3個月但1年內	32,370	48,472
		721,910	328,738

Trade debtors are generally due within 30-90 days from the date of billing. Bills receivable is due in 3 months or 6 months from the date of billing. The Group's credit policy is set out in Note 24(a). All of the trade and other receivables of the Group are expected to be recovered within one year.

應收賬款一般自發出賬單日期起計30至90日內到期。應收票據自發出賬單日期起計3個月或6個月內到期。本集團的信貸政策載於附註24(a)。本集團所有貿易及其他應收款項預計將可於一年內收回。

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(除另有指明外，均以人民幣列示)

16 TRADE AND OTHER RECEIVABLES (Cont'd)

(b) Impairment of trade debtors and bills receivable

Impairment losses in respect of trade debtors and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivable directly (see Note 1(i)(i)).

The movement in the allowance for doubtful debts during the year is as follows:

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
At 1 January	於1月1日	13,847	13,347
Impairment loss recognised	已確認減值虧損	5	500
Impairment loss reversed	已轉回減值虧損	(2,233)	-
Uncollectible amounts written off	轉銷不可收回款項	(559)	-
At 31 December	於12月31日	11,060	13,847

At 31 December 2017, trade debtors of RMB14,761,000 (2016: RMB17,609,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of RMB11,060,000 (2016: RMB13,847,000) were recognised.

16 貿易及其他應收款項(續)

(b) 應收賬款及應收票據的減值

有關應收賬款及應收票據的減值虧損乃以撥備賬記錄，除非本集團信納收回有關款項的可能性極低，則在此情況下，減值虧損會從應收賬款及應收票據直接撇銷(附註1(i)(i))。

年內呆賬撥備的變動如下：

	2017	2016
	2017年	2016年
	RMB'000	RMB'000
	人民幣千元	人民幣千元
At 1 January	13,847	13,347
Impairment loss recognised	5	500
Impairment loss reversed	(2,233)	-
Uncollectible amounts written off	(559)	-
At 31 December	11,060	13,847

於2017年12月31日，人民幣14,761,000元(2016年：人民幣17,609,000元)的應收賬款個別釐定減值。個別出現減值的應收款項乃有關出現財政困難的客戶，且據管理層評估預料僅可收回部份應收賬款。因此，已就此確認特定呆賬撥備為人民幣11,060,000元(2016年：人民幣13,847,000元)。

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16 TRADE AND OTHER RECEIVABLES (Cont'd)

(c) Trade debtors and bills receivable that are not impaired

The aging analysis of trade debtors and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Not past due	並無逾期	659,949	274,284
Less than 3 months past due	逾期少於3個月	50,577	36,512
More than 3 months but within 1 year past due	逾期超過3個月但1年內	7,683	14,180
		718,209	324,976

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.

17 TIME DEPOSITS

As at 31 December 2017, the time deposits represented bank deposits with original maturity over three months.

16 貿易及其他應收款項(續)

(c) 並無減值的應收賬款及應收票據

並無個別或共同視作減值的應收賬款及應收票據賬齡分析如下：

	2017	2016
	2017年	2016年
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Not past due	659,949	274,284
Less than 3 months past due	50,577	36,512
More than 3 months but within 1 year past due	7,683	14,180
	718,209	324,976

未逾期及未減值的應收款項與近期並無拖欠記錄的多名客戶有關。

已逾期但未減值的應收款項乃與若干與本集團維持良好交易記錄的獨立客戶有關。根據過往經驗，管理層認為毋須就該等結餘作出減值撥備，因信貸質素並無重大變動且結餘仍被視為可全數收回。

17 定期存款

於2017年12月31日，定期存款指原到期期限超過三個月的銀行存款。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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18 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION 18 現金及現金等值項目及其他現金流量資料

(a) Cash and cash equivalents comprise:

(a) 現金及現金等值項目包括：

		2017 2017年 RMB'000 人民幣千元	2016 2016年 RMB'000 人民幣千元
Cash on hand	手頭現金	115	442
Cash at bank	銀行現金	887,068	1,211,630
		887,183	1,212,072

(b) Reconciliation of profit before taxation to cash generated from operations:

(b) 除稅前溢利與經營所得現金的對賬：

		2017 2017年 RMB'000 人民幣千元	2016 2016年 RMB'000 人民幣千元
Profit before taxation	除稅前溢利	748,195	453,066
Adjustments for:	經調整：		
Depreciation	折舊	25,808	27,449
Amortisation	攤銷	17,987	–
Interest income	利息收入	(14,737)	(8,104)
Impairment reversal of trade and other receivables	撥回貿易及其他應收款項減值	(1,495)	(564)
Finance costs	融資成本	4,289	7,233
Loss on disposal of fixed assets	出售固定資產的虧損	345	136
Net foreign exchange loss/(gain)	匯兌虧損/(收益)淨額	23,598	(32,714)
Changes in working capital	營運資金變動		
Decrease in inventories	存貨減少	22,657	44,004
Increase in trade and other receivables	貿易及其他應收款項增加	(405,953)	(76,017)
Increase in trade and other payables	貿易及其他應付款項增加	339,422	34,510
Cash generated from operations	經營所得現金	760,116	448,999

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18 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Cont'd)

18 現金及現金等值項目及其他現金流量資料 (續)

(c) Reconciliation of liabilities arising from financing activities

(c) 融資活動所產生負債的對賬：

		Loans and borrowings	Interest payable	Total
		貸款及借款	應付利息	總計
		RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元
		Note 20		
		附註20		
At 1 January 2017	於2017年1月1日	90,000	137	90,137
Changes from financing cash flows:	融資現金流量變動：			
Repayments of bank loans	償還銀行貸款	(70,000)	-	(70,000)
Finance costs paid	已付融資成本	-	(4,394)	(4,394)
Total changes from financing cash flows	融資現金流量變動總額	(70,000)	(4,394)	(74,394)
Other changes:	其他變動：			
Interest on bank loans (note 5(a))	銀行貸款利息(附註5(a))	-	4,289	4,289
At 31 December 2017	於2017年12月31日	20,000	32	20,032

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19 TRADE AND OTHER PAYABLES

19 貿易及其他應付款項

			2017	2016
			2017年	2016年
		Note	RMB'000	RMB'000
		附註	人民幣千元	人民幣千元
Trade payables (i)	貿易應付款項(i)		55,368	19,279
Bills payable	應付票據		-	2,635
Trade and bills payables	貿易應付款項及應付票據		55,368	21,914
Amounts due to related parties	應付關聯方款項	26(b)(ii)	20,549	2,392
Receipts in advance	預收款項		13,826	9,933
VAT and other taxes payable	應付增值稅及其他稅項		69,893	17,605
Accrued payroll and benefits	應計工資及福利		39,214	17,483
Other payables and accruals	其他應付款項及應計費用		350,692	113,050
			549,542	182,377

(i) An ageing analysis of the trade payables based on the invoice date is as follows:

(i) 以發票日期為基準的貿易應付款項賬齡分析如下：

			2017	2016
			2017年	2016年
			RMB'000	RMB'000
			人民幣千元	人民幣千元
Within 1 month	1個月內		44,764	14,554
Over 1 month but within 3 months	超過1個月但3個月內		4,948	2,109
Over 3 months but within 1 year	超過3個月但1年內		2,782	1,392
Over 1 year	超過1年		2,874	1,224
			55,368	19,279

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20 BANK LOANS

As at 31 December 2017, the bank loans were repayable as follows:

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Within 1 year or on demand	1年內或按需求	10,000	70,000
After 1 year but within 2 years	1年後但2年內	10,000	20,000
Total	總計	20,000	90,000

At 31 December 2017, the bank loans were secured as follows:

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Secured	有抵押	-	60,000
Unsecured	無抵押	20,000	30,000
		20,000	90,000

At 31 December 2016, the bank loans of the Group of RMB60,000,000 were secured by certain buildings, machinery and interests in leasehold land owned by Shenzhen HEC Industrial Development Co., Ltd. (深圳市東陽光實業發展有限公司, "Shenzhen HEC Industrial") and its subsidiaries.

At 31 December 2017 and 2016, the bank loans of the Group were guaranteed by Mr. Zhang Zhongneng, who is the director of the Shenzhen HEC Industrial, and his spouse Mrs. Guo Meilan.

20 銀行貸款

於2017年12月31日，銀行貸款須償還如下：

於2017年12月31日，銀行貸款抵押如下：

於2016年12月31日，人民幣60,000,000元之本集團銀行貸款已由深圳市東陽光實業發展有限公司（「深圳市東陽光實業」）及其附屬公司所持有之若干樓宇、機器及租賃土地權益抵押。

於2017年及2016年12月31日，本集團之銀行貸款由深圳市東陽光實業董事張中能先生及其配偶郭梅蘭女士擔保。

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21 DEFERRED INCOME

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
At 1 January	於1月1日	73,400	77,779
Credited to profit or loss (Note 4(a))	計入損益(附註4(a))	(4,379)	(4,379)
At 31 December	於12月31日	69,021	73,400
Net carrying amounts representing:	賬面淨值指：		
Current portion	即期部份	4,379	4,379
Non-current portion	非即期部份	64,642	69,021
		69,021	73,400

As at 31 December 2017 and 2016, deferred income of the Group mainly included various conditional government grants for research and development projects of new or existing pharmaceutical products and subsidies relating to purchase of fixed assets.

於2017年及2016年12月31日，本集團的遞延收益主要包括有關新藥品或現有藥品的研發項目的多項有條件政府補助，以及與購置固定資產有關的補貼。

Deferred income relating to purchase of fixed assets are recognised as income on a straight-line basis over the expected useful life of the relevant assets.

有關購置固定資產的遞延收益在相關資產的預計可使用年內以直線法確認為收益。

22 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

22 綜合財務狀況表內的所得稅

(a) 綜合財務狀況表內的即期稅項指：

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Provision of PRC CIT for the year (Note 6(a))	年內的中國企業所得稅撥備 (附註6(a))	138,264	73,768
Under/(over) provision for PRC CIT in respect of prior years	過往年度中國企業所得稅 不足/(超額)撥備	402	(276)
PRC CIT paid for the current year	本年度內的已付中國企業所得稅	(89,365)	(51,793)
		49,301	21,699
Balance of PRC CIT at 1 January	於1月1日的中國企業所得稅結餘	27,525	5,826
Balance of PRC CIT at 31 December	於12月31日的中國企業所得稅結餘	76,826	27,525

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(除另有指明外，均以人民幣列示)

22 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

(b) Deferred tax assets recognised

The components of deferred tax assets recognised in the consolidated statements of financial position and the movements during the year are as follows:

		Deferred revenue	Provisions for inventory and receivables	Accrued expenses and others	Total
		遞延收益	存貨及應收款項撥備	應計費用及其他	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
Deferred tax arising from:	來自下列各項的遞延稅項：				
At 1 January 2016	於2016年1月1日	423	3,047	6,922	10,392
(Charged)/credited to profit or loss	(扣除)/計入損益	(50)	(558)	1,631	1,023
At 31 December 2016 and 1 January 2017	於2016年12月31日及2017年1月1日	373	2,489	8,553	11,415
(Charged)/credited to profit or loss	(扣除)/計入損益	(50)	(308)	17,186	16,828
At 31 December 2017	於2017年12月31日	323	2,181	25,739	28,243

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 1(p), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB51,859,000 (2016: nil) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The deductible tax losses expire within 5 years from the year of 2017 when such losses were incurred under current tax law.

22 綜合財務狀況表內的所得稅(續)

(b) 已確認遞延稅項資產

於綜合財務狀況表內確認的遞延稅項資產的組成部份及本年度內變動如下：

(c) 不予確認的遞延稅項資產

根據附註1(p)所載會計政策，由於在有關之稅務司法權區及就有關公司而言，不大可能有未來應課稅溢利以抵銷可供動用之稅項虧損，故本集團並無就累計稅項虧損人民幣51,859,000元(2016年：無)確認遞延稅項資產。根據現行稅法，可扣稅虧損將於2017年(即該等虧損所產生年度)起計五年內到期。

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23 CAPITAL, RESERVE AND DIVIDENDS

(a) Movements in components of equity of the Company

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:

		Share capital	Capital reserve	Statutory reserve	Retained earnings	Total equity
		股本	資本儲備	法定儲備	保留盈利	總權益
		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
		Note 23(c)	Note 23(d)(i)	Note 23(d)(ii)		
		附註23(c)	附註23(d)(i)	附註23(d)(ii)		
Balance at 1 January 2016	於2016年1月1日結餘	450,659	1,456,646	26,567	208,762	2,142,634
Total comprehensive income for the year	年內全面收益總額	–	–	–	380,657	380,657
Dividends approved in respect of the previous year	批准過往年度股息	–	–	–	(67,623)	(67,623)
Shares issued upon the over-allotment options exercised	行使超額配股權時發行的股份	164	1,820	–	–	1,984
Appropriation to statutory reserve	轉撥至法定儲備	–	–	38,065	(38,065)	–
Balance at 31 December 2016 and 1 January 2017	於2016年12月31日及2017年1月1日結餘	450,823	1,458,466	64,632	483,731	2,457,652
Issue of ordinary shares	發行普通股	1,200	18,144	–	–	19,344
Total comprehensive income for the year	年內全面收益總額	–	–	–	677,381	677,381
Dividends approved in respect of the previous year	批准過往年度股息	–	–	–	(135,607)	(135,607)
Dividends approved in respect of the current year	批准本年度股息	–	–	–	(180,809)	(180,809)
Appropriation to statutory reserve	轉撥至法定儲備	–	–	67,738	(67,738)	–
Balance at 31 December 2017	於2017年12月31日結餘	452,023	1,476,610	132,370	776,958	2,837,961

23 資本、儲備及股息

(a) 本公司之權益部份變動

本集團綜合權益各部份之年初及年終結餘之間的對賬載於綜合權益變動表內。有關本公司年初至年終期間本公司個別權益部份之變動詳情載列如下：

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23 CAPITAL, RESERVE AND DIVIDENDS (Cont'd)

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Interim dividend declared and paid of RMB0.40 per ordinary share (2016: nil)	已宣派及支付中期股息每股普通股人民幣0.40元(2016年：無)	180,809	–
Final dividend proposed after the end of the reporting period of RMB0.30 (2016: RMB0.30) per ordinary share	於報告期末後建議末期股息每股普通股人民幣0.30元(2016年：人民幣0.30元)	135,607	135,607
		316,416	135,607

Pursuant to the resolution passed at the extraordinary general meeting on 13 October 2017, a cash dividend of RMB0.40 per ordinary share (2016: nil) for the six months ended 30 June 2017 were declared and paid to shareholders.

根據於2017年10月13日股東特別大會所通過之決議案，截至2017年6月30日止六個月之每股普通股現金股息人民幣0.40元(2016年：無)已派付予股東。

Pursuant to the resolution passed at the directors' meeting on 23 March 2018, a cash dividend of RMB0.30 (2016: RMB0.30) per share for the year ended 31 December 2017 were proposed for shareholders' approval at the annual general meeting. The final dividend proposed after the end of the year has not been recognised as liabilities as at 31 December 2017.

根據於2018年3月23日董事會議所通過之決議案，截至2017年12月31日止年度之每股現金股息人民幣0.30元(2016年：人民幣0.30元)已於股東週年大會上提呈股東批准。於本年末之後建議派之末期股息未確認為2017年12月31日之負債。

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Final dividends in respect of the previous financial year, approved and paid during the year, of RMB0.30 (2016: RMB0.15) per ordinary share	於年內批准及支付上個財政年度之末期股息每股普通股人民幣0.30元(2016年：人民幣0.15元)	135,607	67,623

(ii) 於年內批准及支付上個財政年度應付本公司權益股東的股息

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23 CAPITAL, RESERVE AND DIVIDENDS (Cont'd)

(c) Share capital

Ordinary shares, issued and fully paid

		2017		2016	
		2017年		2016年	
		Number of	RMB'000	Number of	RMB'000
		shares	人民幣千元	shares	人民幣千元
		股份數目		股份數目	
At 1 January	於1月1日	450,822,850	450,823	450,659,450	450,659
Shares issued to controlling shareholder	向控股股東發行的股份	1,200,000	1,200	–	–
Shares issued upon the over-allotment options exercised	行使超額配股權時發行的股份	–	–	163,400	164
As at 31 December	於12月31日	452,022,850	452,023	450,822,850	450,823

On 6 February 2017, the extraordinary general meeting had resolved to issue 1,200,000 additional ordinary shares of RMB1.00 each to HEC Pharm Co., Ltd. (宜昌東陽光藥業股份有限公司, "HEC Pharm") (the immediate controlling shareholder) at a price of HK\$18.05 per ordinary share. Proceeds of RMB1,200,000 representing the par value of these ordinary shares, were credited to the Company's share capital and the excess of the proceeds over the nominal value of the total number of ordinary shares issued after offsetting share issuance costs of RMB18,144,000 were credited to the capital reserve account of the Company.

23 資本、儲備及股息(續)

(c) 股本

已發行及繳足普通股

於2017年2月6日，股東特別大會按每股普通股18.05港元的價格向宜昌東陽光藥業股份有限公司（「東陽光藥」，直接控股股東）發行額外1,200,000股每股人民幣1.00元的普通股。所得款項人民幣1,200,000元（即該等普通股的面值）乃計入本公司股本，經抵銷股份發行成本後，超過已發行普通股總數面值的所得款項人民幣18,144,000元計入本公司資本儲備。

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23 CAPITAL, RESERVE AND DIVIDENDS (Cont'd)

(d) Reserves

(i) Capital reserve

Capital reserve of the Group and the Company mainly represented premium arising from capital injection from equity owners.

(ii) Statutory reserve

According to the Company's Articles of Association, the Company is required to transfer at least 10% of its net profit as determined in accordance with the Company Law of the PRC to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to equity owner. The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

(e) Distributability of reserves

At 31 December 2017, the aggregate amount of reserves available for distribution to equity shareholders of the Company, as calculated under the provisions of Company Law of the PRC, was RMB776,958,000 (2016: RMB483,731,000).

(f) Capital management

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for its shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of bank loans and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

23 資本、儲備及股息(續)

(d) 儲備

(i) 資本儲備

本集團及本公司之資本儲備主要是指產生自權益持有人注資的溢價。

(ii) 法定儲備

根據本公司的公司章程，本公司須根據中國的公司法把至少10%的淨利潤轉入法定盈餘儲備，直至儲備結餘達到註冊股本的50%。轉入該儲備必須在給權益持有人分配股息之前進行。經相關當局批准後，本次倘發行後結餘低於其註冊股本之25%，法定儲備可用於抵銷累計虧損或增加附屬公司之資本。

(e) 可分派儲備

於2017年12月31日，可分派儲備可用於向本公司權益股東分派的儲備總額(按《中國公司法》規定計算)為人民幣776,958,000元(2016年：人民幣483,731,000元)。

(f) 資本管理

本集團管理資本的主要目的是維護其持續經營的能力，從而使其能夠透過按風險水平為產品定價，以及憑藉以合理成本取得融資，繼續為股東提供回報，並為其他利益相關者提供利益。

本集團積極及定期評審及管理其資本結構，以在盡量提高股東回報及借貸水平上升之間，以及在穩健的資本狀況的優勢與安全性之間維持平衡，此外亦會就經濟情況改變而調整其資本結構。

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23 CAPITAL, RESERVE AND DIVIDENDS (Cont'd)

(f) Capital management (Cont'd)

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes interest bearing bank loans) plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital comprises all components of equity, less unaccrued proposed dividends.

During 2017, the Group's strategy was to maintain the capital in order to cover any debt position, which was unchanged from 2016.

The Group's adjusted net debt-to-equity ratios at 31 December 2017 and 2016 are as follows:

			2017	2016
			2017年	2016年
		Note	RMB'000	RMB'000
		附註	人民幣千元	人民幣千元
Bank loans-current	銀行貸款－即期		10,000	70,000
Bank loans-non-current	銀行貸款－非即期		10,000	20,000
Total debt	總債務	20	20,000	90,000
Add: Proposed dividends	加：建議股息	23(b)	135,607	135,607
Less: Cash and cash equivalents	減：現金及現金等值項目	18	(887,183)	(1,212,072)
Adjusted net debt	經調整負債淨額		(731,576)	(986,465)
Total equity	總權益		3,060,586	2,457,807
Adjusted net debt-to-equity ratio	經調整淨負債對權益比率		N/A	N/A
			不適用	不適用

Neither the Company nor its subsidiary are subject to externally imposed capital requirements.

23 資本、儲備及股息(續)

(f) 資本管理(續)

本集團以經調整淨債務與資本比率監管其資本架構。就此而言，經調整淨債務乃界定為總債務(包括計息銀行貸款)另加未累算建議股息減現金及現金等值項目。經調整資本包括權益的所有組成部份。

於2017年度，本集團之策略為維持足以應付任何負債的資本水平與2016年一致。

本集團於2017年及2016年12月31日之經調整淨負債對權益比率如下：

本公司及其任何附屬公司概無受限於外部施加的資本要求。

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24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. 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) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Credit limit is established for each distributor which represents the maximum open amount or credit term without requiring approval from the Board of Directors. The Group chases the customers to settle the due balances and monitors the settlement progress on an ongoing basis. The Group usually granted credit term to distributors which was generally due within 30–90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

24 財務風險管理及公允價值

本集團於日常業務過程中會產生信貸、流動資金、利率及貨幣風險。本集團所面對的該等風險及本集團用以管理該等風險的財務風險管理政策及慣例載述如下。

(a) 信貸風險

本集團的信貸風險主要來自貿易及其他應收款項。管理層已制定適當的信貸政策，並且持續監察這些信貸風險的額度。

就貿易及其他應收款項而言，本集團會對所有要求授予一定金額信貸的客戶進行個別信貸評估。該等評估著重客戶過去到期還款紀錄以及目前的還款能力，並會考慮關於客戶以及客戶經營所在經濟環境的特定情況。各分銷商所獲設定信貸限額為毋須經董事會批准的最高未償還金額或信貸條款。本集團會追討客戶結清到期餘額，並持續監察結算進度。本集團通常向分銷商授出之信貸條款一般為自發出賬單日期起計30至90日內到期。一般而言，本集團不會要求客戶提供抵押品。

本集團面對的信貸風險主要受到每名客戶的個別特性所影響多於客戶營運所在行業或國家，因此重大信貸集中風險主要於本集團面臨個別客戶重大風險時產生。

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24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(a) Credit risk (Cont'd)

The Group has a concentration of credit risk of the total trade receivables due from the Group's largest debtor and the five largest debtors as follows:

		2017	2016
		2017年	2016年
Due from	應收		
– largest trade debtor	– 最大債務人	5%	13%
– five largest trade debtors	– 五大債務人	19%	42%

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in Note 16.

The maximum exposure of credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet. The Group does not provide any other guarantees which would expose the Group to credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations associated with financial liabilities. The Company and its individual subsidiaries are responsible for their own cash management, including short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the bank loans exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

24 財務風險管理及公允價值(續)

(a) 信貸風險(續)

本集團的信貸風險集中，應收本集團最大債務人及五大債務人的貿易應收款項總額如下：

		2017	2016
		2017年	2016年
Due from	應收		
– largest trade debtor	– 最大債務人	5%	13%
– five largest trade debtors	– 五大債務人	19%	42%

本集團所承受因貿易及其他應收款項而產生的信貸風險的進一步定量披露載於附註16。

所承受之最高信貸風險來自綜合資產負債表內之每項金融資產之賬面值。本集團並無提供任何使本集團承受信貸風險的擔保。

(b) 流動資金風險

流動資金風險，是指企業在履行與金融負債有關的義務時遇到資金短缺的風險。本公司及各附屬公司負責自身的現金管理工作，包括現金盈餘的短期投資和籌借貸款以應付預計現金需求（如果銀行貸款額超過某些預設授權上限，便需獲得本公司董事會的批准）。本集團的政策是定期監控短期和長期的流動資金需求，以及是否符合借款協議的規定，以確保維持充裕的現金儲備和可供隨時變現的有價證券，同時獲得主要金融機構承諾提供足夠的備用資金，以滿足短期和較長期的流動資金需求。

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24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(b) Liquidity risk (Cont'd)

The following tables show the remaining contractual maturities at the end of each report periods of the Group's financial liabilities (excluding advances from customers and provision for sales return), which are based on contractual undiscounted cash flows (including interest payments computed at contracted rates) and the earliest date the Group can be required to repay:

24 財務風險管理及公允價值(續)

(b) 流動資金風險(續)

下表呈列本集團之金融負債(不包括預收客戶款及銷售退回撥備)於各報告期末餘下之合約到期日，乃基於合約未折現現金流(包括按合約利率計算之利息付款)以及本集團被要求償還之最早日期：

Contractual undiscounted cash outflow

合約未折現現金流出

		Within 1 year or on demand	More than 1 year but less than 5 years	Total	2017 Carrying amount
		1年內 或按要求	超過1年 但5年內	總計	2017年 賬面值
		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
Bank loans	銀行貸款	10,942	10,419	21,361	20,000
Trade and other payables	貿易及其他應付款項	549,542	-	549,542	549,542
Total	總計	560,484	10,419	570,903	569,542

Contractual undiscounted cash outflow

合約未折現現金流出

		Within 1 year or on demand	More than 1 year but less than 5 years	Total	2016 Carrying amount
		1年內 或按要求	超過1年 但5年內	總計	2016年 賬面值
		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
Bank loans	銀行貸款	74,316	21,361	95,677	90,000
Trade and other payables	貿易及其他應付款項	182,377	-	182,377	182,377
Total	總計	256,693	21,361	278,054	272,377

NOTES TO THE FINANCIAL STATEMENTS

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(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank loans. Bank loans that are at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate profiles as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's bank loans at the end of the reporting period:

		2017		2016	
		2017年		2016年	
		Effective	Amount	Effective	Amount
		interest rate	RMB'000	interest rate	RMB'000
		實際利率	人民幣千元	實際利率	人民幣千元
Fixed rate instrument:	固定利率工具：	74,316	21,361	95,677	90,000
Bank loans	銀行貸款		-		-
Floating rate instrument:	浮息工具：				
Bank loans	銀行貸款	5.23%	20,000	5.01%	90,000
Net fixed rate instruments as a percentage of total instruments	固定利率工具淨額佔工具總額的百分比		N/A 不適用		N/A 不適用

(ii) Sensitivity analysis

At 31 December 2017, it is estimated that a general increase/decrease of 25 basis points in bank loans interest rates, with all other variables held constant, would have decrease/increase the Group's profit after tax and retained profits by approximately RMB43,000 (2016: RMB191,000). Other components of equity would not be affected by the changes in interest rates.

The sensitivity analysis above indicates the impact on the Group's profit for the year and retained profits that would arise assuming that there is an annualised impact on interest expense by a change in interest rates. The analysis has been performed on the same basis as 2016.

24 財務風險管理及公允價值(續)

(c) 利率風險

本集團之利率風險主要源自銀行貸款。浮息及固定利率銀行貸款使本集團分別面對現金流量利率風險及公允價值利率風險。下文(i)中載列經由管理層監察之本集團利率狀況。

(i) 利率狀況

下表詳述於報告期末本集團銀行貸款之利率狀況：

(ii) 敏感度分析

於2017年12月31日，在所有其他變量保持不變的情況下，估計銀行貸款利率整體上升/下降25個基點，將導致本集團的除稅後溢利及保留溢利分別減少/增加約人民幣43,000元(2016年：人民幣191,000元)。其他權益部份將不會受利率變動所影響。

上述敏感度分析中本集團年度溢利及保留盈利的影響是假設利率變動會對利息開支構成年度化影響而產生。以上分析按與2016年同樣基準進行。

NOTES TO THE FINANCIAL STATEMENTS

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(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(d) Currency risk

The Group is exposed to currency risk primarily through shares issued upon initial public offering which give rise to cash balances and time deposits that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Hong Kong dollars.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date.

24 財務風險管理及公允價值(續)

(d) 貨幣風險

本集團主要因首次公開發行時發行股份產生的現金結餘及以外幣(即與交易有關的業務所涉及的非功能貨幣)計值的定期存款而承受貨幣風險。引致此項風險的貨幣主要為港元。

(i) 面臨貨幣風險

下表詳述本集團於報告期末所面臨產生自確認以有關實體功能貨幣以外的貨幣計值的資產或負債的貨幣風險。就呈列而言，風險金額以人民幣列示，按年結日現貨匯率換算。

Exposure to foreign currencies (expressed in RMB)

面臨外幣風險(以人民幣列示)

		2017		2016	
		2017年		2016年	
		United States	Hong Kong	United States	Hong Kong
		Dollars	Dollars	Dollars	Dollars
		美元	港元	美元	港元
		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
Trade and other receivables	貿易及其他應收款項	100	—	—	—
Cash and cash equivalents	現金及現金等值項目	679	226,731	2,319	463,878
Trade and other payables	貿易及其他應付款項	(2,615)	—	—	—
Net exposure arising from recognised assets and liabilities	確認資產及負債的風險淨額	(1,836)	226,731	2,319	463,878

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(d) Currency risk (Cont'd)

(ii) Sensitivity analysis

At 31 December 2017, it is estimated that a general appreciation/depreciation of 5% in RMB, with all other variables held constant, would have increased/decreased the Group's net profit for the year and retained profits as below.

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
United States Dollars	美元	(78)	99
Hong Kong Dollars	港元	9,636	19,715

The sensitivity analysis assumes that the change in foreign exchange rate had been applied to re-measure the bank deposits which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statement of foreign operations into the Group's presentation currency.

上述敏感度分析假設匯率變動已用於重新計量於報告期末令本集團面臨外幣風險的銀行存款。該分析不包括將海外業務財務報表換算為本集團呈列貨幣產生的差額。

25 CAPITAL COMMITMENTS

Capital commitments outstanding at 31 December 2017 not provided for in the consolidated financial statements were as follows:

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Contracted for	已訂約		
– Acquisition of fixed assets	– 購買固定資產	350,503	24,835
– Acquisition of intangible assets (Note 14)	– 購買無形資產(附註14)	300,000	300,000
		650,503	324,835

24 財務風險管理及公允價值(續)

(d) 貨幣風險(續)

(ii) 敏感度分析

於2017年12月31日，在所有其他變量保持不變的情況下，估計人民幣整體升值／貶值5%，將導致本集團的年內淨利潤及保留溢利分別增加／減少如下。

25 資本承擔

於2017年12月31日，在綜合財務報表中未撥備的未履行資本承擔如下：

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

26 MATERIAL RELATED PARTY TRANSACTIONS

During 2017 and 2016, the directors are of the view that related parties of the Group include the following:

26 重大關聯方交易

於2017年及2016年，董事認為本集團的關聯方包括以下各方：

Name of related parties

關聯方名稱

HEC Pharm Co., Ltd. (宜昌東陽光藥業股份有限公司)

宜昌東陽光藥業股份有限公司

Sunshine Lake Pharma

廣東東陽光藥業

Shaoguan HEC Packaging and Printing Co., Ltd. (韶關東陽光包裝印刷有限公司)

(“Shaoguan HEC Printing”)

韶關東陽光包裝印刷有限公司(「韶關東陽光印刷」)

Yichang HEC Power Plant Co., Ltd. (宜昌東陽光火力發電有限公司)

(“HEC Power Plant”)

宜昌東陽光火力發電有限公司(「宜昌東陽光發電」)

Yidu Shangchengshuidu Project Construction Co., Ltd.

(宜都山城水都建築工程有限公司) (“Yidu Construction”)

宜都山城水都建築工程有限公司(「宜都建築」)

Yidu Changjiang Machine and Equipment Co., Ltd. (宜都長江機械設備有限公司)

宜都長江機械設備有限公司

Relationship with the Group

與本集團的關係

the immediate controlling shareholder

直接控股股東

effectively owned by the controlling shareholder

由控股股東實益擁有

associate of the intermediate controlling shareholder

中間控股股東的聯營公司

effectively owned by the controlling shareholder

由控股股東實益擁有

effectively owned by the ultimate shareholder

由最終股東實益擁有

effectively owned by the ultimate shareholder

由最終股東實益擁有

* The English translation of the above companies' names is for reference only. The official names of these companies are in Chinese.

* 上述公司之英文譯名僅供參考，該等公司之正式名稱為中文。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

26 MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

(a) Transactions with related parties

During 2017 and 2016, the Group entered into the following material related party transactions:

Recurring transactions

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Purchase of goods from:	自以下各方購買貨品：		
HEC Pharm Co., Ltd.	宜昌東陽光藥業股份有限公司	9,417	10,375
Shaoguan HEC Printing	韶關東陽光印刷	11,514	8,407
HEC Power Plant	宜昌東陽光發電	4,976	4,632
		25,907	23,414
Accept service amount of liquid waste processing from:	已收以下各方處理污水服務費：		
HEC Pharm Co., Ltd.	宜昌東陽光藥業股份有限公司	2,137	256

Non-recurring transactions

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
(i) Sales of goods to:	(i) 向以下各方銷售貨品：		
Sunshine Lake Pharma	廣東東陽光藥業	2,594	242
(ii) Purchase of fixed assets from:	(ii) 向以下各方採購固定資產：		
Yidu Changjiang Machine and Equipment Co., Ltd.	宜都長江機械設備有限公司	586	-
(iii) Other services received from:	(iii) 接受以下各方提供的其他服務：		
Yidu Construction	宜都建築	83,949	2,093

26 重大關聯方交易(續)

(a) 與關聯方之交易

於2017年及2016年，本集團已訂立以下重大關聯方交易：

經常性交易

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Purchase of goods from:	自以下各方購買貨品：		
HEC Pharm Co., Ltd.	宜昌東陽光藥業股份有限公司	9,417	10,375
Shaoguan HEC Printing	韶關東陽光印刷	11,514	8,407
HEC Power Plant	宜昌東陽光發電	4,976	4,632
		25,907	23,414
Accept service amount of liquid waste processing from:	已收以下各方處理污水服務費：		
HEC Pharm Co., Ltd.	宜昌東陽光藥業股份有限公司	2,137	256

非經常性交易

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
(i) Sales of goods to:	(i) 向以下各方銷售貨品：		
Sunshine Lake Pharma	廣東東陽光藥業	2,594	242
(ii) Purchase of fixed assets from:	(ii) 向以下各方採購固定資產：		
Yidu Changjiang Machine and Equipment Co., Ltd.	宜都長江機械設備有限公司	586	-
(iii) Other services received from:	(iii) 接受以下各方提供的其他服務：		
Yidu Construction	宜都建築	83,949	2,093

NOTES TO THE FINANCIAL STATEMENTS

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(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

26 MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

(b) Balances with related parties

(i) Amounts due from related parties

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Prepayment and trade receivable from:	來自以下各方的預付款及		
	貿易應收款項：		
Sunshine Lake Pharma	廣東東陽光藥業	400,000	400,000

(ii) Amounts due to related parties

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade payables to:	應付以下各方的貿易款項：		
Shaoguan HEC Printing	韶關東陽光印刷	4,499	2,392
Other payables to:	應付以下各方的其他款項：		
Yidu Construction	宜都建築	16,050	-

26 重大關聯方交易(續)

(b) 與關聯方的結餘

(i) 應收關聯方款項

2017	2016
2017年	2016年
RMB'000	RMB'000
人民幣千元	人民幣千元

(ii) 應付關聯方款項

2017	2016
2017年	2016年
RMB'000	RMB'000
人民幣千元	人民幣千元

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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(除另有指明外，均以人民幣列示)

26 MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

(c) Key management personnel compensation

Key management personnel compensation comprised:

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Salaries and other benefits	薪金及其他福利	2,243	1,936
Contribution to defined retirement benefit schemes	定額退休福利計劃供款	124	116
		2,367	2,052

(d) Applicability of the Listing Rules relating to connected transactions

The recurring transactions with related parties in respect of Note 26(a) above constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section headed "Continuing Connected Transactions" of the Directors' Report.

26 重大關聯方交易(續)

(c) 主要管理人員的報酬

主要管理人員的報酬包括：

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Salaries and other benefits	薪金及其他福利	2,243	1,936
Contribution to defined retirement benefit schemes	定額退休福利計劃供款	124	116
		2,367	2,052

(d) 與關連交易有關的上市規則的適用性

上述附註26(a)中的關聯方經營性交易構成上市規則第十四A章定義下之持續關連交易。根據上市規則第十四A章所規定之披露載於董事報告之「持續關連交易」一節。

NOTES TO THE FINANCIAL STATEMENTS

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(除另有指明外，均以人民幣列示)

27 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

27 公司層面之財務狀況表

		2017	2016
		2017年	2016年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Non-current assets	非流動資產		
Fixed assets	固定資產		
– Property, plant and equipment	– 物業、廠房及設備	590,333	413,851
– Interests in leasehold land held for own use under operating leases	– 根據經營租賃持作自用之土地權益	79,835	81,767
		670,168	495,618
Intangible assets	無形資產	57,157	–
Investments in subsidiaries	於附屬公司之投資	487,834	2,032
Prepayments	預付款項	558,811	422,544
Deferred tax assets	遞延稅項資產	28,220	11,392
		1,802,190	931,586
Current assets	流動資產		
Inventories	存貨	87,967	110,624
Trade and other receivables	貿易及其他應收款項	742,121	336,650
Time deposits	定期存款	346,519	238,988
Pledged deposits	已抵押存款	–	2,635
Cash and cash equivalents	現金及現金等值項目	870,158	1,210,177
		2,046,765	1,899,074
Current liabilities	流動負債		
Trade and other payables	貿易及其他應付款項	845,229	182,083
Bank loans	銀行貸款	10,000	70,000
Deferred income	遞延收益	4,379	4,379
Current taxation	即期稅項	76,744	27,525
		936,352	283,987
Net current assets	流動資產淨額	1,110,413	1,615,087
Total assets less current liabilities	總資產減流動負債	2,912,603	2,546,673

NOTES TO THE FINANCIAL STATEMENTS

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(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

27 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (Cont'd)

27 公司層面之財務狀況表(續)

			2017	2016
			2017年	2016年
		Note	RMB'000	RMB'000
		附註	人民幣千元	人民幣千元
Non-current liabilities	非流動負債			
Bank loans	銀行貸款		10,000	20,000
Deferred income	遞延收益		64,642	69,021
			74,642	89,021
Net assets	淨資產		2,837,961	2,457,652
Capital and reserves	資本及儲備			
Share capital	股本	23(c)	452,023	450,823
Reserves	儲備	23(d)	2,385,938	2,006,829
Total equity	總權益		2,837,961	2,457,652

28 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, the board of directors of the Company approved a distribution of dividends. Further details are disclosed in Note 23(b).

28 報告期間後非調整事項

於報告期末之後，本公司董事會已批准股息分派。更多詳情披露於附註23(b)。

29 IMMEDIATE AND ULTIMATE CONTROLLING PARTIES

At 31 December 2017, the directors consider the immediate parent of the Group to be HEC Pharm, while the ultimate controlling party of the Group to be Ruyuan Yao Autonomous County Yuneng Electric Industrial Co., Ltd., which is incorporated in the PRC. This entity does not produce financial statements available for public use.

29 直接及最終控股股東

於2017年12月31日，董事認為本集團之直接母公司東陽光藥，而本集團之最終控股方為於中國註冊成立的乳源瑤族自治縣寓能電子實業有限公司。該實體並無編製可作公開用途的財務報表。

NOTES TO THE FINANCIAL STATEMENTS

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30 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 IASB has issued a number of amendments and new standards 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.

	Effective for accounting periods beginning on or after 自以下日期或之後 開始的會計期間生效
IFRS 9, <i>Financial instruments</i> 國際財務報告準則第9號，金融工具	1 January 2018 2018年1月1日
IFRS 15, <i>Revenue from contracts with customers</i> 國際財務報告準則第15號，來自客戶合約之收入	1 January 2018 2018年1月1日

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for IFRS 9 and IFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ended 30 June 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that financial report.

30 於截至2017年12月31日止年度已頒佈但尚未生效的修訂、新準則及詮釋的潛在影響

截至本財務報表刊發當日，國際會計準則委員會已頒佈多項於截至2017年12月31日止年度尚未生效且並未於本財務報表內採納的修訂及新準則。當中可能與本集團有關的包括下列各項。

本集團現正評估此等修訂、新準則及詮釋預期於最初應用期間產生之影響。直至目前，本集團已識別大可能對綜合財務報表產生重大影響的新準則的若干方面。預期影響的進一步詳情載於下文。儘管對國際財務報告準則第9號及國際財務報告準則第15號的評估已經大致完成，由於目前已完成的評估乃以本集團當前可得的資料為基礎，初步應用該等準則的實際影響可能會有不同，而在本集團截至2018年6月30日止六個月的中期財務報告中首次應用該等準則前，可能會識別到進一步的影響。在財務報告中首次應用該等準則前，本集團亦可能更改其會計政策選擇(包括過渡方案)。

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(除另有指明外，均以人民幣列示)

30 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)

IFRS 9, Financial instruments

IFRS 9 will replace the current standard on accounting for financial instruments, IAS 39, Financial instruments: Recognition and measurement. IFRS 9 introduces new requirements for classification and measurement of financial assets, including the measurement of impairment for financial assets and hedge accounting. On the other hand, IFRS 9 incorporates without substantive changes the requirements of IAS 39 for recognition and derecognition of financial instruments and the classification and measurement of financial liabilities.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to use the exemption from restating comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018.

Expected impacts of the new requirements on the Group's financial statements are as follows:

(a) Classification and measurement

IFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI):

- The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then interest revenue, impairment and gains/losses on disposal will be recognised in profit or loss.

30 於截至2017年12月31日止年度已頒佈但尚未生效的修訂、新準則及詮釋的潛在影響(續)

國際財務報告準則第9號，金融工具

國際財務報告準則第9號將取代有關金融工具會計處理方法的現有準則國際會計準則第39號，金融工具：確認及計量。國際財務報告準則第9號引入分類及計量金融資產，包括計量金融資產減值及對沖會計處理的新規定。另一方面，國際財務報告準則第9號納入(並無實質性更改)國際會計準則第39號有關確認及終止確認金融工具及金融負債分類及計量的規定。

國際財務報告準則第9號於2018年1月1日或之後開始的年度期間按追溯基準生效。本集團計劃採用豁免重列比較資料，並將就2018年1月1日之權益期初結餘確認任何過渡調整。

本集團財務報表方面的新規定的預期影響如下：

(a) 分類及計量

國際財務報告準則第9號載有有關金融資產的三項主要分類：按(1)攤銷成本、(2)按公平值計入損益(按公平值計入損益)及(3)按公平值計入其他全面收益(按公平值計入其他全面收益)計量：

- 債務工具的分類乃根據實體就有關管理金融資產及資產的合約現金流量特性所協定的業務模式而釐定。倘債務工具被分類為按公平值計入其他全面收益，則有關出售時的利息收入、減值及收益／虧損將於損益中確認。

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30 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)

IFRS 9, Financial instruments (Cont'd)

(a) Classification and measurement (Cont'd)

- For equity securities, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI then only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling.

The Group has assessed that its financial assets currently measured at amortised cost will continue with their respective classification and measurements upon the adoption of IFRS 9.

As the Group currently does not have any financial assets classified as "available – for-sales" and therefore this change policy for available-for-sales investments will have no impact on the Group.

The classification and measurement requirements for financial liabilities under IFRS 9 are largely unchanged from IAS 39, except that IFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement will not have any impact on the Group on adoption of IFRS 9.

30 於截至2017年12月31日止年度已頒佈但尚未生效的修訂、新準則及詮釋的潛在影響(續)

國際財務報告準則第9號，金融工具(續)

(a) 分類及計量(續)

- 就權益證券而言，不論實體的業務模式均被分類為按公平值計入損益。唯一例外情況為倘權益證券並非持作買賣，而實體不可撤回地選擇指定有關證券為按公平值計入其他全面收益。倘權益證券被指定為按公平值計入其他全面收益，則將僅於損益中確認證券的股息收入。該證券的收益、虧損及減值將在並無循環下於其他全面收益中確認。

於採納國際財務報告準則第9號後，本集團已評估其目前按攤銷成本計量的金融資產將繼續作其相關分類及計量。

由於本集團現時並無任何分類為「可供出售」的金融資產，因此此項可供出售投資的政策變動將不會對本集團有任何影響。

國際財務報告準則第9號項下對金融負債的分類及計量規定與國際會計準則第39號並無重大變動，惟國際財務報告準則第9號規定指定為按公平值計入損益的金融負債信貸風險的變動所造成的該金融負債公平值變動須於其他全面收益確認(並無重新分類至損益)。本集團目前並無任何指定為按公平值計入損益的金融負債，故於採納國際財務報告準則第9號時，此項新規定未必會對本集團造成任何影響。

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30 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)

IFRS 9, Financial instruments (Cont'd)

(b) Impairment

The new impairment model in IFRS 9 replaces the “incurred loss” model in IAS 39 with an “expected credit loss” model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure either a 12-month expected credit loss or a lifetime expected credit loss, depending on the asset and the facts and circumstances. The Group expects that the application of the expected credit loss model will result in earlier recognition of credit losses. As at 31 December 2017, the Group's financial instruments have not expected credit loss and therefore this new requirement will not have any impact on the Group or adoption of IFRS 9.

IFRS 15, Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. IFRS 15 will replace the existing revenue standards, IAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and IAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts.

30 於截至2017年12月31日止年度已頒佈但尚未生效的修訂、新準則及詮釋的潛在影響(續)

國際財務報告準則第9號，金融工具(續)

(b) 減值

國際財務報告準則第9號的新減值模式以「預計信貸虧損」模式取代國際會計準則第39號的「已產生虧損」模式。根據預計信貸虧損模式，不再需要確認減值虧損之前發生虧損事件。相反，實體須確認並計量12個月的預計信貸虧損或整個年限內的預計信貸虧損，惟視乎資產及事實及情況而定。本集團預期應用預計信貸虧損模式將導致提早確認信貸虧損。於2017年12月31日，本集團的金融工具並無預計信貸虧損，因此這項新規定將不會對本集團或採納國際財務報告準則第9號有任何影響。

國際財務報告準則第15號，與客戶的合約產生的收入

國際財務報告準則第15號建立了確認與客戶的合約產生的收入的全面框架。國際財務報告準則第15號將取代現有收入準則，即國際會計準則第18號收入(包括銷售貨物及提供服務所產生的收入)及國際會計準則第11號建設合約(訂明建築合約收入的會計處理方法)。

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30 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)

IFRS 15, Revenue from contracts with customers (Cont'd)

Based on the assessment completed to date, the Group has identified the following areas which are expected to be affected:

(a) Timing of revenue recognition

The Group's revenue recognition policies are disclosed in Note 1(r). Currently, revenue arising from the sale of goods is generally recognised when the risks and rewards of ownership have passed to the customers.

Under IFRS 15, revenue is recognised when the customer obtains control of the promised good in the contract. IFRS 15 identifies 3 situations in which control of the promised good is regarded as being transferred over time:

- (i) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- (ii) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- (iii) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

30 於截至2017年12月31日止年度已頒佈但尚未生效的修訂、新準則及詮釋的潛在影響(續)

國際財務報告準則第15號，與客戶的合約產生的收入(續)

根據迄今完成的評估，本集團確認可能受到影響的以下方面：

(a) 收入確認時點

本集團的收入確認政策披露於附註1(r)。目前，銷售貨品產生的收入通常在所有權風險及回報轉移至客戶時確認。

根據國際財務報告準則第15號，當客戶取得合約中所許諾的商品的控制權時確認收入。國際財務報告準則第15號已識別所許諾的商品的控制權視為已按時間基準轉移的三種情況：

- (i) 實體履約時，當客戶同時取得及消耗實體履約所提供的利益時；
- (ii) 實體的履約行為創造或改良了客戶在資產被創造或改良時就控制的資產(如在建工程)；
- (iii) 實體的履約行為並未創造一項可被實體用於替代用途的資產，並且實體具有就迄今為止已完成的履約部分獲得付款的可執行權利。

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30 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)

IFRS 15, Revenue from contracts with customers (Cont'd)

(a) Timing of revenue recognition (Cont'd)

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under IFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

The Group has assessed that the new revenue standard is not likely to have significant impact on how it recognises revenue from sales contracts.

(b) Significant financing component

IFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance or in arrears.

Currently, the Group would only apply such a policy when payments are significantly deferred, which is currently not common in the Group's arrangements with its customers. Currently, the Group does not apply such a policy when payments are received in advance.

Advance payments are not common in the Group's arrangements with its customers and therefore this new requirement will not have significant impact on the Group on adoption of IFRS 15.

30 於截至2017年12月31日止年度已頒佈但尚未生效的修訂、新準則及詮釋的潛在影響(續)

國際財務報告準則第15號，與客戶的合約產生的收入(續)

(a) 收入確認時點(續)

如合約條款及實體活動並不屬於該等三種情況的任何一種，則根據國際財務報告準則第15號，該實體就銷售商品或服務按單個時間點(即控制權已轉移時)確認收入。所有權的風險及回報的轉移僅為釐定何時發生控制權轉移時將會考慮的指標之一。

本集團已評估新收入標準不大可能對其如何確認銷售合約收入有重大影響。

(b) 重大融資成分

當合約載有重大融資成分時(而不考慮是否重大提前或拖欠的客戶付款)，國際財務報告準則第15號規定實體就貨幣的時間價值調整交易價格。

目前，本集團僅在付款遭嚴重延誤時適用該政策，而該情況目前在本集團與客戶的安排中並不常見。現時，本集團概無在提前收到付款時採用該政策。

本集團與其客戶的安排中不常採納預收付款，因此這項新規定將不會對本集團採納國際財務報告準則第15號有重大影響。

“AGM” 「股東週年大會」	指	the forthcoming annual general meeting for the year 2017 of the Company 本公司2017年應屆股東週年大會
“Annual Report” 「年報」	指	the annual report of the Company for the year 2017 本公司2017年年報
“Articles of Association” 「公司章程」	指	articles of association of the Company 本公司章程
“Board of Directors” or “Board” 「董事會」	指	board of directors of the Company 本公司董事會
“Board of Supervisors” 「監事會」	指	board of supervisors of the Company 本公司監事會
“China” or “PRC” 「中國」	指	the People’s Republic of China, but for the purposes of this Annual Report and for geographical reference only (unless otherwise indicated), excluding Taiwan, Macau and Hong Kong 中華人民共和國，僅就本年報及地域上而言，除另有指明外，不包括台灣、澳門及香港
“Controlling Shareholder(s)” 「控股股東」	指	has the meaning given to it under the Listing Rules 具有上市規則所賦予的涵義
“Company,” “the Company,” “we” or “us” 「本公司」或「我們」	指	YiChang HEC Changjiang Pharmaceutical Co., Ltd. (宜昌東陽光長江藥業股份有限公司), a company established in the PRC on 11 May 2015 as a joint stock company 宜昌東陽光長江藥業股份有限公司，一家於2015年5月11日在中國成立的股份公司
“Director(s)” 「董事」	指	director(s) of the Company 本公司董事
“Domestic Share(s)” 「內資股」	指	issued ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is (are) subscribed for or credited as fully paid in RMB 本公司股本中每股面值人民幣1.00元的已發行普通股，其以人民幣認購及繳足
“Global Offering” 「全球發售」	指	the offer of the Company’s H Shares for subscription as described in the prospectus of the Company 誠如本公司招股章程所載本公司H股發售以供認購
“Group” 「本集團」	指	the Company and its subsidiaries 本公司及其附屬公司

DEFINITIONS

釋義

“HKSCC” 「香港結算」	指	Hong Kong Securities Clearing Company Limited 香港中央結算有限公司
“HK\$” or “HKD” 「港元」	指	Hong Kong dollars, the lawful currency for the time being of Hong Kong 港元，香港現時法定貨幣
“Hong Kong” 「香港」	指	the Hong Kong Special Administrative Region of the PRC 中國香港特別行政區
“H Shares” 「H股」	指	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is (are) listed on the Stock Exchange and is (are) subscribed for and traded in HKD 本公司股本中每股面值人民幣1.00元的普通股，其在聯交所上市並以港元認購及買賣
“IFRSs” 「國際財務報告準則」	指	the International Financial Reporting Standards, which include standards and interpretations promulgated by the International Accounting Standards Board (IASB), and the International Accounting Standards (IAS) and interpretation issued by the International Accounting Standards Committee (IASC) 國際財務報告準則，包括國際會計準則理事會頒佈的準則及詮釋以及國際會計準則委員會頒佈的國際會計準則及詮釋
“Latest Practicable Date” 「最後實際可行日期」	指	17 April 2018, being the latest practicable date for the purpose of ascertaining certain information contained in this Annual Report prior to its publication 2018年4月17日，於本年報刊發前為確定其中所載若干資料的最後實際可行日期
“Listing Date” 「上市日期」	指	29 December 2015, on which the H Shares were listed on the Stock Exchange and from which dealings in the H Shares were permitted to commence on the Stock Exchange 2015年12月29日，H股於聯交所上市的日期，並自此日期起，H股獲准於聯交所開始買賣
“Listing Rules” 「上市規則」	指	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time 香港聯合交易所有限公司證券上市規則，經不時修訂
“Model Code” 「標準守則」	指	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules 上市規則附錄十所載的上市發行人董事進行證券交易的標準守則
“Parent Company” 「母公司」	指	HEC Pharm Co., Ltd.* (宜昌東陽光藥業股份有限公司), a company incorporated in the PRC on 12 January 2004 and the immediate controlling shareholder of the Company as at the Latest Practicable Date 宜昌東陽光藥業股份有限公司，一家於2004年1月12日在中國註冊成立的公司，於最後實際可行日期，為本公司直接控股股東

“PBOC” 「中國人民銀行」	指	中國人民銀行(People's Bank of China) 中國人民銀行
“Renminbi” or “RMB” 「人民幣」	指	the lawful currency of the PRC 中國法定貨幣
“Reporting Period” 「報告期」	指	the year ended 31 December 2017 截至2017年12月31日止年度
“SFO” 「證券及期貨條例」	指	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time 香港法例第571章證券及期貨條例，經不時修訂、補充或以其他方式修改
“SFC” 「證監會」	指	the Securities and Futures Commission of Hong Kong 香港證券及期貨事務監察委員會
“Shareholder(s)” 「股東」	指	holder(s) of our Shares, including holders of H shares and holders of domestic shares of the Company 本公司股份持有人，包括本公司H股持有人及內資股持有人
“Shares” 「股份」	指	shares in the share capital of the Company, with a nominal value of RMB1.00 each 本公司股本中每股面值人民幣1.00元的股份
“Shenzhen HEC Industrial” 「深圳市東陽光實業」	指	Shenzhen HEC Industrial Development Co., Ltd. (深圳市東陽光實業發展有限公司), a company incorporated in the PRC on 27 January 1997) and a Controlling Shareholder 深圳市東陽光實業發展有限公司，一家於1997年1月27日在中國註冊成立的公司，為一名控股股東
“Stock Exchange” or “Hong Kong Stock Exchange” 「聯交所」或「香港聯交所」	指	The Stock Exchange of Hong Kong Limited 香港聯合交易所有限公司
“Supervisor(s)” 「監事」	指	the supervisor(s) of the Company 本公司監事
“%” 「%」	指	per cent. 百分比

CORPORATE INFORMATION

公司資料

REGISTERED NAME

YiChang HEC Changjiang Pharmaceutical Co., Ltd.

註冊名稱

宜昌東陽光長江藥業股份有限公司

DIRECTORS

Executive Directors

Mr. JIANG Juncai
Mr. WANG Danjin
Mr. CHEN Yangui
Mr. ZHU Qiaohong

董事

執行董事

蔣均才先生
王丹津先生
陳燕桂先生
朱巧洪先生

Non-executive Directors

Mr. TANG Xinfa (*Chairman*)
Mr. MO Kit

非執行董事

唐新發先生(*董事長*)
毛杰先生

Independent Non-executive Directors

Mr. TANG Jianxin
Mr. FU Hailiang
Mr. LEE Chi Ming

獨立非執行董事

唐建新先生
付海亮先生
李志明先生

REMUNERATION AND EVALUATION COMMITTEE

Mr. FU Hailiang (*Chairman*)
Mr. JIANG Juncai
Mr. TANG Jianxin

薪酬與考核委員會

付海亮先生(*主席*)
蔣均才先生
唐建新先生

AUDIT COMMITTEE

Mr. TANG Jianxin (*Chairman*)
Mr. LEE Chi Ming
Mr. TANG Xinfa

審核委員會

唐建新先生(*主席*)
李志明先生
唐新發先生

NOMINATION COMMITTEE

Mr. LEE Chi Ming (*Chairman*)
Mr. ZHU Qiaohong
Mr. FU Hailiang

提名委員會

李志明先生(*主席*)
朱巧洪先生
付海亮先生

SUPERVISORS

Ms. HUANG Fangfang
Mr. WANG Shengchao
Mr. LUO Zhonghua

COMPANY SECRETARIES

Mr. PAN Sanxiong
Ms. NG Wing Shan (FCS, FCIS)

AUTHORIZED REPRESENTATIVES

Mr. TANG Xinfu
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Guangdong Province, the PRC

Ms. NG Wing Shan
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Wanchai, Hong Kong

REGISTERED OFFICE

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Yidu, Yichang, Hubei Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 38 Binjiang Road
Yidu, Yichang, Hubei Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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PRINCIPAL BANKER

China Construction Bank Co., Ltd.
Qingjiang Branch
56 Changjiang Avenue
Yidu, Hubei Province, PRC

監事

黃芳芳女士
王勝超先生
羅忠華先生

公司秘書

潘三雄先生
吳詠珊女士(FCS, FCIS)

授權代表

唐新發先生
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吳詠珊女士
香港灣仔
皇后大道東28號金鐘匯中心18樓

註冊辦事處

中國湖北省宜昌宜都市
濱江路38號

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中國湖北省宜昌宜都市
濱江路38號

香港主要營業地點

香港灣仔皇后大道東28號
金鐘匯中心18樓

主要往來銀行

中國建設銀行股份有限公司
清江支行
中國湖北省宜都市
長江大道56號

CORPORATE INFORMATION

公司資料

INTERNATIONAL AUDITORS

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Certified Public Accountants
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Central, Hong Kong

DOMESTIC AUDITORS

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HONG KONG LEGAL ADVISORS

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Xicheng District
Beijing
PRC

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor,
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Wanchai, Hong Kong

STOCK CODE

01558

COMPANY'S WEBSITE

www.hec-changjiang.com

LISTING PLACE

The Stock Exchange of Hong Kong Limited

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畢馬威會計師事務所
執業會計師
香港中環
遮打道10號太子大廈8樓

國內核數師

畢馬威華振會計師事務所(特殊普通合伙)廣州分所

香港法律顧問

富而德律師事務所
香港
鰂魚涌太古坊
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中國法律顧問

嘉源律師事務所
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H股股份過戶登記處

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

01558

本公司網址

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上市地

香港聯合交易所有限公司

