



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

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

Stock code 股份代號 : 858

ANNUAL REPORT 年報 2018





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Corporate Information 公司資料

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

JOINT COMPANY SECRETARIES

Mr. LIU Kwok Wah
Ms. WONG Sau Kuen

HONG KONG LEGAL ADVISERS

Chiu & Partners Solicitors

INDEPENDENT AUDITOR

BDO Limited
Certified Public Accountants

董事會

執行董事

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

獨立非執行董事

方林虎先生
薛京倫先生
金松女士

審核委員會

方林虎先生 (*主席*)
薛京倫先生
金松女士

薪酬委員會

方林虎先生 (*主席*)
薛京倫先生
金松女士
謝毅博士

提名委員會

謝毅博士 (*主席*)
方林虎先生
薛京倫先生
金松女士

聯席公司秘書

廖國華先生
王秀娟女士

香港法律顧問

趙不渝 • 馬國強律師事務所

獨立核數師

香港立信德豪會計師事務所有限公司
執業會計師

Corporate Information (Continued) 公司資料(續)

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL BANKERS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

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

STOCK CODE

The Stock Exchange of Hong Kong Limited: 00858

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

總辦事處及香港主要營業地點

香港
鰂魚涌
英皇道979號
太古坊德宏大廈
22樓2206–08室

主要往來銀行

中國工商銀行(亞洲)有限公司
東亞銀行有限公司

股份過戶登記處總處

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

股份過戶登記處香港分處

卓佳登捷時有限公司
香港灣仔
皇后大道東183號
合和中心22樓

網站

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

股份代號

香港聯合交易所有限公司：00858

Chairman's Statement

主席報告

Dear Shareholders

On behalf of the board of directors (the "Board") of Extrawell Pharmaceutical Holdings Limited (the "Company") together with its subsidiaries (the "Group"), I am pleased to present the annual report of the Group for the year ended 31 March 2018.

致各位股東：

本人謹代表精優藥業控股有限公司（「本公司」）連同其附屬公司（「本集團」）董事會（「董事會」）欣然提呈本集團截至二零一八年三月三十一日止年度之年報。



Chairman's Statement (Continued)

主席報告(續)

Global growth strengthened in 2017, accelerating at its highest pace in six years while China's economy grew by 6.9% picking up pace for the first time in seven years. Amid the widespread concerns over potential impacts on the global economy brought by the possible rise in protectionist sentiment, escalation in geopolitical tensions and increased currency volatility, the Chinese economy saw a solid start to the year 2018 with a better-than-expected growth of 6.8% in the first quarter of the year demonstrating a pattern of stability.

While China's economy has been rebalancing with focuses on economic transition from rapid growth to high quality development, moving towards accomplishing the overarching goal of becoming a 'moderately prosperous society' by year 2020 under the Thirteenth Five-Year Plan (2016-2020) and establishing a 'Healthy China' by year 2030, China's pharmaceutical industry has been undergoing in-depth adjustments alongside the continuous deepening of healthcare reforms and advancing of the supply-side structural reforms. The Chinese government took further steps to reform the national healthcare system and strengthen the regulatory system for the pharmaceutical industry that a number of new policies were rolled out throughout 2017, covering key areas in the industry, including production, circulation and research and development. The implementation of policies such as the 'Two-Invoice System' across the entire nation by year 2018 would eliminate multi-tier distribution and call for a more unified distribution network, thereby accelerating consolidation within groups of distributors, whereas, the hierarchical diagnosis and treatment system, the zero mark-up of drugs by hospitals would affect the circulation system for drugs and the structure of the end market for drug sales, ultimately reshuffling the pharmaceutical distribution sector. The policies associated with the standardisation of drug quality via consistency evaluation on quality and efficacy of generic drugs, continuous tightening of national environmental regulations and intensified supervision pose pressure and challenges to manufacturing enterprises, while reform policies and measures were introduced to encourage research and development of innovative drugs.

二零一七年，全球經濟增長強勁，為六年來最快增速，而中國經濟增長6.9%，為七年來首次增長加速。在普遍擔憂貿易保護主義情緒可能升溫、地緣政治緊張局勢升級及匯率波動加劇可能對全球經濟造成影響的情況下，中國經濟於二零一八年開局強勁，今年第一季度增長高於預期，增長率為6.8%，呈現穩步邁前的態勢。

中國經濟開展結構調整，專注於實現經濟從快速增長轉型至優質發展，朝著實現第十三個五年規劃(二零一六年至二零二零年)提出的到二零二零年建成『小康社會』及到二零三零年建立『健康中國』的宏偉目標邁進，在此背景下，隨著醫療改革的不斷深化及供給層面結構性改革的推進，中國醫藥行業正進行深度調整。中國政府於二零一七年推出多項新政策，進一步推進國家醫療制度改革，加強醫藥行業的監管制度，該等政策涉及該行業的多個關鍵領域，包括生產、流通及研發。『兩票制』等政策於二零一八年在全國範圍內實施，將消除多級分銷，並需要建立更統一的分銷網絡，從而加速整合分銷商群，而醫院的分級診療系統及藥品零加成制度將會影響藥品的流通體系及藥品銷售的終端市場結構，最終重塑藥品分銷行業。與藥品質量標準化(對非專利藥的質量及療效開展一致性評價)相關的政策、持續收緊國家環保法規及加強監管，令製藥企業面臨壓力及挑戰，與此同時，中國已推出多項改革政策及措施，以鼓勵研發創新藥物。

Chairman's Statement (Continued)

主席報告(續)

In the context of frequent reform policies and stricter regulatory requirements, China's pharmaceutical industry has entered into a new normal state characterised by slower growth rate while the industry structure is being optimised. The in-depth implementation of the reform policies and stricter standards spurred fierce competition among pharmaceutical enterprises and lead to severe market conditions which have been increasingly impacting the Group's trading segment of imported pharmaceutical products which are more price-sensitive due to intensifying competition from locally manufactured quality products and are impacted by the regulatory measures of increasing scrutiny on imported products. Despite the weaker than expected performance of the trading segment which has turned into loss-making, the Group's relentless efforts on manufacturing quality products by leveraging the production facilities of the Group's GMP plants in Changchun have demonstrated positive progress, the manufacturing segment has achieved continuing improvement in performance during the year under review.

The Group's profit for the year attributable to owners of the Company amounted to about HK\$29.9 million as compared to a profit of about HK\$20.8 million of last financial year, representing an increase of about HK\$9.1 million primarily attributable to non-cash items.

As China's pharmaceutical industry is still going through in-depth structural adjustments under the sustained deepening of healthcare reforms, the ongoing evolution of the pharmaceutical market will pose additional challenges to the Group. However, the Group believes that China's rebalancing economy with growth momentum provides dynamics for the sustainable growth of the pharmaceutical industry. The Group will continue to focus on leveraging its GMP plants in Changchun to develop quality products to meet market demand and stay vigilant in cash flow management and cost control to enhance overall operational efficiency with the aim of improving the Group's performance and maintaining its sound financial fundamentals to cater for its long-term development. In the meantime, the Group will endeavor to seek potential business opportunities to diversify its revenue stream, and will continuously identify and evaluate investment opportunities which will provide long-term benefits to the Group, with a view to enhancing the Group's corporate value.

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

Dr. Xie Yi
Chairman
Hong Kong, 29 June 2018

在改革政策頻出且監管要求趨嚴的情況下，中國醫藥行業已進入以增速減緩、行業結構優化為特徵的新常態。改革政策的深化實施及制定更嚴格的標準引發了醫藥企業間的激烈競爭，並導致市況嚴峻，對本集團進口藥品貿易分類的影響日益突顯，乃因本地製造的優質產品導致競爭加劇，該些進口藥品對價格愈加敏感，並受到加強進口產品審查的監管措施影響。儘管貿易分類的表現遜於預期並轉盈為虧，但本集團不懈努力，透過利用本集團位於長春的GMP工廠的生產設施製造優質產品，已取得良好進展，於回顧年度內，製造分類表現持續得以改善。

本公司擁有人應佔本集團之年度溢利為約29,900,000港元，較上一個財政年度之溢利約20,800,000港元增加約9,100,000港元，主要是由非現金項目所致。

在醫療改革的持續深化下，中國醫藥行業仍在經歷深層次的結構性調整，醫藥市場的持續發展將給本集團帶來更多挑戰。然而，本集團相信，中國的再平衡經濟增長勢頭會為醫藥行業的可持續增長注入活力。本集團將繼續專注於利用其於長春的GMP工廠開發優質產品，以滿足市場需求，並在現金流量管理及成本控制方面保持警惕以提高整體營運效率，以期改善本集團的表現及維持穩健的財務基礎，從而配備本集團的長期發展需要。同時，本集團將努力尋找潛在商機，以使本集團的收入來源多元化，並將持續物色及評估將為本集團帶來長期裨益的投資機會，從而提升本集團的企業價值。

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

主席
謝毅博士
香港，二零一八年六月二十九日

Management Discussion and Analysis

管理層討論及分析

BUSINESS REVIEW

Overall Performance Review

In 2017, the global economy improved steadily throughout the year, which grew at its highest pace since 2011. The Chinese economy in the second year of its Thirteenth Five-Year Plan (2016–2020) also recorded a better-than-expected growth at 6.9%, a pick-up of 0.2% in 2016, and in the first quarter of 2018, reported growth at 6.8%, an indicative of its relatively steady economic growth. Against this stabilised economic backdrop, the Chinese government unveiled a raft of policies and measures; including two-invoice system for drug procurement, cancellation of drug price mark-up in public hospitals, stricter regulatory compliance and supervision on drug manufacture and circulation in order to push forward the structural reform of its healthcare system under the “Healthy China 2030 Plan”. These multi-pronged policies to rationalise drug pricing structure and enhance qualities tend to more favour leading pharmaceutical enterprises with strong distribution networks and production capabilities, but entail significant impacts on the revenue and profitability of small enterprises in the face of heightened pressure on prices and costs, which increase uncertainties of being nudged out of market share in the context of ever-changing market environment. Meanwhile, the regulatory policy changes on new drugs stimulate the vitality of drug research and development and support innovation to meet the nation’s unmet medical needs.

The highly competitive environments posed significant challenges to the Group. In the year under review, revenue and gross profit decreased to HK\$85.8 million (2017: HK\$107.9 million) and HK\$42.0 million (2017: HK\$43.9 million) respectively, representing a decrease of about 20.5% and 4.2% as compared with that of last financial year. These were mainly the results of significant decrease in sales of the imported pharmaceutical products under the Group’s trading segment, notwithstanding the continuing improvement in performance of its manufacturing segment.

The Group’s operating profit before income tax was about HK\$29.2 million (2017: HK\$18.9 million), representing an increase of about HK\$10.3 million or 54.2%. Such increase was mainly due to the reduction in share of loss of an associate of about HK\$2.9 million, the respective increase in effective interest income arising from and decrease in loss in fair value changes on investments in convertible bonds that are both non-cash items of about HK\$11.5 million and HK\$16.6 million, and partly offset by provision for impairment loss on available-for-sale investments of about HK\$21.0 million.

業務回顧

整體表現回顧

二零一七年，全球經濟全年穩步增長，為自二零一一年以來最高增速。在第十三個五年規劃（二零一六年至二零二零年）的第二年，中國經濟增長亦高於預期，增長率為6.9%，較二零一六年上升0.2%，且於二零一八年第一季度增長6.8%，顯示中國經濟增長相對穩定。在此穩定的經濟背景下，中國政府推出了一系列政策及措施，包括就藥物採購實行兩票制、取消公立醫院對藥品加成及對藥物製造及流通採取更嚴格的監管合規及監督，以推動「健康中國2030規劃」下醫療制度的結構性改革。該等多管齊下的政策旨在令藥品定價結構合理化及提高藥品質量，趨向較有利於擁有強大分銷網絡及生產能力的領先醫藥企業，惟會對小型企業的收益及盈利能力造成重大影響，該等小型企業往往面臨加劇的價格及成本壓力，從而增加其市場份額在瞬息萬變的市場環境下被蠶食的不確定性。同時，對新藥品的規管政策之變化給藥物研發注入活力並支持創新，以滿足國家亟待解決的藥品需求。

激烈的競爭環境給本集團帶來巨大挑戰。回顧年度內，收益及毛利分別減少至85,800,000港元（二零一七年：107,900,000港元）及42,000,000港元（二零一七年：43,900,000港元），較上一個財政年度下降約20.5%及4.2%。此乃主要因本集團貿易分類之進口藥品的銷售量大幅下降所致，儘管其製造分類的表現持續改善。

本集團之除所得稅前經營溢利為約29,200,000港元（二零一七年：18,900,000港元），相當於增加約10,300,000港元或54.2%。有關增加主要由於應佔一間聯營公司虧損減少約2,900,000港元、可換股債券投資產生的實際利息收入及公平值變動虧損（兩者均為非現金項目）分別增加及減少約11,500,000港元及16,600,000港元，以及部分被可供出售投資減值虧損撥備約21,000,000港元所抵銷。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

BUSINESS REVIEW (Continued)

Overall Performance Review (Continued)

The Group's profit for the year attributable to owners of the Company was about HK\$29.9 million, representing an increase of about HK\$9.1 million when compared to profit of about HK\$20.8 million of last financial year.

REVENUE AND OPERATING RESULTS

Imported Pharmaceutical Sector

Trading conditions remain difficult for the Group's imported products. The risks materialising in the year have put the segment under tremendous pressure. The Group's trading business was greatly impacted by the unfavorable factors including the intensifying price competition from competing products of local manufacturers and the negative impact arising from increasing regulatory scrutiny on imported products, as reported in the first half of the financial year extended into the second half of the financial year. Segment revenue (net of provision for sales return of about HK\$5.4 million) declined significantly to about HK\$25.6 million (2017: HK\$63.4 million), representing a decrease of HK\$37.8 million or 59.7%. Despite gross margin slightly improved and recurring expenses remained in line with last year figures, this significant decline in revenue and related profit contribution resulted in a notable loss of about HK\$6.0 million (2017: profit HK\$2.7 million).

業務回顧(續)

整體表現回顧(續)

本公司擁有人應佔本集團之年度溢利為約29,900,000港元，較上一個財政年度之溢利約20,800,000港元增加約9,100,000港元。

收益及經營業績

進口藥品業務

本集團進口產品面臨之貿易環境依然嚴峻。年內出現的風險已給該分類帶來巨大壓力。本集團之貿易業務受到不利因素的嚴重影響，包括來自本地製造商具競爭力的產品令價格競爭加劇及越趨嚴謹的進口產品監管審查所帶來的負面影響，該等負面影響從財政年度的上半年延伸至財政年度的下半年。分類收益(扣除銷售退貨撥備約5,400,000港元)大幅下跌至約25,600,000港元(二零一七年：63,400,000港元)，相當於減少37,800,000港元或59.7%。儘管毛利率略有上升且經常性開支仍與去年持平，但收益及相關溢利貢獻大幅下跌導致顯著虧損約6,000,000港元(二零一七年：溢利2,700,000港元)。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

REVENUE AND OPERATING RESULTS (Continued)

Imported Pharmaceutical Sector (Continued)

As stated in the Group's interim report issued in November 2017, the substantial decline in revenue was primarily due to destocking pressure of customers in anticipation of deeper discount on drug tendering price triggered by increasingly aggressive competition from competing products of local manufacturers, and an adjustment of subsequent sales return in November which reduced revenue by about HK\$4.7 million due to a product recall of an imported product from Argentina. As to the understanding of the management, the product recall was due to certain potential manufacturing practices issue reported in an overseas on-site inspection by the Chinese regulatory authorities, and the vendor had applied for renewal of import license of its product that due in end October 2017. The vendor committed to bear all the related costs of the sales return thus incurred and had been taking remedial actions to resolve the matter with the authorities, however, the renewal of its import license has yet to be obtained. Management considered that the sales hiatus of this product would inevitably affect the segment revenue, however, as its gross profit contribution had been decreasing to below 10%, which would not have material impact on the segment profitability. Currently, the backlog of approval process for the renewal is expected to take some time to bring this product back to the market.

During the second half of the financial year, the Chinese authorities conducted another overseas on-site inspection in Spain for the Group's major imported product that is a significant revenue and profit contributor to the trading segment, the outcome of which has yet to be concluded. The increasing regulatory scrutiny on imported products further adversely influence the sentiment of the Group's customers in stock replenishment in light of the uncertainties brought by the on-site inspection and the intensifying competitive landscape by the locally manufactured products. Given the complicated operating environment, the segment performance was considerably below management's expectation despite increased efforts, and management is cautiously alert that such difficult market situation will persist in the coming year.

In light of the tremendous challenges, the Group has been collaborating with business partners and consultants with the aim of resolving any regulatory issues to mitigate the impact on the Group's imported products in the long term, and at the same time, adopting a more flexible pricing approach to capture sales in the rapidly changing environment.

收益及經營業績(續)

進口藥品業務(續)

誠如本集團於二零一七年十一月刊發之中期報告所述，收益大幅減少主要由於客戶預期本地製造商具競爭力的產品引發的競爭將會越演越烈，以致藥物招標價格的折扣更大，造成去庫存壓力，且由於因來自阿根廷的進口產品需要回收就隨後於十一月之銷售退貨作出調整，令收益減少約4,700,000港元。據管理層所理解，回收產品乃由於中國監管機構進行海外現場視察時匯報若干潛在製造規範問題，而供應商已申請重續其於二零一七年十月底到期的產品進口牌照。供應商承諾承擔因銷售退貨而產生的一切相關成本並已採取補救行動與監管機構解決事件，然而，其進口牌照重續尚未獲得批准。管理層認為，該產品的銷售中斷將不可避免地影響分類收益，然而，由於其毛利貢獻下跌至低於10%，故並不會對分類盈利能力造成重大影響。目前，預期就重續牌照之審批流程工作還需要一段時間才能令該產品重返市場。

於財政年度下半年，中國當局另在西班牙對本集團之主要進口產品(貿易分類的主要收益及溢利貢獻者)進行海外現場視察，視察結果尚未得出結論。由於現場視察所帶來的不確定性及本地生產的產品帶來競爭加劇的格局，對進口產品越加嚴格的監管審查進一步對本集團客戶補充庫存的信心造成不利影響。鑑於營運環境複雜多變，儘管投入更多努力，但該分類表現仍遠低於管理層的預期，管理層審慎警惕，該嚴峻的市況仍將在未來一年持續。

鑒於面臨巨大挑戰，本集團一直與業務合作夥伴及顧問合作，旨在解決任何監管問題以減輕對本集團進口產品之長期影響，同時，採用更靈活的定價方法，把握瞬息萬變的環境下的銷售機會。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

REVENUE AND OPERATING RESULTS

(Continued)

Manufactured Pharmaceutical Sector

The segment continued to make progress in revenue growth and achieve significant reduction of operating loss. Sales of manufactured pharmaceutical products increased to about HK\$60.2 million (2017: HK\$44.5 million), representing an increase of HK\$15.7 million or 35.3% and segment loss reduced to about HK\$3.7 million (2017: HK\$12.0 million), representing a decrease of HK\$8.3 million or 69.3%. However, when taking into account the one-off gain on disposal of intangible assets of about HK\$2.8 million as recorded in last year, the loss reduced by about HK\$11.2 million.

During the year, the structural reform of pharmaceutical distribution through implementation of two-invoice system in various provinces and cities brought along challenges and opportunities to the segment. In response to the change, management seized the opportunities to adjust its distribution channels and expand its market coverage through collaboration with distributors with extensive distribution network. This led to an increase in revenue, and combined with management's dedicated efforts on improving productivity while maintaining product quality for long-term competitiveness, gross margin improved by about HK\$13.8 million or 14.8%. To cope with the market development, management had reduced certain direct sales workforce and deployed providers of promotion, marketing and sales support-related services to promote the Group's product awareness in rural areas and communities. The improved segment results were also contributed by management's efforts to strengthen measures for evaluating creditability of customers and collectability of the overdue accounts receivable. As a result of more effective credit management, provision for impairment on trade receivables made in accordance with the Group's policies reduced by about HK\$1.2 million and bad debts recovered by about HK\$3.4 million, when compared to provisions made for last financial year.

The progress in the year highlights the Group's investments to build new GMP plants in Jiu Tai, China in 2014 with enhanced production capabilities and assured product quality which are instrumental to meet the challenges of ongoing healthcare reforms. The Group believes that the intense efforts over the past years have laid a solid foundation for future business growth and will continue to deliver long-term performance for the Group.

收益及經營業績(續)

自產藥品業務

該分類繼續在收益增長方面取得進展，且營運虧損顯著減少。自產藥品銷售額增加至約60,200,000港元(二零一七年：44,500,000港元)，相當於增加15,700,000港元或35.3%，而分類虧損減少至約3,700,000港元(二零一七年：12,000,000港元)，相當於減少8,300,000港元或69.3%。然而，計及去年出售無形資產錄得之一次性收益約2,800,000港元，則虧損減少約11,200,000港元。

年內，通過在各省市實施兩票制進行藥品分銷的結構性改革，令該分類挑戰與機遇並存。為應對該變化，管理層抓住機會，通過與擁有廣泛分銷網絡的分銷商合作，調整其分銷渠道以及擴大其市場覆蓋範圍。此舉導致收益增長，加上管理層致力於提高生產率及保持產品質量以維持長期競爭力，毛利上升約13,800,000港元或14.8%。為應對市場發展，管理層已減少若干直接銷售團隊，並利用提供推廣、營銷及銷售支援相關服務的提供商，以提升本集團產品在農村及社區的知名度。該分類業績的改善亦歸功於管理層努力加強評估客戶信譽及逾期應收賬款之可收回性的措施。由於更有效的信貸管理，相較於上一個財政年度的撥備，根據本集團政策作出之貿易應收賬款減值撥備減少約1,200,000港元，而已收回壞賬約3,400,000港元。

今年取得的良好進展，凸顯出本集團於二零一四年在中國九台投資建設具備高生產能力及生產質量保證之新GMP工廠乃有助於應對持續醫療改革帶來的挑戰。本集團相信，多年來的不懈努力已為未來業務增長打下了堅實的基礎，並將繼續為本集團締造長期表現。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

REVENUE AND OPERATING RESULTS

(Continued)

Gene Development Sector

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

Interest in an Associate

The Group holds 49% equity interest in Smart Ascent Limited (“Smart Ascent”, together with its subsidiaries, the “Smart Ascent Group”), and the major asset of the Smart Ascent Group is the intangible asset in relation to an in-process research and development project (“In-process R&D”) involving an oral insulin product (“Product”), which is still at its clinical trial stage. In making the assessment as to the recoverability of the In-process R&D and the fair value of the interest in the associate, the Group has engaged an independent qualified valuer, Roma Appraisals Limited (“Valuer”) in conducting a valuation. The asset-based valuation approach has been consistently adopted in the valuation and the recoverable amount of the In-process R&D was determined based on fair value calculation using cash flow projections, which the estimated cash inflows derived from budgeted sales and gross margin were based on the expectation for the market development, and which included the regulatory approvals from the relevant government bodies and launching of the Product by mid 2020. The recoverable amount of the interest in the associate was determined based on share of the estimated fair value of the In-process R&D after taking into account the lack of control discount.

In conducting the impairment assessment, the directors of the Company, having considered the prevailing market conditions, reasonableness of assumptions used for the cash flow projections and the valuation as prepared by the Valuer indicating its fair value in excess of the carrying amount, do not identify any indication on the carrying amount of interest in the associate as at 31 March 2018 that may need to be impaired. Accordingly, no impairment is considered necessary as at 31 March 2018.

As a minority shareholder of Smart Ascent, the Group will continue to closely coordinate with Innovative Pharmaceutical Biotech Limited, the 51% shareholder of Smart Ascent, in monitoring the progress of the oral insulin project with a view to facilitating successful launching of the Product to the market. In addition, the Group will continue to perform impairment assessment on the carrying amount of the interest in associate in accordance with Hong Kong Accounting Standard 36 “Impairment of Assets” where necessary.

收益及經營業績(續)

基因開發業務

於本年度，基因開發業務仍未開展，故並無錄得任何收益。

於一間聯營公司之權益

本集團持有進生有限公司(「進生」，連同其附屬公司稱為「進生集團」)49%股權，進生集團之主要資產為有關進行中之研發項目(「進行中之研發」)的無形資產，當中涉及口服胰島素產品(「產品」)，其仍在臨床測試階段。本集團在就進行中之研發之可收回金額及於聯營公司之權益之公平值進行評估時，已委聘獨立合資格估值師羅馬國際評估有限公司(「估值師」)進行估值。在進行估值時一直採用資產基礎估值法，而進行中之研發之可收回金額乃使用現金流量預測根據公平值計算釐定，其中根據預算銷售額及毛利率計算之估計現金流入乃基於對市場發展之預期，及其包括於二零二零年年中前取得有關政府監管部門批准及推出產品。於聯營公司之權益之可收回金額乃根據應佔進行中之研發之估計公平值並經計及無控制權之折讓後釐定。

在進行減值評估時，經考慮當前市況、各現金流量預測所使用假設的合理性及估值師進行之估值表明其公平值超出賬面值，本公司董事並無發現任何跡象顯示於聯營公司之權益於二零一八年三月三十一日之賬面值可能須作出減值，故認為於二零一八年三月三十一日毋須作出減值。

作為進生之少數股東，本集團將繼續與領航醫藥及生物科技有限公司(擁有進生51%股權之股東)緊密協作，監察口服胰島素項目的進展情況，以促使產品成功推向市場。此外，本集團於必要時將繼續根據香港會計準則第36號「資產減值」就於聯營公司之權益之賬面值進行減值評估。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

REVENUE AND OPERATING RESULTS

(Continued)

Other income and gains and losses, net

Other income and gains and losses, net were in total a gain of about HK\$53.0 million (2017: HK\$42.4 million), which increased by about HK\$10.6 million or 25.0%. The increase was primarily attributable to investments in convertible bonds in which the effective interest income increased by about HK\$11.5 million and loss on change in fair value of its derivative component decreased by about HK\$16.6 million, bad debts recovered by about HK\$3.4 million and partly offset by a provision of about HK\$21.0 million arising from impairment loss on available-for-sale investments.

Selling and Distribution Expenses

Selling and distribution expenses of the Group slightly increased to about HK\$32.3 million (2017: HK\$31.7 million), representing an increase of HK\$0.6 million or 1.9%. Such increase reflected sales growth of the Group's manufacturing segment, which was partly offset by a decrease in selling and distribution expenses of the Group's trading segment.

Administrative Expenses

Administrative expenses remained relatively stable at about HK\$27.0 million (2017: HK\$27.2 million), which reflects the Group's continued efforts and focuses on cost containment initiatives to reduce expenses and to prevent unnecessary spending without causing damage to the Group's profitability.

OUTLOOK

Since the implementation of the Thirteenth Five-Year Plan (2016–2020), China's pharmaceutical industry has witnessed frequent rolling out of reform policies bringing healthcare and supply-side structural adjustments which reshape the competitive landscape and accelerate consolidation within the industry.

收益及經營業績(續)

其他收入及收益及虧損淨額

其他收入及收益及虧損淨額合計錄得收益約53,000,000港元(二零一七年: 42,400,000港元), 增加約10,600,000港元或25.0%。該增加主要歸因於可換股債券投資(其實際利息收入增加約11,500,000港元及其衍生工具部分公平值變動虧損減少約16,600,000港元)、已收回壞賬約3,400,000港元及部分被可供出售投資減值虧損產生之撥備約21,000,000港元所抵銷。

銷售及分銷費用

本集團銷售及分銷費用略微增加至約32,300,000港元(二零一七年: 31,700,000港元), 相當於增加600,000港元或1.9%。有關增加反映出本集團製造分類的銷售增長, 而有關增長部分被本集團貿易分類的銷售及分銷費用下降所抵銷。

行政費用

行政費用保持相對穩定, 約為27,000,000港元(二零一七年: 27,200,000港元), 反映出本集團在不損害其盈利能力的情況下持續致力並專注於成本控制措施以減少費用並避免不必要的開支。

前景

自第十三個五年規劃(二零一六年至二零二零年)實施以來, 中國醫藥行業之改革政策頻出, 以對醫療及供給層面進行結構性調整, 重塑行業的競爭格局及加速行業整合。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

OUTLOOK (Continued)

It is anticipated that the Chinese government's continued measures and initiatives in regulating the pharmaceutical industry and demanding regulatory compliance will continuously intensify market competition and pose challenges on the Group's performance. As the Group's trading segment of imported products has been hard hit by the ever-increasing competition from competing products of local manufacturers, the Group will continue to leverage scale production and product quality in its manufacturing segment in competition for gaining greater market share, which has demonstrated positive progress and achieved continuing improvement in its performance. The Group will continue enhancing the production efficiency and strengthening cost savings measures to reinforce fundamentals for development of the manufacturing segment. In addition, the Group will be more agile in response to policy changes through more flexible marketing strategies and focus on improving the overall operational efficiency to cope with the rapidly changing market conditions.

Looking forward, the year ahead is full of challenges to the Group. Although the pharmaceutical industry has been undergoing very significant changes since healthcare reforms in 2009, the Group believes that the industry will maintain a stable growth as there are mounting demands, in particular, driven by combined factors of accelerated aging population, growing chronic diseases and improving standard of living in China. In the meantime, the Group will continuously endeavor to improve the Group's business operations and will seek potential opportunities with the aim of diversifying its revenue stream and creating long-term value for the shareholders.

FINANCIAL REVIEW

Liquidity and Financial Resources

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

前景(續)

預期中國政府陸續推出之規管醫藥行業及要求監管合規的措施及計劃，將不斷加劇市場競爭並對本集團的表現構成挑戰。由於本集團進口產品之貿易分類深受來自本地製造商的競爭性產品日益激烈競爭的影響，本集團將繼續利用在製造分類當中的規模生產及產品質量以爭取更大市場份額，這已取得良好進展且其表現持續改善。本集團將繼續提高生產效率及加強成本節約措施，以鞏固製造分類的發展基礎。此外，本集團將通過更靈活的市場策略更敏捷地應對政策變化，並注重提高整體營運效率，以應付瞬息萬變的市場環境。

展望將來，未來一年對本集團而言充滿挑戰。儘管醫藥行業自二零零九年啟動醫療改革以來已發生翻天覆地的變化，惟本集團相信，隨著需求日益增加，尤其是受中國人口老齡化加速、慢性疾病增多及生活水平不斷提高等多項因素所推動，該行業將維持穩定增長。與此同時，本集團將繼續努力改善本集團的業務營運並尋求潛在機會，將其收入來源多元化並為股東締造長期價值。

財務回顧

流動資金及財務資源

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

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

FINANCIAL REVIEW (Continued)

Liquidity and Financial Resources (Continued)

As at 31 March 2018, the Group had total cash and bank balances (including pledged bank deposits) of about HK\$182.3 million (2017: HK\$238.0 million), representing a decrease by approximately 23.4%. Such decrease was mainly the result of significant investments made in aggregate of HK\$80 million (as detailed below) and the receipt of about HK\$25.0 million interest income from investments in convertible bonds.

The Group did not have bank borrowings during the year but had banking facilities on trade finance, which were supported by the pledge of the Group's fixed deposits of about HK\$20.5 million (2017: HK\$20.2 million) and corporate guarantees from the Company and certain subsidiaries of the Company. In general, there is no significant seasonality fluctuation on trade finance requirement of the Group.

The Group's total borrowing over total assets ratio as at 31 March 2018 was 0.051 (2017: 0.047), calculated based on the Group's total assets of about HK\$1,216.8 million (2017: HK\$1,172.7 million) and total debts of about HK\$61.6 million (2017: HK\$55.0 million), comprising convertible bonds of about HK\$41.8 million (2017: HK\$35.2 million) and amount due to an associate of HK\$19.8 million (2017: HK\$19.8 million).

Foreign Exchange Exposure

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

財務回顧(續)

流動資金及財務資源(續)

於二零一八年三月三十一日，本集團有現金及銀行結餘總額(包括已抵押銀行存款)約182,300,000港元(二零一七年：238,000,000港元)，相當於減少約23.4%。有關減少主要由於作出之重大投資總額達80,000,000港元(下文詳述)及收到可換股債券投資之利息收入約25,000,000港元。

本集團於年內並無任何銀行借款，惟貿易融資之銀行信貸乃以本集團之定期存款約20,500,000港元(二零一七年：20,200,000港元)及由本公司與本公司若干附屬公司提供之公司擔保作抵押。一般而言，本集團之貿易融資需求並無重大季節性波動。

於二零一八年三月三十一日，本集團之總借款與總資產之比率為0.051(二零一七年：0.047)，乃按本集團之總資產約1,216,800,000港元(二零一七年：1,172,700,000港元)及總債項約61,600,000港元(二零一七年：55,000,000港元)，包括可換股債券約41,800,000港元(二零一七年：35,200,000港元)及應付一間聯營公司款項19,800,000港元(二零一七年：19,800,000港元)計算。

外匯風險

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

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

FINANCIAL REVIEW (Continued)

Significant Investments

In the year under review, the Group subscribed a total of 80,000 participating shares in KKC Capital SPC, a segregated portfolio company incorporated in the Cayman Islands at aggregate consideration of HK\$80,000,000. Details of these significant investments at 31 March 2018 as held by the Group and classified as available-for-sale investments at fair value through comprehensive income are set out below:

財務回顧(續)

重大投資

回顧年度內，本集團認購KKC Capital SPC（一間於開曼群島註冊成立之隔離投資組合公司）合共80,000股參與股份，總代價為80,000,000港元。於二零一八年三月三十一日，該等由本集團持有並分類為按公平值計入全面收益之可供出售投資之重大投資的詳情載列如下：

Name of unlisted investment	Brief description of the business	Number of units held	Investment cost	Market value	Impairment recognised in profit or loss	Percentage to total assets value of the Group
非上市投資名稱	業務簡介	所持單位數目	投資成本 HK\$'000 千港元	市值 HK\$'000 千港元	於損益 確認之 減值 HK\$'000 千港元	本集團 資產總值 百分比
KKC Capital High Growth Fund Segregated Portfolio	<p>The investment objective is for long term capital appreciation by investing primarily in listed and unlisted shares, rights and warrants. The investment manager is KKC Capital Limited and its investment advisor is Avia Asset Management Limited, which is licensed by the Securities and Futures Commission of Hong Kong to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities</p> <p>投資目標為透過主要投資於上市及非上市股份、權利及認股權證以取得長期資本增值。投資管理人為KKC Capital Limited，而其投資顧問為輝亞資產管理有限公司（其獲香港證券及期貨事務監察委員會發牌可進行第4類（就證券提供意見）及第9類（提供資產管理）受規管活動）</p>	80,000	80,000	59,047	20,953	4.85%

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

FINANCIAL REVIEW (Continued)

Employment and Remuneration Policy

As at 31 March 2018, the Group had 178 employees (2017: 238). Staff costs (including directors' emoluments) for the year ended 31 March 2018 amounted to approximately HK\$25.8 million (2017: approximately HK\$26.8 million), which was mainly due to decrease in headcount at the manufacturing segment.

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

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

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

From the effective date of the Scheme to 31 March 2018, no share option has been granted under the Scheme.

財務回顧(續)

僱傭和薪酬政策

於二零一八年三月三十一日，本集團共聘用178名僱員(二零一七年：238名)。截至二零一八年三月三十一日止年度之員工成本(包括董事薪酬)為約25,800,000港元(二零一七年：約26,800,000港元)，主要由於製造分類員工人數減少所致。

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

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

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

自該計劃的生效日期至二零一八年三月三十一日止，概無根據該計劃授出購股權。

Directors and Senior Management Profile

董事及高層管理人員簡介

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Dr. Xie Yi Ph.D. (aged 55)

Chairman, Chief Executive Officer and Executive Director

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

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

Dr. Lou Yi Ph.D. (aged 60)

Executive Director

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

Mr. Cheng Yong (aged 55)

Executive Director

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

董事及高層管理人員簡介

執行董事

謝毅博士(五十五歲)

主席、行政總裁及執行董事

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

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

樓屹博士(六十歲)

執行董事

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

程勇先生(五十五歲)

執行董事

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

Directors and Senior Management Profile (Continued)

董事及高層管理人員簡介(續)

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

Executive Directors (Continued)

Ms. Wong Sau Kuen (aged 55)

Executive Director

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

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

Mr. Liu Kwok Wah (aged 56)

Executive Director

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

Mr. Lu Zhiqiang (aged 43)

Executive Director

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

董事及高層管理人員簡介(續)

執行董事(續)

王秀娟女士(五十五歲)

執行董事

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

自二零一四年一月八日起，王女士獲委任為本公司聯席公司秘書。

廖國華先生(五十六歲)

執行董事

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

盧志強先生(四十三歲)

執行董事

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

Directors and Senior Management Profile (Continued) 董事及高層管理人員簡介(續)

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

Independent Non-executive Directors

Mr. Fang Lin Hu (aged 80)

Independent Non-executive Director

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

Mr. Xue Jing Lun (aged 84)

Independent Non-executive Director

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

Ms. Jin Song (aged 47)

Independent Non-executive Director

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

董事及高層管理人員簡介(續)

獨立非執行董事

方林虎先生(八十歲)

獨立非執行董事

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

薛京倫先生(八十四歲)

獨立非執行董事

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

金松女士(四十七歲)

獨立非執行董事

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

Directors and Senior Management Profile (Continued)

董事及高層管理人員簡介(續)

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

Senior Management

Dr. Wen Ming (aged 57)

Head of Research and Development

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

Mr. Gong Youlu (aged 49)

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

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

Ms. Wu Hong (aged 46)

Group Senior Finance Manager

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

Mr. Huang Wenda (aged 41)

Financial Controller of CEP and JECP

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

董事及高層管理人員簡介(續)

高層管理人員

溫明醫生(五十七歲)

研究及發展總監

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

龔有祿先生(四十九歲)

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

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

吳紅女士(四十六歲)

集團高級財務經理

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

黃文達先生(四十一歲)

長春精優及吉林精優財務總監

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

Corporate Governance Report

企業管治報告

A. CORPORATE GOVERNANCE PRACTICES

Corporate Governance

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

In the opinion of the directors, the Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report (“Code Provisions”) as set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). During the year ended 31 March 2018, the Company had adopted and applied the Code Provisions, except for certain deviations as set out below.

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

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

A. 企業管治常規

企業管治

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

董事認為，本公司已遵守香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄十四所載的企業管治守則及企業管治報告內之守則條文（「守則條文」）。於截至二零一八年三月三十一日止年度，本公司已採納及應用守則條文，惟下列若干偏離者除外。

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

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

Corporate Governance Report (Continued)

企業管治報告 (續)

A. CORPORATE GOVERNANCE PRACTICES (Continued)

Corporate Governance (Continued)

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

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

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

A. 企業管治常規 (續)

企業管治 (續)

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

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

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

Corporate Governance Report (Continued) 企業管治報告 (續)

A. CORPORATE GOVERNANCE PRACTICES (Continued)

Corporate Governance (Continued)

Code provision E.1.2 stipulates that the Chairman of the Board should attend the annual general meeting of the Company. Due to health reason, Dr. Xie Yi was unable to attend the annual general meeting of the Company held on 25 August 2017. Dr. Lou Yi, an executive director of the Company, was appointed to chair the annual general meeting in accordance with the provisions of the Company's bye-laws, and answered questions from shareholders of the Company.

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

B. DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the directors, the directors have complied with the required standard set out in the Model Code throughout the year ended 31 March 2018.

A. 企業管治常規 (續)

企業管治 (續)

守則條文第E.1.2條規定，董事會主席應出席本公司股東週年大會。由於健康原因，謝毅博士未能出席本公司於二零一七年八月二十五日舉行之股東週年大會。根據本公司之公司細則條文，本公司執行董事樓屹博士已獲委任主持股東週年大會並回答本公司股東之提問。

本公司將繼續審閱及監控上述情況，如情況需要，將會對有關常規作出改善。

B. 董事進行之證券交易

本公司已採納上市規則附錄十所載之上市發行人董事進行證券交易的標準守則(「標準守則」)作為本公司董事買賣本公司證券之操守守則。經向董事作出特定查詢後，董事於截至二零一八年三月三十一日止年度內均一直遵照標準守則所載之規定準則。

Corporate Governance Report (Continued)

企業管治報告 (續)

C. BOARD OF DIRECTORS

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

Executive Directors

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

Independent Non-executive Directors

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

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

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

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

C. 董事會

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

執行董事

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

獨立非執行董事

方林虎先生
 薛京倫先生
 金松女士

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

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

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

Corporate Governance Report (Continued)

企業管治報告 (續)

C. BOARD OF DIRECTORS (Continued)

During the year ended 31 March 2018, four Board meetings and an annual general meeting of the Company were held, and the attendance records of each director at the respective meetings are set out in the table below:

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

In addition, a meeting was held between the Chairman and all INEDs without the presence of executive directors during the financial year.

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

D. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

C. 董事會 (續)

截至二零一八年三月三十一日止年度，本公司曾舉行四次董事會會議及一次股東週年大會，而各董事於相關會議之出席率載列於下表：

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

此外，主席亦曾於財政年度內在執行董事不在場的情況下與全體獨立非執董舉行一次會議。

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

D. 主席及行政總裁

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

Corporate Governance Report (Continued)

企業管治報告 (續)

E. NON-EXECUTIVE DIRECTORS

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

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

F. NOMINATION COMMITTEE

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

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

E. 非執行董事

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

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

F. 提名委員會

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

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

Corporate Governance Report (Continued)

企業管治報告 (續)

F. NOMINATION COMMITTEE (Continued)

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

The Nomination Committee held a meeting during the year ended 31 March 2018, and all members (except Ms. Jin Song) had attended the meeting to review the structure, size and composition of the Board, and assess the independence of INEDs.

G. REMUNERATION COMMITTEE

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

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

F. 提名委員會 (續)

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

提名委員會於截至二零一八年三月三十一日止年度曾舉行一次會議，全體成員(金松女士除外)均已出席該會議以檢討董事會之架構、人數及組成，及評核獨立非執董之獨立性。

G. 薪酬委員會

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

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

Corporate Governance Report (Continued)

企業管治報告 (續)

G. REMUNERATION COMMITTEE (Continued)

During the year ended 31 March 2018, two meetings were held and attendance of each director is set out as follows:

Name of Director	董事姓名	Number of attendance	出席次數
Mr. Fang Lin Hu	方林虎先生	2/2	2/2
Mr. Xue Jing Lun	薛京倫先生	2/2	2/2
Ms. Jin Song	金松女士	2/2	2/2
Dr. Xie Yi	謝毅博士	2/2	2/2

The emoluments of the directors are reviewed and recommended by the Remuneration Committee and/or decided by the Board as authorised by the shareholders at the annual general meeting according to the directors' respective responsibilities, individual performance and prevailing market conditions. The Company has also adopted a share option scheme as an incentive to the directors and the senior management. The Board conducts regular review of the remuneration policy and structure of the directors and senior management which will take into account the prevailing market conditions and the responsibility of individual members. During the year ended 31 March 2018, the Remuneration Committee reviewed and approved the remuneration packages (including directors' fees) of the directors and made recommendation to the Board for considerations and approval.

G. 薪酬委員會 (續)

截至二零一八年三月三十一日止年度，曾舉行兩次會議，各董事之出席率載列如下：

根據董事各自的責任、個別表現及當時市況，董事薪酬由薪酬委員會檢討及建議及／或由董事會經股東於股東週年大會上之授權而作出決定。本公司亦已採納購股權計劃作為對董事及高層管理人員之鼓勵。董事會會定期因應當時市況及個別成員之職責，對董事及高層管理人員之薪酬政策以及架構作出檢討。截至二零一八年三月三十一日止年度，薪酬委員會已審閱及批准董事薪酬待遇（包括董事袍金），並向董事會提供建議以供考慮及批准。

Corporate Governance Report (Continued)

企業管治報告 (續)

G. REMUNERATION COMMITTEE (Continued)

Directors' emoluments and the five highest paid individuals for the year ended 31 March 2018 are disclosed in notes 10 and 11 respectively to the consolidated financial statements. Emoluments of senior management whose profiles are disclosed in the section "Directors and Senior Management Profile" but not included in the note as the five highest paid individuals, fell within the following band:

		Number of individuals 人數	
		2018 二零一八年	2017 二零一七年
Emolument band HK\$ Nil to HK\$1,000,000	酬金範圍 零港元至1,000,000港元	3	3

H. AUDIT COMMITTEE

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

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

G. 薪酬委員會 (續)

截至二零一八年三月三十一日止年度之董事酬金及五位最高薪酬人士分別於綜合財務報表附註10及11內披露。高層管理人員(其履歷披露於「董事及高層管理人員簡介」一節)酬金不包括於該附註內作為五位最高薪酬人士，而其酬金屬於下列範圍：

H. 審核委員會

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

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

Corporate Governance Report (Continued)

企業管治報告 (續)

H. AUDIT COMMITTEE (Continued)

The current members of the Audit Committee are Mr. Fang Lin Hu (Chairman), Mr. Xue Jing Lun and Ms. Jin Song. During the year ended 31 March 2018, three meetings were held and attendance of each director is set out as follows:

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

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

I. AUDITOR'S REMUNERATION

An analysis of remuneration in respect of audit and non-audit services provided by BDO Limited and BDO Tax Limited respectively for the year ended 31 March 2018 is as follows:

		HK\$'000
		千港元
Audit services	審核服務	798
Non-audit services	非審核服務	25

H. 審核委員會 (續)

審核委員會之現有成員為方林虎先生(主席)、薛京倫先生及金松女士。截至二零一八年三月三十一日止年度，曾舉行三次會議，各董事之出席率載列如下：

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

I. 核數師酬金

截至二零一八年三月三十一日止年度，就香港立信德豪會計師事務所有限公司及德豪稅務顧問有限公司分別提供的審核及非審核服務之酬金分析如下：

Corporate Governance Report (Continued) 企業管治報告 (續)

J. FINANCIAL REPORTING

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

A statement by the auditor of the Company about their reporting responsibilities is set out in the “Independent Auditor’s Report” on pages 62 to 66 of this annual report.

K. RISK MANAGEMENT AND INTERNAL CONTROL

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

The Audit Committee is delegated with authorities to assist the Board to fulfill its oversight role over the systems by reviewing and evaluating on a regular basis the effectiveness and adequacy of the Company’s financial controls, risk management and internal control systems (the “Systems”). During the year ended 31 March 2018, the Audit Committee, after taking into consideration the size of the Group’s activities and operations, had adopted a risk-based approach in identifying the scope for review for its business units. The review was conducted by the Group’s risk management and internal audit function independent of the business unit, which covered appraisal of the Systems by conducting physical counts of assets, walkthroughs and tests on operating procedures. Audit findings and recommendations were reported to the Audit Committee and the senior management. The Audit Committee and the Board satisfied the result of the review and concluded that the key areas of the Systems are reasonably and adequately implemented to their satisfaction.

J. 財務報告

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

本公司核數師就其報告責任所作聲明載於本年報第62至66頁之「獨立核數師報告」。

K. 風險管理及內部監控

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

審核委員會獲授權力透過定期審閱及評估本公司之財務監控、風險管理及內部監控制度（「該等制度」）是否有效及足夠以協助董事會履行其對該等制度之監管角色。截至二零一八年三月三十一日止年度，經考慮本集團業務及營運之規模後，審核委員會已採納風險為本法以確定其業務單位的審閱範疇。有關審閱乃由本集團獨立於業務單位的風險管理及內部審核職能進行，其中涵蓋透過實地清點資產、對經營流程進行的走查及測試評估該等制度。審核發現及推薦建議向審核委員會及高層管理人員匯報。審核委員會及董事會信納審閱結果，並總結該等制度的主要領域獲合理及充分執行。

Corporate Governance Report (Continued)

企業管治報告 (續)

K. RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

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

L. DIRECTORS’ CONTINUOUS TRAINING AND DEVELOPMENT

Directors are encouraged to participate in continuous professional development in order to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

During the year ended 31 March 2018, the directors were briefed and updated with written materials on the latest development regarding the Listing Rules and other applicable legal and regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices. In addition, the Company had organised an in-house training seminar for the directors, which was conducted by qualified professional covering topics on the Listing Rules, including regulatory development and directors’ responsibilities with training materials provided. Directors are also encouraged to

K. 風險管理及內部監控 (續)

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

L. 董事的持續培訓及發展

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

截至二零一八年三月三十一日止年度，董事獲得有關上市規則及其他不時適用的法律及監管規定最新發展的簡報及最新書面資料，以確保彼等遵守及更為注意到良好的企業管治常規。此外，本公司亦為董事舉辦內部培訓研討會，該研討會由合資格專業人士進行，涵蓋上市規則，包括規管發展及董事責任，並向參加者提供培訓材料。本公司亦鼓勵董事參加

Corporate Governance Report (Continued)

企業管治報告 (續)

L. DIRECTORS' CONTINUOUS TRAINING AND DEVELOPMENT (Continued)

attend outside seminars and talks organised by professional bodies to enrich their knowledge in discharging their duties as a director. All directors have participated in continuous professional development by attending training courses and/or referring materials on the topics related to corporate governance and regulations:

Executive Directors

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

Independent Non-executive Directors

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

M. JOINT COMPANY SECRETARIES

Mr. Liu Kwok Wah and Ms. Wong Sau Kuen are joint company secretaries of the Company and each has taken not less than 15 hours of relevant professional training during the year ended 31 March 2018.

L. 董事的持續培訓及發展 (續)

由專業組織舉辦的外界研討會及講座，以增加彼等在履行董事職務方面的知識。所有董事已透過參加培訓課程及／或參考有關企業管治及法規的資料進行持續的專業進修：

執行董事

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

獨立非執行董事

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

M. 聯席公司秘書

廖國華先生及王秀娟女士為本公司聯席公司秘書，並各自於截至二零一八年三月三十一日止年度已參與不少於15小時的相關專業培訓。

Corporate Governance Report (Continued)

企業管治報告 (續)

N. COMMUNICATION WITH SHAREHOLDERS

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

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

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

O. SHAREHOLDERS' RIGHTS

Convening a Special General Meeting

Section 74 of the Companies Act 1981 of Bermuda stipulates that the directors shall, on the requisition of shareholders holding not less than one-tenth of such of the paid-up capital of the Company, forthwith proceed duly to convene a special general meeting of the Company. The requisition must state the purposes of the meeting, and must be signed by the relevant requisitionists and deposited at the registered office of the Company. If the directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

N. 與股東之溝通

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

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

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

O. 股東權利

召開股東特別大會

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

Corporate Governance Report (Continued) 企業管治報告 (續)

O. SHAREHOLDERS' RIGHTS (Continued)

Putting forward Proposals at General Meetings

Section 79 of the Companies Act 1981 of Bermuda stipulates that the Company shall, on the requisition in writing by either any number of shareholders representing not less than one-twentieth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company or not less than 100 shareholders, (a) give to shareholders entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting, and (b) circulate to these shareholders a written statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

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

Enquiries to the Board

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

P. CONSTITUTIONAL DOCUMENTS

There were no changes in the Company's constitutional documents during the year ended 31 March 2018.

O. 股東權利 (續)

於股東大會上提呈決議案

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

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

向董事會提交查詢

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

P. 組織章程文件

截至二零一八年三月三十一日止年度，本公司之組織章程文件概無任何變動。

Environmental, Social and Governance Report

環境、社會及管治報告

1. INTRODUCTION

As a member of the global business community, the Group recognises the importance of sustainable development. This second Environmental, Social and Governance (“ESG”) Report, covering the period from 1 April 2017 to 31 March 2018 (the “Period”), has been prepared in accordance with the “Environmental, Social and Governance Reporting Guide” under Appendix 27 of the Listing Rules. The Group observes the principles of materiality, quantitative, balance and consistency, and therefore focuses on reporting the practices and various works in environmental and social aspects of the Group’s major lines of business in manufacturing and trading activities as well as the operations of its Hong Kong headquarters. The selected Key Performance Indicators are summarised under Section 6 of this report. With respect to governance, it is separately reported on pages 21 to 35.

The Board is responsible for the ESG strategy, and is committed to conducting regular review and evaluation of the Group’s ESG-related policies and risks so as to ensure that appropriate and effective ESG risk management and internal control systems (the “Systems”) are in place. Senior management of relevant operations have been engaged to identify the relevant ESG issues and to assess their materiality to the Group’s business as well as to its stakeholders. As manufacturing activities involve production process, which will have a material ESG impact, an “Environmental Protection, Occupational Health and Safety Management Committee” (the “Committee”) has been formed to lead the management of environmental protection as well as to foster a safe and healthy work environment. The Committee includes staff members who are professionally qualified with relevant permits recognised by the Chinese authorities to administrate and monitor the works. The Committee will report to the Board on material ESG issues on annual basis. For trading segment and Hong Kong headquarters, which are generally office’s operations and will have a limited ESG impact, staff members of various departments are engaged to implement the sustainable policies and practices adopted by the Group. The Group’s risk management and internal audit function will conduct regular review on the effectiveness of the Systems and report the findings to the Board.

1. 緒言

作為全球商業界的一員，本集團認同可持續發展的重要性。涵蓋二零一七年四月一日至二零一八年三月三十一日期間（「本期間」）的第二份環境、社會及管治（「環境、社會及管治」）報告乃根據上市規則附錄二十七項下的「環境、社會及管治報告指引」編製。本集團遵守重要性、量化、平衡及一致性原則，因而專注於報告本集團主要的製造及貿易活動業務領域以及香港總部營運在環境及社會方面的常規及各項工作。本報告第6部分概述了部分關鍵績效指標。相關管治則單獨呈報於第21頁至第35頁。

董事會負責制定環境、社會及管治策略，並承諾定期審查及評估本集團環境、社會及管治相關的政策及風險，以確保落實適當且有效的環境、社會及管治風險管理及內部監控制度（「該等制度」）。有關業務的高層管理人員已參與識別相關環境、社會及管治問題及評估該等問題對本集團業務及其利益相關者的重要性。由於生產活動涉及將對環境、社會及管治產生重大影響的生產過程，本集團已成立「環境保護、職業健康及安全管理委員會」（「委員會」）以領導環境保護管理以及營造安全及健康的工作環境。委員會包括員工成員，彼等具備專業資格並具有獲中國相關部門認可的許可以管理及監察有關工作。委員會將每年向董事會報告重大環境、社會及管治問題。貿易分類及香港總部一般進行辦公室業務，產生的環境、社會及管治影響有限，各部門的員工參與實施本集團採取的可持續政策及措施。本集團的風險管理及內部審核職能將定期審閱該等制度的有效性並向董事會報告調查結果。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告 (續)

1. INTRODUCTION (Continued)

The Group values opinions from stakeholders including shareholders, staff members, business partners, governments and the communities, and is committed to building constructive relationships with stakeholders through different communication channels including annual general meetings, the Company's website, annual reports, industry forums, meetings and corporate social responsibility activities with a view to achieving its objectives towards sustainable growth. Stakeholders could send their comments on this ESG Report to the head office of the Company by post, fax or email as detailed in the Company's website www.extrawell.com.hk.

2. ENVIRONMENTAL ASPECTS

It is the Group's policy for each business segment or operation to manage the environmental impacts of emissions caused by its activities and comply with the applicable environmental laws, prevention and control regulations in which it operates. During the Period, the Group did not breach the related emissions laws and regulations.

2.1 Emissions

Emissions arising from production activities of the Group's manufacturing segment include air pollutants, greenhouse gas ("GHG"), water and solid wastes. The Group's trading activities and the Hong Kong headquarters have insignificant emissions of air pollutants, water and solid wastes but GHG emissions. In this report, GHG is categorised into three scopes as below:

- (i) Scope 1 refers to direct emissions from sources that are owned or controlled by the operations. Examples include coal combusted for boilers, fuels used by owned vehicles.
- (ii) Scope 2 refers to indirect emissions from consumption of purchased electricity, steam or other sources of energy.
- (iii) Scope 3 refers to indirect emissions from other activities that are consequences of the operations but are not directly owned or controlled. Examples include business travel, third-party distribution and logistics.

1. 緒言 (續)

本集團重視利益相關者(包括股東、員工、業務合作夥伴、政府及社區)發表的意見,並致力於透過不同溝通渠道(包括股東週年大會、本公司網站、年度報告、行業論壇、會議及企業社會責任活動)與利益相關者建立良好關係,以期實現其可持續增長目標。利益相關者可通過郵寄、傳真或電郵方式(詳情見本公司網站(www.extrawell.com.hk))向本公司總辦事處提交彼等對本環境、社會及管治報告的意見。

2. 環境層面

本集團各業務分類或營運的政策為管理因其活動產生的排放對環境的影響並遵守其經營所在地區的適用環境法律、預防及監控法規。於本期間內,本集團並未違反相關排放法律及法規。

2.1 排放

本集團製造分類的生產活動產生的排放物包括空氣污染物、溫室氣體(「溫室氣體」)、水及固體廢棄物。本集團的貿易活動及香港總部產生的空氣污染物、水及固體廢棄物排放微乎其微,而溫室氣體排放則較多。在本報告中,溫室氣體分為以下三個範圍:

- (i) 範圍1 指來自業務擁有或控制的來源的直接排放。例如鍋爐燃燒的煤炭、自有汽車使用的燃料等。
- (ii) 範圍2 指來自消耗所購電力、蒸汽或其他能量來源的間接排放。
- (iii) 範圍3 指因來自非直接擁有或控制業務產生的其他活動的間接排放。例如商務旅行、第三方分銷及物流等。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告 (續)

2. ENVIRONMENTAL ASPECTS (Continued)

2.1 Emissions (Continued)

2.1.1 GHG emissions arising from the Group's trading activities and the Hong Kong headquarters mainly relate to indirect emissions of purchased electricity under Scope 2 and third-party distribution and logistics as well as business travels under Scope 3. During the Period, the respective Scope 2 and Scope 3 emissions amounted to a total of about 26 tonnes carbon dioxide ("CO₂") and 111 tonnes CO₂ respectively.

2.1.2 As to the manufacturing segment with a factory in Changchun, China, the Committee is responsible for implementing policies and monitoring the factory's performance so as to ensure its strict compliance with the environmental requirements under the relevant laws and regulations such as the Environmental Protection Law (《環境保護法》), the Water Pollution Prevention and Control Law (《水污染防治法》) and Prevention and Control of Air Pollution Law (《大氣污染防治法》). During the Period, the factory handled its major emissions in the following manner:

(a) Waste gas emission management

The major source of waste gas emission comes from coal-fired boilers. Air pollutants mainly include sulfur oxide ("SO_x"), nitrogen oxide ("NO_x"), and particle material ("PM"). The factory has installed a desulfurisation tower to ensure levels of emission are in compliance with the standards. The tower is functioning well and levels of emission are significantly lower than the lower limit of the national emission requirements. In the Period, SO_x, NO_x, and PM emissions amounted to about 3,326 kgs, 535 kgs and 75kgs respectively. In pursuit of continual improvement, the factory has planned to replace coal-fired boilers with gas boilers by end of 2018.

2. 環境層面 (續)

2.1 排放 (續)

2.1.1 本集團貿易活動及香港總部產生的溫室氣體排放主要與範圍2所購電力及範圍3第三方分銷及物流以及商務旅行的間接排放有關。於本期間內，範圍2及範圍3各自產生的排放總量分別約為26噸二氧化碳(「二氧化碳」)及111噸二氧化碳。

2.1.2 至於中國長春一間工廠的製造分類，委員會負責實施有關政策及監控工廠的履行情況，以確保其嚴格遵守相關法律及法規(如《環境保護法》、《水污染防治法》及《大氣污染防治法》)項下的環保規定。於本期間內，該工廠乃按以下方式處理其主要排放物：

(a) 廢氣排放管理

廢氣排放的主要來源為燃煤鍋爐。空氣污染物主要包括硫氧化物(「硫氧化物」)、氮氧化物(「氮氧化物」)及顆粒物(「顆粒物」)。工廠已安裝脫硫塔，以確保排放水平符合標準。該塔運行良好，排放水平遠低於國家排放要求的下限。本期間內，硫氧化物、氮氧化物及顆粒物的排放量分別約為3,326千克、535千克及75千克。為實現持續改進，工廠計劃於二零一八年年底用燃氣鍋爐代替燃煤鍋爐。

Environmental, Social and Governance Report (Continued) 環境、社會及管治報告 (續)

2. ENVIRONMENTAL ASPECTS (Continued)

2.1 Emissions (Continued)

2.1.2 (Continued)

(a) Waste gas emission management (Continued)

GHG emissions arising from coals used for coal-fired boilers and fuels for daily operations of vehicles (Scope 1), purchased electricity (Scope 2) and business travels (Scope 3) amounted to about 3,105 tonnes CO₂, 1,185 tonnes CO₂, and 4 tonnes CO₂ respectively.

(b) Wastewater management

The factory has built its own waste water treatment facilities with daily capacity of 400 tonnes to treat the wastewater from its production processes before discharge. To monitor and control the discharge, the factory has worked jointly with local environmental monitoring stations and third-party inspection units to ensure wastewater emission has complied with the standards. During the Period, about 22,479 tonnes of wastewater were treated before discharge.

In order to improve the degree of wastewater quality monitoring and reduce errors in measurement, an on-line monitoring system will be installed by end of 2018. The system will test the effluent and the data gathered will be transmitted to an online monitoring platform maintained by local environmental protection authority on regular basis.

2. 環境層面 (續)

2.1 排放 (續)

2.1.2 (續)

(a) 廢氣排放管理 (續)

燃煤鍋爐所用煤炭及汽車日常使用所用燃料(範圍1)、所購電力(範圍2)及商務旅行(範圍3)產生的溫室氣體排放量分別為約3,105噸二氧化碳、1,185噸二氧化碳及4噸二氧化碳。

(b) 廢水管理

工廠已建立自身日處理量為400噸的廢水處理設施以於排放前處理其生產過程產生的廢水。為監察及監控有關排放，工廠已與當地的環境監察站及第三方檢測單位合作以確保廢水排放符合標準。於本期間內，約有22,479噸廢水在排放前已進行處理。

為提高廢水質量監測水平及減少測量誤差，本集團將於二零一八年年底安裝在線監測系統。該系統將對污水進行測試，而所收集的數據將定期傳輸至本地環保部門設立的在線監測平台。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告 (續)

2. ENVIRONMENTAL ASPECTS (Continued)

2.1 Emissions (Continued)

2.1.2 (Continued)

(c) Solid waste management

The storages and disposals of hazardous and non-hazardous wastes are handled in accordance with the requirements of relevant rules and regulations. During the Period, about 57 kgs hazardous wastes generated from the production process were disposed of with waste management services provided by contractors as designated by Jilin Province Environmental Protection Office. The non-hazardous wastes of about 188 tonnes were disposed of through wastes collection services provided by the local authorities.

2.2 Use of Resources

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

2.2.1 The major resources used by the Group's trading activities and Hong Kong headquarters are electricity, and paper (including own offices use and bulk printing of reports and circulars distributed to the Company's shareholders through printing firms). In the Period, the electricity consumption and paper used were in aggregate of about 16,000 kWhs and 1.6 tonnes respectively. With respect to the paper usage, about 1.4 tonnes were used for the Group's documents copying and annual and interim reports using FSC certified paper.

2. 環境層面 (續)

2.1 排放 (續)

2.1.2 (續)

(c) 固體廢棄物管理

有害及無害廢棄物乃根據相關規則及法規的規定儲存及處理。於本期間內，生產過程產生之約57千克有害廢棄物已由吉林省環保廳指定的承包商提供的廢棄物管理服務進行處理。約188噸無害廢棄物已通過地方當局提供的廢棄物收集服務進行處理。

2.2 資源使用

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

2.2.1 本集團的貿易活動及香港總部使用的主要資源為電力及紙張(包括辦公室自用及透過印刷公司大量印刷向本公司股東分發之報告及通函)。於本期間內，耗電量及用紙量分別合計約16,000千瓦時及1.6噸。至於紙張使用情況，本集團的文件複印及年報及中期報告所使用FSC認證紙約1.4噸。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告 (續)

2. ENVIRONMENTAL ASPECTS (Continued)

2.2 Use of Resources (Continued)

2.2.1 (Continued)

The Group has been making its best efforts to reduce paper usage by distributing office files in digital format, reusing single-sided paper, and collecting double-sided printed paper for recycler's handling. The Group also adopts the practice of green procurement that eco-friendly paper is selected for office use and bulk printing of reports.

2.2.2 The Group's manufacturing activities consume mainly water, electricity, coal, fuel for vehicles and packing material used for finished products. Paper consumption in its daily operations (amounted to about 22 tonnes) relates to paper used during the processes of procurement, invoicing, production, quality assurance, marketing and administration, of which the consumption in various departments is being monitored by the management, where management aims to reduce paper consumption within internal departments by better utilisation of the electronic network and digitalisation of files and would select eco-friendly paper products as far as practicable in the paper procurement process.

The major resources consumed in the Period are set out as below:

2. 環境層面 (續)

2.2 資源使用 (續)

2.2.1 (續)

本集團一直在盡其最大努力來減少紙張使用，方法為分發數碼格式的辦公文件、重用單面紙及收集雙面印刷紙供回收站處理。本集團亦採用綠色採購做法，選擇環保紙用於辦公室使用及批量印刷報告。

2.2.2 本集團的生產活動主要消耗水、電力、煤炭、汽車燃料及製成品所用的包裝物料。其日常業務的紙張消耗(約22噸)涉及採購、開具發票、生產、質量控制、商務及管理過程中所使用的紙張，管理層正監控各部門的紙張消耗情況，以期透過更好地利用電子網絡及數碼化文件等方式來減少內部部門的紙張消耗，並在紙張採購過程中盡可能選擇環保紙製品。

本期間所消耗的主要資源載列如下：

Type of resources consumed	所消耗資源類型	Amount 數量	Intensity* 密度*
1. Water (tonne)	水(噸)	35,000	0.58
2. Electricity (kWh)	電力(千瓦時)	150,000	2.5
3. Coal (tonne)	煤炭(噸)	1,069	0.018
4. Fuel for vehicles (liter)	汽車燃料(升)	20,000	0.33
5. Packing material (tonne)	包裝物料(噸)	813	0.014

* Amount generated per HK\$'000 of revenue

* 每千港元收入所產生的數量

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告 (續)

2. ENVIRONMENTAL ASPECTS (Continued)

2.2 Use of Resources (Continued)

2.2.2 (Continued)

It is the Group's policy to ensure effective and efficient use of resources in the production process with the aim of minimising wastes and reducing consumption of the resources. As water is a key element of the products and production process, water supplies are provided by the municipally owned water supply company, which will ensure relatively stable and adequate water supplies. During the Period, there was no reported difficulties or issues arising from water supplies. Management has recognised the importance of water conservation, and therefore has closely monitored the operation with the aim of identifying means and ways in saving and reusing water; including setting clear instructions for better water used (time, volume and frequency) in the production process, more frequent inspection to reduce leakage in water supplies, and enhance employees' consciousness of water conservation in operation process training. As to other resources, measures being implemented include avoiding procurement of high-energy consumption materials, regular monitoring performance of the production equipment, upgrading and phasing out non eco-friendly machines to raise the utilisation of energy and resources. Packing materials primarily comprise paper, glasses and plastics used for the Group's finished products. As a good practice, the Group endeavors to select eco-friendly materials in the procurement process, and minimise wastes by managing purchase quantities.

2. 環境層面 (續)

2.2 資源使用 (續)

2.2.2 (續)

本集團的政策為在生產過程中確保資源的高效使用，以盡量減少廢棄物及降低資源消耗。由於水是產品和生產過程的關鍵要素，供水由市政供水公司提供，這將確保相對穩定和充足的供水。在本期間，沒有報告供水造成的困難或問題。管理層已認識到節約用水的重要性，因此密切監測該行動，目的是識別節約和再利用水的工具和方法；包括在生產過程中設定明確的用水(時間，數量和次數)，更頻繁的檢查，以減少供水洩漏，在操作過程培訓中提高員工的節約用水意識。至於其他資源所實行的措施包括避免採購高耗能材料、定期監察生產設備的性能、升級及淘汰非環保機器以提升對能源及資源的使用。包裝材料主要包括用於本集團製成品的紙張，玻璃和塑料。作為一項良好做法，本集團致力於在採購過程中選擇環保材料，並通過管理採購數量來最大限度地減少浪費。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告 (續)

2. ENVIRONMENTAL ASPECTS (Continued)

2.3 The Environment and Natural Resources

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

3. SOCIAL ASPECTS

3.1 Employment

The Group employs about 178 employees on a permanent basis, and the manufacturing segment accounts for over 90% of the Group's workforce. The statistics of the Group's workforce and employee turnover rate of the manufacturing segment are set out as below:

Total workforce by gender and age group (of the Group)

Gender	性別	Age 年齡			Total 總計
		Below 30 30歲以下	Between 30-50 30至50歲	Over 50 50歲以上	
Male	男	11	34	20	65
Female	女	32	79	2	113
Total	總計	43	113	22	178

2. 環境層面 (續)

2.3 環境及自然資源

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

3. 社會層面

3.1 僱傭

本集團聘有約178名長期僱員，而製造分類的僱員佔本集團員工總數90%以上。本集團員工總數及製造分類的僱員流失率統計載列如下：

按性別及年齡層劃分之員工總數 (本集團)

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告 (續)

3. SOCIAL ASPECTS (Continued)

3.1 Employment (Continued)

Employee turnover rate (%) by gender and age group (Manufacturing segment only*)

Gender	性別	Age			Total
		Below 30 30歲以下	Between 30-50 30至50歲	Over 50 50歲以上	
Male	男	0	9%	23%	11%
Female	女	0	11%	0	8%
Total	總計	0	10%	23%	9%

* Information relating to the manufacturing segment is disclosed as the employee turnover rate of the trading segment and Hong Kong headquarters is insignificant.

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

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

3. 社會層面 (續)

3.1 僱傭 (續)

按性別及年齡層劃分之僱員流失率(%)(僅製造分類*)

* 有關製造分類的資料作出披露，因為貿易分類及香港總部的僱員流失率微小。

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

於本期間內，本集團並無違反中國、香港及馬來西亞的任何僱傭法律及法規。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告 (續)

3. SOCIAL ASPECTS (Continued)

3.2 Health and Safety

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

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

For the Group's factory in China, management has persistently upheld the principle of safe production and observed the requirements of the "Law of the Prevention and Control of Occupational Diseases" (《職業病防治法》). There is no allowance of any personal consideration but strict compliance of the requirements under the GMP standards and the relevant laws and regulations. We have regularly conducted safety examinations for production equipment, conducted drills and provided training to employees in order to increase their awareness and involvement in accident prevention.

During the Period, the Group did not breach any laws and regulations in relation to occupational health and safety and there were no work-related fatalities in the Group's operations but 9 work injury cases in the manufacturing segment resulting in 132 lost days. Measures have been taken to strengthen the production safety with the aim of minimising risk of injury through safety publicity and education in order to enhance consciousness of all employees.

3. 社會層面 (續)

3.2 健康與安全

本集團致力為其全體僱員提供及維持安全及健康的工作環境。

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

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

於本期間內，本集團並無違反任何有關職業健康及安全的法律法規，且本集團業務並未發生任何因工作關係而死亡事件，但製造分類發生9個工傷案例，導致損失工作日數達132日。本集團已採取措施加強生產安全，以期透過安全宣傳及教育提高全體僱員安全意識，從而最大限度地降低受傷風險。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告 (續)

3. SOCIAL ASPECTS (Continued)

3.3 Development and Training

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

As to the Group's manufacturing segment in China, regular training programs have been provided in the areas of production process operations, quality and safety management, applicable legal and regulatory requirements, important environmental factors and risk controls to relevant personnel including production technicians, safety management personnel and operating personnel.

The Group also provides training subsidies to support its employees to receive external professional training to develop and refresh their knowledge and skills.

3.4 Labour Standards

All employees of the Group are employed in accordance with the relevant laws and regulations on employment including, inter alia, working hours, rest periods and staff benefits. The Group prohibits the use of child labour and forced labour at all its operation units. During the recruitment process, the Group requires all applicants to provide true and accurate personal information including their proofs of identity for checking purpose, particularly for verifying the photo on the documents and reviewing the age. The Group will take immediate action to terminate the employment of anyone who provides false information or in breach of the Group's regulations.

During the Period, the Group has complied with employment-related laws and regulations and found no violations of laws and regulations regarding child labour and forced labour.

3. 社會層面 (續)

3.3 發展與培訓

本集團組織及提供在職培訓，以發展其僱員潛能支持本集團的可持續性發展。本集團鼓勵僱員為未來職業發展參加外部培訓課程，充實自身的相關學術及專業資格。

至於本集團於中國的製造分類，在生產流程操作、質量及安全管理、適用法律及法規要求、重要環境因素及風險控制等方面向生產技術人員、安全管理人員及操作人員等相關人員提供定期培訓。

本集團亦提供培訓津貼支持其僱員接受外部專業培訓，以發展及更新彼等的知識及技能。

3.4 勞工準則

本集團全體僱員均按相關僱傭法律法規聘用，涵蓋(其中包括)工作時間、休息時間及員工福利等多個方面。本集團在其所有業務單位禁止使用童工及強制勞工。在招聘過程中，本集團要求所有求職者提供真實及準確的個人信息(包括彼等之身份證明)以供核查，尤其是檢查文件上的照片及核實年齡。倘發現有僱員提供虛假信息或違反本集團規例，本集團將即時採取措施終止僱傭關係。

於本期間內，本集團已遵守僱傭相關的法律及法規，並未發現任何有關童工及強制勞工法律及法規的違規行為。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告 (續)

4. OPERATING PRACTICES

4.1 Supply Chain Management

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

The Group's GMP plants in China have established a quality management system to regulate the production and quality management of drugs. Since all procurement is conducted locally, the Group has clearly notified its vendors to comply with relevant quality standards and provide necessary permits if so required by the relevant laws and regulations for the goods supplied. Specific procedures have been implemented in quality control and inventory management in order to ensure the Group's products are consistently manufactured in accordance with the registration requirements. The aim of our management system is to minimise the risks of contamination, detect, monitor and rectify errors in production process.

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

4. 營運慣例

4.1 供應鏈管理

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

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

就本集團的中國市場貿易分類而言，所有藥品均採購自歐洲及拉丁美洲的GMP製造商，且本集團已就質量控制與客戶密切協作並向其提供支持，以符合中國藥監部門主導的嚴格檢測。於本期間內，所有進口藥品在向市場銷售之前均已通過檢測及符合中國法律法規的相關進口規定。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告 (續)

4. OPERATING PRACTICES (Continued)

4.2 Product Responsibility

The Group places great emphasis on maintaining and improving the quality of its products. The Group has implemented a comprehensive quality control and inspection procedures to ensure product quality and safety from procurement of raw materials, packaging materials and finished products. All products manufactured, purchased and sold by the Group to its customers in China have met the GMP production standards and complied with the registration requirements with the China Food and Drug Administration (now known as State Drug Administration of the PRC), except for a product recall relating to an imported product of its trading segment as explained below:

During the Period, products imported from Argentina having passed relevant inspection testing by the PRC drug authorities before their sales, were recalled from the market due to health and safety concerns as a result of certain potential manufacturing practices issues reported in an overseas on-site inspection by the Chinese regulatory authorities. The vendor has committed to rectifying the issues to ensure strict compliance with the requirements of good manufacturing practices of the PRC and has submitted the corrective action plan with the authorities. The Group has been working closely with the vendor with the aim of bringing the products back to the market as soon as possible.

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

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

4. 營運慣例 (續)

4.2 產品責任

本集團高度重視維持及提高其產品品質。本集團已落實全面的質控及檢驗程序，確保產品從採購原料、包裝材料到製成品各個方面的質量及安全。本集團為中國客戶製造、採購及向其出售的所有產品均已符合GMP生產標準及符合國家食品藥品監督管理總局(現稱為中國國家藥品監督管理局)註冊標準，惟其貿易分類之進口產品相關之回收事件說明如下：

於本期間內，由於中國監管機構進行海外現場視察時匯報若干潛在製造規範問題或會導致健康及安全擔憂問題，從阿根廷進口的產品(在銷售前已通過中國藥監部門的相關檢驗測試)已從市場回收。該供應商已承諾糾正該等問題，以確保嚴格遵守中國良好製造規範要求，並已向監管機構提交糾正行動計劃。本集團一直與該供應商緊密合作，以期盡快讓該產品重返市場。

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

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

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告 (續)

4. OPERATING PRACTICES (Continued)

4.3 Anti-corruption

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

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

5. COMMUNITY INVESTMENT

As a socially responsible corporation, the Company is committed to leverage its resources to facilitate the community development and strongly encourages all staff members to participate in volunteering and charitable activities, such as “Dress Casual Day” and “Blood Donation”. In the Books for Love @10 charity campaign, second-hand books were donated by staff for charity sale.

4. 營運慣例 (續)

4.3 反貪污

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

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

5. 社區投資

作為一個具社會責任感的企業，本公司致力利用其資源促進社區發展並積極鼓勵其全體僱員參與「公益金便服日」及「愛心捐血」等志願及慈善活動。於「書出愛心十元義賣」慈善活動中，員工捐贈二手書用於義賣。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告(續)

6. ENVIRONMENTAL KEY PERFORMANCE INDICATORS (“KPIs”) TABLE

The following table summarises the Group’s significant KPIs information as set out in this report:

6. 環境關鍵績效指標(「關鍵績效指標」)表

下表概述本報告內所載本集團主要關鍵績效指標資料：

KPIs	關鍵績效指標	2018 二零一八年
Environment	環境	
Air pollutants (Kg)	空氣污染物(千克)	
SOx	硫氧化物	3,326
NOx	氮氧化物	535
PM	顆粒物	75
Greenhouse gas (Tonne CO2)	溫室氣體(噸二氧化碳)	
Total emission:	總排放量：	4,431
Direct emission (Scope 1)	直接排放(範圍1)	3,105
Indirect emission (Scope 2)	間接排放(範圍2)	1,211
Indirect emission (Scope 3)	間接排放(範圍3)	115
Intensity per employee	每名僱員強度	25
Wastes (Tonne)	廢棄物(噸)	
Total hazardous waste produced	所產生有害廢棄物總量	22,479
Intensity (Hazardous waste) per employee	每名僱員強度(有害廢棄物)	126
Total non-hazardous waste produced	所產生無害廢棄物總量	188
Intensity (Non-hazardous waste) per employee	每名僱員強度(無害廢棄物)	1
Energy consumption	能源消耗	
Total energy consumption:	能源消耗總量：	
Fuel consumed for vehicles (Liter)	汽車燃料消耗(升)	20,000
Intensity (Fuel) per employee	每名僱員強度(燃料)	112
Electricity (kWh)	電力(千瓦時)	166,000
Intensity (Electricity) per employee	每名僱員強度(電力)	933
Coal (Tonne)	煤炭(噸)	1,069
Intensity (Coal) per employee	每名僱員強度(煤炭)	6

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告 (續)

6. ENVIRONMENTAL KEY PERFORMANCE INDICATORS (“KPI”) TABLE (Continued)

6. 環境關鍵績效指標 (「關鍵績效指標」) 表 (續)

KPIs	關鍵績效指標	2018 二零一八年
Social	社會	
Total workforce (persons) – Group	工作員工(人員)總數 – 本集團	178
By gender:	按性別劃分：	
Male	男	65
Female	女	113
By age group:	按年齡層劃分：	
<30	30歲以下	43
30–50	30至50歲	113
>50	50歲以上	22
By employment type:	按僱傭類型劃分：	
Permanent	全職	178
Part-time	兼職	—
Employee turnover rate (%) – Manufacturing	僱員流失率(%) – 製造分類	
By gender:	按性別劃分：	
Male	男	11%
Female	女	8%
By age group:	按年齡層劃分：	
<30	30歲以下	—
30–50	30至50歲	10%
>50	50歲以上	23%
By employment type:	按僱傭類型劃分：	
Permanent	全職	100%
Part-time	兼職	—
Health and safety	健康與安全	
Number of work-related fatalities	因工作關係死亡人數	—
Lost days due to work injury (days)	因工傷損失的工作日數(日)	132

Report of the Directors

董事會報告

The directors present their annual report and the audited consolidated financial statements of Extrawell Pharmaceutical Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2018.

董事會謹此提呈精優藥業控股有限公司（「本公司」）及其附屬公司（統稱「本集團」）截至二零一八年三月三十一日止年度之年報及經審核綜合財務報表。

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding and the activities of its principal subsidiaries and an associate are set out in notes 39 and 21 to the consolidated financial statements respectively.

主要業務及業務回顧

本公司之主要業務為投資控股，其主要附屬公司和一間聯營公司之業務分別載於綜合財務報表附註39及21。

The business review of the Group and the discussion and analysis of the Group’s performance for the year ended 31 March 2018 are set out in the sections “Chairman’s Statement” and “Management Discussion and Analysis” on pages 4 to 6 and pages 7 to 16 of this annual report respectively, which form part of this report.

本集團截至二零一八年三月三十一日止年度之業務回顧及本集團表現之討論及分析分別載於本年報第4至6頁及第7至16頁之「主席報告」及「管理層討論及分析」各節，該等內容組成本報告之一部分。

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 March 2018 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 67 to 68.

業績及股息

本集團截至二零一八年三月三十一日止年度之業績載於第67至68頁之綜合損益及其他全面收益表。

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

董事不建議就本年度派發股息。

FIVE YEARS’ FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 184.

五年財務概要

本集團過去五個財政年度之業績、資產、負債及非控股權益概要載於第184頁。

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group during the year are set out in note 15 to the consolidated financial statements.

投資物業

本集團之投資物業於年內之變動詳情載於綜合財務報表附註15。

Report of the Directors (Continued)

董事會報告 (續)

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 33 to the consolidated financial statements.

EQUITY-LINKED ARRANGEMENT

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

Details of the convertible bonds of the Company with principal amount of HK\$577,170,000 outstanding are disclosed in note 31 to the consolidated financial statements.

SHARE OPTIONS

On 24 August 2012, the shareholders of the Company approved the adoption of a new share option scheme (the "Scheme"), as the share option scheme adopted by the Company on 8 August 2002 expired on 14 August 2012. The Scheme became effective on 29 August 2012 after obtaining approval from the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. Information about share options and the Scheme is set out in note 11 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2018, the reserves of the Company available for cash distribution and/or distribution in specie amounted to HK\$161,271,000 which was computed in accordance with the Bermuda Companies Act. In addition, the Company's share premium account with a balance of HK\$191,738,000 as at 31 March 2018 may be distributed in the form of fully paid bonus shares.

物業、廠房及設備

本集團之物業、廠房及設備於年內之變動詳情載於綜合財務報表附註16。

股本

本公司股本於年內之變動詳情載於綜合財務報表附註33。

股票掛鈎安排

於財政年度內並無訂立可能導致本公司發行股份的股票掛鈎安排。

有關本公司未償還本金額為577,170,000港元之可換股債券之詳情於綜合財務報表附註31內披露。

購股權

由於本公司於二零零二年八月八日採納之購股權計劃於二零一二年八月十四日屆滿，於二零一二年八月二十四日，本公司股東批准採納新購股權計劃(「該計劃」)。於獲得香港聯合交易所有限公司(「聯交所」)上市委員會批准後，該計劃已於二零一二年八月二十九日生效，除非以其他方式取消或修訂，否則將自該日起計十年內一直有效。有關購股權及該計劃之資料載於綜合財務報表附註11。

可供分派儲備

於二零一八年三月三十一日，依據百慕達公司法計算，本公司可供作現金分派及／或實物分派之儲備金額為161,271,000港元。此外，於二零一八年三月三十一日，本公司可供以繳足股本之紅股方式作分派之股份溢價賬餘額為191,738,000港元。

Report of the Directors (Continued)

董事會報告 (續)

RELATIONSHIP WITH EMPLOYEES

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

MAJOR CUSTOMERS AND SUPPLIERS

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

For the year ended 31 March 2018, revenue attributable to the Group's five largest customers accounted for approximately 48% of the Group's revenue, and revenue attributable to the Group's largest customer accounted for approximately 27% of the Group's revenue.

For the year ended 31 March 2018, purchases attributable to the Group's five largest suppliers accounted for approximately 68% of the Group's purchases and purchases attributable to the Group's largest supplier accounted for approximately 20% of the Group's purchases.

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

與僱員之關係

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

主要客戶及供應商

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

截至二零一八年三月三十一日止年度，本集團五大客戶應佔之收益額佔本集團收益額約48%，而本集團最大客戶應佔之收益額佔本集團收益額約27%。

截至二零一八年三月三十一日止年度，本集團五大供應商應佔之採購額佔本集團採購額約68%，而本集團最大供應商應佔之採購額佔本集團採購額約20%。

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

Report of the Directors (Continued)

董事會報告 (續)

DIRECTORS

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

Executive directors:

Xie Yi
Lou Yi
Cheng Yong
Wong Sau Kuen
Liu Kwok Wah
Lu Zhiqiang

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

Independent non-executive directors:

Fang Lin Hu
Xue Jing Lun
Jin Song

In accordance with the Company's bye-law 111, other than the Chairman, the directors of the Company, including the independent non-executive directors ("INEDs"), are subject to retirement by rotation and re-election at the annual general meeting of the Company, and in accordance with the provisions of the Company's bye-laws, Mr. Xue Jing Lun and Ms. Jin Song will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

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

董事

本年度內及截至本報告日期在任之本公司董事如下：

執行董事：

謝毅
樓屹
程勇
王秀娟
廖國華
盧志強

謝毅博士、樓屹博士、王秀娟女士及廖國華先生亦為本公司若干附屬公司之董事。

獨立非執行董事：

方林虎
薛京倫
金松

根據本公司之公司細則第111條之規定，除主席外，本公司董事(包括獨立非執行董事(「獨立非執董」))須輪值退任，並於本公司之股東週年大會上重選連任。根據本公司之公司細則條文，薛京倫先生及金松女士將於本公司應屆股東週年大會上輪值退任，惟彼等符合資格並將膺選連任。

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

Report of the Directors (Continued)

董事會報告 (續)

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' REMUNERATION

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

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, no directors or their close associates are considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

PERMITTED INDEMNITY

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

董事之服務合約

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

董事薪酬

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

董事之合約利益

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

董事於競爭業務之權益

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

獲准許彌償

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

Report of the Directors (Continued)

董事會報告(續)

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

At 31 March 2018, the interests and short positions of the directors in the shares, underlying shares or debentures of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long positions in the ordinary shares of the Company

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

Notes:

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

董事於股份、相關股份及債權證之權益及淡倉

於二零一八年三月三十一日，董事於本公司或其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份或債權證中，擁有登記入本公司根據證券及期貨條例第352條須存置之登記冊之權益及淡倉，或根據上市發行人董事進行證券交易之標準守則(「標準守則」)須知會本公司及聯交所之權益及淡倉如下：

於本公司普通股之好倉

附註：

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

Report of the Directors (Continued)

董事會報告 (續)

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

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

Save as disclosed above, as at 31 March 2018, none of the directors had registered an interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

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

董事於股份、相關股份及債權證之權益及淡倉 (續)

於本公司普通股之好倉 (續)

除上文所披露者外，於二零一八年三月三十一日，概無任何董事於本公司或其任何相聯法團之股份、相關股份及債權證中，登記擁有根據證券及期貨條例第352條須予記錄之權益或淡倉，或根據標準守則須知會本公司及聯交所之權益或淡倉。

董事購入股份及債權證之權利

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

Report of the Directors (Continued)

董事會報告 (續)

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

主要股東及其他人士於股份、相關股份及債權證之權益及淡倉

At 31 March 2018, the following interests and short positions of 5% or more of the shares and underlying shares of the Company were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

於二零一八年三月三十一日，根據本公司按照證券及期貨條例第336條須予保存之登記冊所記錄，登記擁有本公司股份及相關股份5%或以上權益及淡倉之人士如下。

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

Note: Innovative Pharm is a listed company on the Main Board of the Stock Exchange and its interest in 1,357,510,000 shares of the Company represents (i) 457,510,000 shares or 19.14% of the Company's shares in issue and (ii) 900,000,000 conversion shares to be allotted and issued to Innovative Pharm upon exercise in full by Innovative Pharm of the conversion rights at conversion price of HK\$0.6413 per share under the Company's 20-year zero coupon convertible bonds issued on 16 July 2013 with principal amount of HK\$577,170,000 outstanding. At 31 March 2018, there was a total of 2,390,000,000 shares issued by the Company, and assuming the exercise in full of the conversion rights attaching to the Company's convertible bonds, Innovative Pharm will hold approximately 41.26% of the enlarged share capital of the Company.

附註：領航醫藥為一家於聯交所主板上市之公司，而其於本公司1,357,510,000股股份之權益相當於(i)457,510,000股或19.14%之本公司已發行股份及(ii)根據本公司於二零一三年七月十六日發行之20年零息可換股債券(尚未償還之本金額為577,170,000港元)，於領航醫藥按換股價每股股份0.6413港元悉數行使換股權後，將向領航醫藥配發及發行之900,000,000股換股股份。於二零一八年三月三十一日，本公司已發行股份合共為2,390,000,000股。假設悉數行使附於本公司之可換股債券之換股權，領航醫藥將持有本公司經擴大股本約41.26%。

Save as disclosed above, as at 31 March 2018, the register as maintained by the Company pursuant to Section 336 of the SFO recorded no other interests or short positions in the shares or underlying shares of the Company.

除上文所披露者外，於二零一八年三月三十一日，本公司根據證券及期貨條例第336條存置的登記冊並無記錄於本公司股份或相關股份中的其他權益或淡倉。

Report of the Directors (Continued)

董事會報告 (續)

MATERIAL RELATED PARTY TRANSACTIONS

Details of the material related party transactions entered into by the Group which do not constitute connected transactions under the Listing Rules for the year are set out in note 37 to the consolidated financial statements.

CONTRACTS OF SIGNIFICANCE

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

EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event occurred after 31 March 2018 and up to the date of this report.

SUFFICIENCY OF PUBLIC FLOAT

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the directors, the directors have complied with the required standard set out in the Model Code throughout the year ended 31 March 2018.

重大關聯方交易

有關本集團於本年度訂立而根據上市規則並不構成關連交易之重大關聯方交易，詳情載於綜合財務報表附註37。

重大合約

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

報告期後事項

於二零一八年三月三十一日後及直至本報告日期，本集團並無發生重大期後事項。

充足公眾持股量

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

董事之證券交易標準守則

本公司已採納上市規則附錄十所載之標準守則作為本公司董事買賣本公司證券之操守守則。經向董事作出特定查詢後確認，董事於截至二零一八年三月三十一日止年度一直遵照標準守則所載之規定準則。

Report of the Directors (Continued)

董事會報告 (續)

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

PRE-EMPTIVE RIGHTS

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

AUDIT COMMITTEE

The Company has established an Audit Committee (the "Committee"), with written terms of reference, in compliance with Rule 3.21 of the Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and risk management and internal control system of the Group. The Committee comprises three INEDs. The Group's financial statements for the year ended 31 March 2018 have been reviewed by the Committee. The Committee is of the opinion that such financial statements comply with the applicable accounting standards, and Stock Exchange's and legal requirements, and that adequate disclosures have been made.

AUDITOR

BDO Limited was appointed as the auditor of the Company for the year ended 31 March 2018 in succession to East Asia Sentinel Limited who resigned as auditor with effect from 10 April 2018. East Asia Sentinel Limited was the auditor of the Company for the years ended 31 March 2016 and 2017.

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

On behalf of the Board

Dr. Xie Yi
Chairman

Hong Kong, 29 June 2018

購買、出售或贖回本公司上市證券

本公司或其任何附屬公司於年內概無購買、出售或贖回本公司任何上市證券。

優先購股權

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

審核委員會

為檢討及監察本集團之財務匯報程序及風險管理及內部監控制度，本公司已遵照上市規則第3.21條成立審核委員會(「委員會」)，並以書面列出其職權範圍。委員會由三名獨立非執董組成。本集團截至二零一八年三月三十一日止年度之財務報表已由委員會審閱。委員會認為該等財務報表已符合適用之會計準則及聯交所及法例規定，並已提供足夠披露。

核數師

截至二零一八年三月三十一日止年度，香港立信德豪會計師事務所有限公司獲委聘為本公司核數師，以接任於二零一八年四月十日辭任之核數師衛亞會計師事務所有限公司。衛亞會計師事務所有限公司為本公司截至二零一六年及二零一七年三月三十一日止年度之核數師。

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

代表董事會

主席
謝毅博士

香港，二零一八年六月二十九日

Independent Auditor's Report

獨立核數師報告



Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話 : +852 2218 8288
傳真 : +852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

TO THE SHAREHOLDERS OF EXTRAWELL PHARMACEUTICAL HOLDINGS LIMITED

致精優藥業控股有限公司全體股東

(incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Extrawell Pharmaceutical Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 67 to 183, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

不發表意見

本行已獲委聘審核第67至183頁所載精優藥業控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)之綜合財務報表，其內容包括於二零一八年三月三十一日之綜合財務狀況表及截至該日止年度之綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註(包括重大會計政策概要)。

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

BDO Limited
香港立信德豪會計師事務所有限公司

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Independent Auditor's Report (Continued)

獨立核數師報告(續)

BASIS FOR DISCLAIMER OF OPINION

The Group had an interest in an associate, Smart Ascent Limited of approximately HK\$330,970,000 as at 31 March 2018 (2017: HK\$330,969,000). The Company's directors have determined that the Group's interest in the associate as at 31 March 2018 is fairly stated.

In its consolidated financial statements, the Group applied equity method of accounting to account for its interest in the associate and shared the associate's net assets as its interests therein. As disclosed in note 21 to the Group's consolidated financial statements, the major asset held by the associate was an intangible asset in relation to an in-process research and development project ("In-process R&D") involving an oral insulin product ("Product"). For the purpose of assessing that the carrying amount of the intangible asset is not higher than its recoverable amount, the Company's directors estimated the fair value of the intangible asset in relation to the In-process R&D using income approach, which involved the preparation of a cash flow projection ("Cash Flow Projection") using significant management assumptions and judgement.

During the course of our audit for the current year, we had not been provided by the Company's directors and other parties as appropriate with the information which we considered sufficient to satisfy ourselves as to the basis for which the Cash Flow Projection was prepared and the related data to which specific assumptions were applied; including the timing of the amounts of cash flow, the estimation of which related to the completion of the necessary clinical trials, the obtaining of the relevant regulatory approvals and launching of the Product. There were no alternative audit procedures which we could adopt to satisfy ourselves as to this matter. Accordingly we were not able to satisfy ourselves as to whether the Group's share of net assets of Smart Ascent Limited and therefore its interest in associate of HK\$330,970,000 as at 31 March 2018 (2017: HK\$330,969,000) was fairly stated and whether its share of results of associate for the year then ended would have any adjustment. Any impairment loss to the intangible asset would reduce the Group's interest in the associate and the Group's net assets as at 31 March 2018 and adversely affect the Group's financial performance for the year then ended, and the related information of the disclosures thereof in the consolidated financial statements may be subject to amendments.

不發表意見之基礎

於二零一八年三月三十一日，貴集團於聯營公司進生有限公司之權益為約330,970,000港元(二零一七年：330,969,000港元)。貴公司董事已確定貴集團於二零一八年三月三十一日於聯營公司之權益已公平呈列。

於其綜合財務報表中，貴集團採用權益會計法將其於聯營公司之權益入賬並將其應佔聯營公司之資產淨值作為其於聯營公司之權益。誠如貴集團之綜合財務報表附註21所披露，聯營公司持有之主要資產為有關進行之研發項目(「進行之研發」)的無形資產，當中涉及口服胰島素產品(「產品」)。為評估無形資產之賬面值不會高於其可收回金額，貴公司董事利用收入法估計進行之研發有關之無形資產之公平值，而收入法涉及利用重要管理層假設及判斷編製現金流量預測(「現金流量預測」)。

於本年度的審核過程中，貴公司董事及其他方(倘合適)並未向本行提供足以令本行信納現金流量預測之編製基準及特定假設應用之相關數據的資料，包括與完成必要臨床試驗、取得相關監管批准及推出產品相關的現金流量的時間估計。本行並無其他可採用之審核程序以令本行信納該事宜。因此，本行未能信納於二零一八年三月三十一日貴集團應佔進生有限公司之資產淨值及因此其於聯營公司之權益330,970,000港元(二零一七年：330,969,000港元)是否已公平呈列，以及截至該日止年度其應佔聯營公司之業績是否將作出任何調整。無形資產之任何減值虧損將會減少於二零一八年三月三十一日貴集團於聯營公司之權益及貴集團之資產淨值並對貴集團截至該日止年度之財務表現產生不利影響，而綜合財務報表所披露之相關資料可能需作出修訂。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

BASIS FOR DISCLAIMER OF OPINION (Continued)

In addition, included in the Company's interests in subsidiaries of HK\$629,927,000 as stated in note 34 to the consolidated financial statements was an equity interest in Extrawell (BVI) Limited ("EBVI"), a Company's subsidiary, of HK\$624,604,000 as at 31 March 2018. Smart Ascent Limited was an associate of EBVI as at 31 March 2018. In the absence of sufficient audit evidence relating to estimating the recoverable amount of the intangible asset as included in Smart Ascent Limited's financial statements, we were unable to satisfy ourselves as to whether the Company's cost of investment in EBVI of HK\$624,604,000 as at 31 March 2018 was fairly stated, and whether any impairment provision for the Company's interest in the subsidiary should be recognised.

The auditor had disclaimed their opinion on the consolidated financial statements for the year ended 31 March 2017 as they were unable to obtain sufficient appropriate audit evidence to satisfy themselves as to the reasonableness of certain major assumptions adopted by the management in the impairment assessment of the In-process R&D, and accordingly whether the carrying amount of the Group's interest in associate of HK\$330,969,000 was fairly stated and the Company's interest in EBVI of HK\$624,604,000 as at 31 March 2017 required any impairment provision. These limitations remained unresolved for the current year.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

不發表意見之基礎(續)

此外，於二零一八年三月三十一日，綜合財務報表附註34所載 貴公司於附屬公司之權益629,927,000港元包括於 貴公司附屬公司Extrawell (BVI) Limited (「EBVI」) 之股權624,604,000港元。於二零一八年三月三十一日，進生有限公司為EBVI的一間聯營公司。在未獲得與估計進生有限公司之財務報表所載之無形資產之可收回金額有關之充足審核憑證的情況下，本行未能信納 貴公司於二零一八年三月三十一日於EBVI之投資成本624,604,000港元是否已公平呈列，及 貴公司於附屬公司之權益之任何減值撥備是否應予以確認。

核數師並未對截至二零一七年三月三十一日止年度綜合財務報表發表彼等之意見，原因是其未能獲得充足適當的審核憑證令其信納管理層在對進行之研發作減值評估時所應用之若干主要假設之合理性，因此，於二零一七年三月三十一日 貴集團於聯營公司之權益之賬面值330,969,000港元是否已公平呈列及 貴公司於EBVI之權益624,604,000港元是否需作出任何減值撥備。本年度該等限制仍未解決。

董事就綜合財務報表須承擔 之責任

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

Independent Auditor's Report (Continued)

獨立核數師報告(續)

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

董事就綜合財務報表須承擔之責任(續)

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

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

核數師就審核綜合財務報表須承擔之責任

本行有責任根據香港會計師公會頒佈之香港審計準則就貴集團之綜合財務報表進行審核並出具核數師報告。本報告乃根據百慕達《一九八一年公司法》第90條僅向全體股東作出，除此以外別無其他目的。本行不會就本報告內容向任何其他人士負責或承擔任何責任。

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

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

Independent Auditor's Report (Continued)

獨立核數師報告(續)

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 March 2017 were audited by another auditor who expressed a disclaimer of opinion on those statements on 29 June 2017.

BDO Limited

Certified Public Accountants

Chiu Wing Cheung Ringo

Practising Certificate Number: P04434

Hong Kong
29 June 2018

其他事項

貴集團截至二零一七年三月三十一日止年度之綜合財務報表乃由另一名核數師審核，彼於二零一七年六月二十九日對該等報表不發表意見。

香港立信德豪會計師事務所有限公司
執業會計師

招永祥

執業證書號碼：P04434

香港
二零一八年六月二十九日

Consolidated Statement of Profit or Loss and Other Comprehensive Income

綜合損益及其他全面收益表

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

		Notes 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Revenue	收益	6	85,762	107,903
Cost of sales	銷售成本		(43,713)	(64,007)
Gross profit	毛利		42,049	43,896
Other income	其他收入	7	90,514	77,418
Other gains and losses, net	其他收益及虧損淨額	8	(37,522)	(35,034)
Selling and distribution expenses	銷售及分銷費用		(32,259)	(31,673)
Administrative expenses	行政費用		(27,007)	(27,231)
Share of results of an associate	應佔一間聯營公司業績	21	1	(2,897)
Effective interest expense on convertible bonds	可換股債券之實際利息開支	31	(6,590)	(5,552)
Profit before income tax	除所得稅前溢利	9	29,186	18,927
Income tax credit/(expense)	所得稅抵免/(支出)	12	86	(616)
Profit for the year	本年度溢利		29,272	18,311
Other comprehensive income	其他全面收入			
<i>Items that may be reclassified subsequently to profit or loss</i>	<i>其後可能重新分類至損益的項目</i>			
Exchange differences on translation of foreign operations	換算海外業務之匯兌差額		11,956	(8,359)
Total comprehensive income for the year	本年度全面收入總額		41,228	9,952

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

綜合損益及其他全面收益表(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

		Notes 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Profit/(Loss) for the year attributable to:	以下人士應佔本年度溢利／(虧損)：			
Owners of the Company	本公司擁有人		29,930	20,796
Non-controlling interests	非控股權益		(658)	(2,485)
			29,272	18,311
Total comprehensive income attributable to:	以下人士應佔全面收入總額：			
Owners of the Company	本公司擁有人		41,881	12,443
Non-controlling interests	非控股權益		(653)	(2,491)
			41,228	9,952
			HK cents 港仙	HK cents 港仙
Earnings per share for profit attributable to owners of the Company:	本公司擁有人應佔溢利之每股盈利：			
— Basic	— 基本	13	1.25	0.87
— Diluted	— 攤薄	13	1.11	0.80

Consolidated Statement of Financial Position

綜合財務狀況表

At 31 March 2018 於二零一八年三月三十一日

		Notes 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
NON-CURRENT ASSETS	非流動資產			
Investment properties	投資物業	15	1,437	1,497
Property, plant and equipment	物業、廠房及設備	16	155,469	145,839
Prepaid lease payments	預付租賃付款	17	10,017	9,299
Intangible assets	無形資產	18	1,807	1,807
Investments in convertible bonds	可換股債券投資	19	417,783	376,324
Available-for-sale investments	可供出售投資	20	59,047	—
Interest in an associate	於一間聯營公司之權益	21	330,970	330,969
Amount due from an associate	應收一間聯營公司款項	22	22,505	17,235
Deferred tax assets	遞延稅項資產	30	69	—
			999,104	882,970
CURRENT ASSETS	流動資產			
Inventories	存貨	23	4,100	7,607
Trade and bills receivables	貿易應收賬款及應收票據	24	21,076	37,417
Deposits, prepayments and other receivables	按金、預付款項及其他應收款項	25	8,361	4,972
Available-for-sale investments	可供出售投資	20	1,875	1,685
Pledged bank deposits	已抵押銀行存款	26	20,502	20,215
Cash and bank balances	現金及銀行結餘	27	161,765	217,803
			217,679	289,699
CURRENT LIABILITIES	流動負債			
Trade and bills payables	貿易應付賬款及應付票據	28	6,916	14,859
Accruals and other payables	預提費用及其他應付款項		60,721	59,501
Amount due to an associate	應付一間聯營公司款項	29	19,780	19,780
Deferred income on government grants	政府補助之遞延收入	32	98	63
Tax payable	應付稅項		16,255	14,587
			103,770	108,790
NET CURRENT ASSETS	流動資產淨值		113,909	180,909
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		1,113,013	1,063,879

Consolidated Statement of Financial Position (Continued)

綜合財務狀況表(續)

At 31 March 2018 於二零一八年三月三十一日

		Notes 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
NON-CURRENT LIABILITIES	非流動負債			
Deferred tax liabilities	遞延稅項負債	30	—	102
Convertible bonds	可換股債券	31	41,812	35,222
Deferred income on government grants	政府補助之遞延收入	32	4,122	2,704
			45,934	38,028
NET ASSETS	資產淨值		1,067,079	1,025,851
EQUITY	權益			
Share capital	股本	33	23,900	23,900
Reserves	儲備	35	1,047,673	1,005,792
Equity attributable to owners of the Company	本公司擁有人應佔權益		1,071,573	1,029,692
Non-controlling interests	非控股權益		(4,494)	(3,841)
TOTAL EQUITY	權益總額		1,067,079	1,025,851

On behalf of the Board

代表董事會

Xie Yi
謝毅
Director
董事

Wong Sau Kuen
王秀娟
Director
董事

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

Attributable to owners of the Company

本公司擁有人應佔

		Share capital	Share premium	Capital reserve	Contributed surplus	Foreign currency translation reserve	Convertible bonds equity reserve	Retained earnings	Total	Non-controlling interests	Total
		股本	股份溢價	資本儲備	繳入盈餘	匯兌儲備	可換股債券權益儲備	保留盈利	總計	非控股權益	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
			(Note 35(a))	(Note 35(b))	(Note 35(c))	(Note 35(d))	(Note 35(e))				
			(附註35(a))	(附註35(b))	(附註35(c))	(附註35(d))	(附註35(e))				
At 1 April 2016	於二零一六年四月一日	23,900	191,738	6,542	4,839	31,372	512,359	246,499	1,017,249	(1,350)	1,015,899
Profit/(loss) for the year	本年度溢利/(虧損)	—	—	—	—	—	—	20,796	20,796	(2,485)	18,311
Exchange differences on translation of foreign operations	換算海外業務產生之匯兌差額	—	—	—	—	(8,353)	—	—	(8,353)	(6)	(8,359)
Total comprehensive income	全面收入總額	—	—	—	—	(8,353)	—	20,796	12,443	(2,491)	9,952
At 31 March 2017 and 1 April 2017	於二零一七年三月三十一日及二零一七年四月一日	23,900	191,738	6,542	4,839	23,019	512,359	267,295	1,029,692	(3,841)	1,025,851
Profit/(loss) for the year	本年度溢利/(虧損)	—	—	—	—	—	—	29,930	29,930	(658)	29,272
Exchange differences on translation of foreign operations	換算海外業務產生之匯兌差額	—	—	—	—	11,951	—	—	11,951	5	11,956
Total comprehensive income	全面收入總額	—	—	—	—	11,951	—	29,930	41,881	(653)	41,228
At 31 March 2018	於二零一八年三月三十一日	23,900	191,738	6,542	4,839	34,970	512,359	297,225	1,071,573	(4,494)	1,067,079

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Cash flows from operating activities	經營活動之現金流量		
Profit before income tax	除所得稅前溢利	29,186	18,927
Adjustments for:	調整以下項目：		
Amortisation of prepaid lease payments	預付租賃付款之攤銷	233	228
Depreciation of investment properties	投資物業之折舊	60	59
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	6,327	6,427
Gain on disposal of intangible assets	出售無形資產收益	—	(2,819)
Provision for impairment on trade receivables, net	貿易應收賬款減值撥備淨額	3,218	4,456
Provision for impairment loss on inventories, net	存貨減值虧損撥備淨額	85	—
Impairment loss on available-for-sale investments	可供出售投資減值虧損	20,953	—
Share of results of an associate	應佔一間聯營公司業績	(1)	2,897
Change in fair value of derivative component of investments in convertible bonds	可換股債券投資衍生工具部分之公平值變動	16,782	33,397
Effective interest income from investments in convertible bonds	可換股債券投資之實際利息收入	(83,266)	(71,786)
Effective interest expense on convertible bonds	可換股債券之實際利息開支	6,590	5,552
Imputed interest income from amount due from an associate	應收一間聯營公司款項之估算利息收入	(5,270)	(4,036)
Interest income	利息收入	(1,806)	(1,299)
Amortisation of deferred income	遞延收入攤銷	(172)	(193)
Operating cash flows before movements in working capital	營運資金變動前之經營現金流量	(7,081)	(8,190)
Decrease/(Increase) in inventories	存貨減少/(增加)	3,422	(1,683)
Decrease in trade receivables	貿易應收賬款減少	8,990	15,146
(Increase)/Decrease in deposits, prepayments and other receivables	按金、預付款項及其他應收款項(增加)/減少	(3,389)	3,421
(Decrease)/Increase in trade and bills payables	貿易應付賬款及應付票據(減少)/增加	(7,943)	5,543
Increase/(Decrease) in accruals and other payables	預提費用及其他應付款項增加/(減少)	1,220	(8,114)
Cash (used in)/generated from operations	營運(所用)/所產生之現金	(4,781)	6,123
Income tax paid	已付所得稅	(102)	(641)
Net cash (used in)/generated from operating activities	經營活動(所用)/所產生之現金淨額	(4,883)	5,482

Consolidated Statement of Cash Flows (Continued)

綜合現金流量表(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Cash flows from investing activities	投資活動所產生之現金流量		
Interest income received from investments in convertible bonds	可換股債券投資之已收利息收入	25,025	25,025
Interest income received	已收利息收入	1,806	1,299
Government grant received	已收政府補助	1,325	2,955
(Purchase of)/proceeds from disposal of available-for-sale financial assets	可供出售金融資產(之購置)/出售所得款項	(80,000)	1,124
Purchase of property, plant and equipment	購置物業、廠房及設備	(124)	(1,008)
Increase in pledged bank deposits	已抵押銀行存款增加	(287)	(162)
Net cash (used in)/generated from investing activities	投資活動(所用)/所產生之現金淨額	(52,255)	29,233
Net (decrease)/increase in cash and cash equivalents	現金及現金等值項目(減少)/增加淨額	(57,138)	34,715
Effect of foreign exchange rate changes	外匯變動之影響	1,100	2,090
Cash and cash equivalents at beginning of year	年初之現金及現金等值項目	217,803	180,998
Cash and cash equivalents at end of year	年終之現金及現金等值項目	161,765	217,803
Analysis of the balances of cash and cash equivalents	現金及現金等值項目之結餘分析		
Cash and bank balances	現金及銀行結餘	161,765	217,803

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

1. GENERAL

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

The Company is an investment holding company (together with the subsidiaries referred as the “Group”). The principal activities of its subsidiaries and an associate are set out in notes 39 and 21 respectively to the consolidated financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Adoption of new/revised HKFRSs — effective 1 January 2017

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

1. 一般資料

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

本公司為一間投資控股公司（連同其附屬公司統稱為「本集團」）。本公司旗下附屬公司及一間聯營公司之主要業務分別載於綜合財務報表附註39及21。

2. 採納香港財務報告準則（「香港財務報告準則」）

(a) 採納新訂／經修訂香港財務報告準則 — 於二零一七年一月一日生效

香港會計準則第7號（修訂本）	披露計劃
香港會計準則第12號（修訂本）	就未變現虧損確認遞延稅項資產
香港財務報告準則二零一四年至二零一六年週期的年度改進	香港財務報告準則第12號於其他實體之權益披露的修訂

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

(a) Adoption of new/revised HKFRSs — effective 1 January 2017 (Continued)**Amendments to HKAS 7 — Disclosure Initiative**

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the amendments has no impact on these financial statements as the Group has no financing activities other than the convertible bonds issued by the Company of which movement is set out in note 31 and there was no cash flows arising from such convertible bonds during the year.

Amendments to HKAS 12 — Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

The adoption of the amendments has no impact on these financial statements as the clarified treatment is consistent with the manner in which the Group has previously recognised deferred tax.

2. 採納香港財務報告準則 (「香港財務報告準則」)

(續)

(a) 採納新訂／經修訂香港財務報告準則 — 於二零一七年一月一日生效 (續)**香港會計準則第7號(修訂本) — 披露計劃**

該等修訂引入其他披露，將使財務報表的用戶得以評估融資活動所產生之負債變動。

採納該等修訂並未對該等財務報表造成影響，原因為除了本公司發行可換股債券外，本集團並未進行任何融資活動，有關可換股債券的變動載於附註31，年內該等可換股債券並未產生現金流量。

香港會計準則第12號(修訂本) — 就未變現虧損確認遞延稅項資產

該等修訂與確認遞延稅項資產有關並澄清若干必需的考量，包括與按公平值計量之債務工具相關的遞延稅項資產該如何入賬。

由於澄清處理與本集團之前確認遞延稅項的方式貫徹一致，故採納該等修訂對該等財務報表並無影響。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

(a) Adoption of new/revised HKFRSs — effective 1 January 2017 (Continued)

Annual Improvements to HKFRSs 2014–2016 Cycle — Amendments to HKFRS 12, Disclosure of Interests in Other Entities

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 12, Disclosure of Interests in Other Entities, to clarify that the disclosure requirements of HKFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity’s interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

The adoption of the amendments to HKFRS 12 has no impact on these financial statements as the Group did not have any interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5.

2. 採納香港財務報告準則 (「香港財務報告準則」)

(續)

(a) 採納新訂／經修訂香港財務報告準則 — 於二零一七年一月一日生效 (續)

香港財務報告準則二零一四年至二零一六年週期的年度改進 — 香港財務報告準則第12號於其他實體之權益披露的修訂

根據年度改進過程頒佈之此等修訂本對現時並不明確之多項準則作出微細且並不急切之修改。其中包括對香港財務報告準則第12號於其他實體之權益披露的修訂，以釐清香港財務報告準則第12號的披露規定(披露財務資料概要的規定除外)亦適用於實體根據香港財務報告準則第5號持作出售之非流動資產及已終止經營業務被分類為持作出售或已終止經營業務之其他實體之權益。

採納香港財務報告準則第12號之修訂本並未對該等財務報表造成影響，原因為本集團並無根據香港財務報告準則第5號被分類為持作出售或已終止經營業務之其他實體之權益。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures ¹
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions ¹
HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15) ¹
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ²
HKFRS 16	Leases ²
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

2. 採納香港財務報告準則 (「香港財務報告準則」) (續)

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則

以下為可能與本集團財務報表相關之已頒佈但尚未生效且並未獲本集團提早採納之新訂／經修訂香港財務報告準則。本集團目前有意在該等準則生效之日應用該等變動。

香港財務報告準則二零一四年至二零一六年週期的年度改進	香港會計準則第28號於聯營公司及合營企業之投資的修訂 ¹
香港財務報告準則第2號(修訂本)	以股份為基礎付款交易之分類及計量 ¹
香港財務報告準則第9號	金融工具 ¹
香港財務報告準則第15號	客戶合約收益 ¹
香港財務報告準則第15號(修訂本)	客戶合約收益(香港財務報告準則第15號的澄清) ¹
香港(國際財務報告詮釋委員會)–詮釋第22號	外幣交易及預付代價 ¹
香港財務報告準則第9號(修訂本)	附帶負補償之預付款項特點 ²
香港財務報告準則第16號	租賃 ²
香港(國際財務報告詮釋委員會)–詮釋第23號	所得稅處理的不確定性 ²
香港財務報告準則(修訂本)	香港財務報告準則二零一五年至二零一七年週期的年度改進 ²
香港財務報告準則第10號及香港會計準則第28號(修訂本)	投資者與其聯營公司或合營企業間出售或注入資產 ³

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

- ¹ Effective for annual periods beginning on or after 1 January 2018
- ² Effective for annual periods beginning on or after 1 January 2019
- ³ The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted

Annual Improvements to HKFRSs 2014–2016 Cycle — Amendments to HKAS 28, Investments in Associates and Joint Ventures

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 28, Investments in Associates and Joint Ventures, clarifying that a venture capital organisation’s permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

The directors of the Company anticipate that the application of these amendments will have no material impact on the consolidated financial statements.

2. 採納香港財務報告準則 (「香港財務報告準則」)

(續)

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則(續)

- ¹ 於二零一八年一月一日或之後開始的年度期間生效
- ² 於二零一九年一月一日或之後開始的年度期間生效
- ³ 該等修訂原定於二零一六年一月一日或之後開始期間生效。生效日期現已被遞延／移除。提早應用該等修訂仍獲准許

香港財務報告準則二零一四年至二零一六年週期的年度改進 — 香港會計準則第28號於聯營公司及合營企業之投資的修訂

根據年度改進過程頒佈之此等修訂本對現時並不明確之多項準則作出微細且並不急切之修改。其中包括對香港會計準則第28號於聯營公司及合營企業之投資的修訂，該修訂澄清風險資本組織可選擇按公平值計量聯營公司或合營企業，而該選擇以逐間聯營公司或合營企業為基礎作出。

本公司董事預期，應用該等修訂本將不會對綜合財務報表造成重大影響。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)**Amendments to HKFRS 2 – Classification and Measurement of Share-Based Payment Transactions**

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The directors of the Company anticipate that the application of the above amendments will have no material impact on the consolidated financial statements.

HKFRS 9 – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income (“FVTOCI”) if the objective of the entity’s business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss (“FVTPL”).

2. 採納香港財務報告準則 (「香港財務報告準則」)

(續)

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則(續)**香港財務報告準則第2號 (修訂本) – 以股份為基礎付款交易之分類及計量**

該等修訂本訂明歸屬及非歸屬條件對以現金結算以股份為基礎付款計量的影響；預扣稅責任具有淨額結算特徵的以股份為基礎付款交易；以及交易類別由現金結算變更為權益結算之以股份為基礎付款條款及條件之修訂之會計處理規定。

本公司董事預期，應用上述修訂本將不會對綜合財務報表造成重大影響。

香港財務報告準則第9號 – 金融工具

香港財務報告準則第9號引入金融資產分類及計量的新規定。按業務模式持有資產而目的為收取合約現金流的債務工具(業務模式測試)以及具產生現金流的合約條款且僅為支付本金及未償還本金利息的債務工具(合約現金流特徵測試)，一般按攤銷成本計量。倘該實體業務模式的目的是持有及收取合約現金流以及出售金融資產，則符合合約現金流特徵測試的債務工具乃以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。實體可於初步確認時作出不可撤回的選擇，以按公平值計入其他全面收益計量並非持作買賣的股本工具。所有其他債務及股本工具乃按公平值計入損益(「按公平值計入損益」)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 9 – Financial Instruments (Continued)

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 Financial Instruments: Recognition and Measurement and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

2. 採納香港財務報告準則 (「香港財務報告準則」)

(續)

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則(續)

香港財務報告準則第9號—金融工具(續)

香港財務報告準則第9號就並非按公平值計入損益計量之所有金融資產納入新的預期虧損減值模式(取代香港會計準則第39號金融工具：確認及計量的已產生虧損模式)以及新的一般對沖會計法規定，以讓實體於財務報表內更好地反映其風險管理活動。

香港財務報告準則第9號秉承香港會計準則第39號之金融負債確認、分類及計量規定，惟指定為按公平值計入損益之金融負債除外，其因負債信貸風險變動而產生的公平值變動金額乃於其他全面收益中確認，除非此舉會引致或擴大會計錯配則作別論。此外，香港財務報告準則第9號保留香港會計準則第39號有關取消確認金融資產及金融負債的規定。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)**HKFRS 9 – Financial Instruments (Continued)**

Based on the Group’s financial instruments as at 31 March 2018, the directors of the Company consider the following potential impact on initial application of HKFRS 9:

Classification and measurement:

- Available-for-sale investments carried at fair value as disclosed in note 20: these investments qualified for designation as financial assets measured at FVTOCI under HKFRS 9. At the date of initial application, the impairment loss on available-for-sale investments amounting to HK\$20,953,000 will be reclassified from retained earnings to available-for-sale financial assets reserve as at 1 April 2018 without any restatement in the corresponding period.

2. 採納香港財務報告準則 (「香港財務報告準則」)

(續)

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則 (續)**香港財務報告準則第9號 – 金融工具 (續)**

根據本集團於二零一八年三月三十一日之金融工具，本公司董事認為首次應用香港財務報告準則第9號可能造成下述影響：

分類及計量：

- 按公平價值列值之可供出售投資(於附註20披露)：該等投資根據香港財務報告準則第9號合資格指定為按公平值計入其他全面收益計量之金融資產。於首次應用日期，可供出售投資之減值虧損20,953,000港元將於二零一八年四月一日從保留盈利重新分類至可供出售金融資產儲備，而無需於相應期間進行任何重列。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 9 – Financial Instruments (Continued)

The debt component and equity component of the investments in convertible bonds as disclosed in note 19 is measured at amortised cost and FVTPL respectively under HKAS 39 for the year ended 31 March 2018. Upon the initial application of HKFRS 9, this entire hybrid contract will be classified as financial assets measured at FVTPL and will no longer be split into debt and conversion option components. On transition, the difference between the fair value of the entire hybrid contract accounted for under HKFRS 9 and sum of the fair values of the two components previously recognised separately under HKAS 39 would be adjusted in its opening retained earnings as at 1 April 2018 without any restatement in the corresponding period. Subsequent to initial measurement, all fair value gains/losses are recognised in profit or loss.

- All other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

2. 採納香港財務報告準則 (「香港財務報告準則」)

(續)

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則(續)

香港財務報告準則第9號 — 金融工具(續)

截至二零一八年三月三十一日止年度，附註19披露之可換股債券投資之債務部分及權益部分乃根據香港會計準則第39號分別按攤銷成本及按公平值計入損益進行計量。於首次應用香港財務報告準則第9號後，該整份混合合約將被分類為按公平值計入損益之金融資產，並將不再被拆分為債務及換股權部分。過渡後，整份混合合約之公平值差額乃根據香港財務報告準則第9號入賬，該兩部分之前根據香港會計準則第39號分別確認之公平值將於二零一八年四月一日於期初保留盈利中進行調整，而不會於相應期間作出任何重列。於初步計量之後，所有公平值收益／虧損於損益內確認。

- 所有其他金融資產及金融負債將繼續按目前根據香港會計準則第39號計量之相同基準計量。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 9 — Financial Instruments (Continued)

The application of the expected credit loss model of HKFRS 9 in the future will result in early provision of credit losses which are not yet incurred in relation to the Group’s financial assets and is not likely to have other material impact on the results and financial position of the Group based on an analysis of the Group’s existing business model. The Group will apply the limited exemption available in HKFRS 9 relating to transition for classification and measurement and impairment, and accordingly will not restate comparatives in the year ending 31 March 2019. The Group expects to apply the simplified approach and record lifetime expected credit losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables.

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

2. 採納香港財務報告準則 (「香港財務報告準則」) (續)

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則(續)

香港財務報告準則第9號 — 金融工具(續)

未來應用香港財務報告準則第9號預期信用損失模式將會導致就尚未產生之本集團的金融資產的信貸虧損提早計提撥備，且不大可能對本集團基於本集團現有業務模式分析之業績及財務狀況造成其他重大影響。本集團將應用香港財務報告準則第9號就分類及計量及減值過渡之有限豁免，因此將不會重列截至二零一九年三月三十一日止年度之比較資料。本集團預期應用簡化法，並根據所有貿易應收賬款及其他應收款項之剩餘年內所有現金短缺之現值估計期限預期信貸虧損。

香港財務報告準則第15號 — 客戶合約收益

有關新訂準則設立單一收益確認框架。框架的主要原則為實體應確認收益，以說明實體按反映交換商品及服務預期所得代價的金額向客戶轉讓所承諾商品或服務。香港財務報告準則第15號取代現有收益確認指引，包括香港會計準則第18號收益、香港會計準則第11號建築合約及相關詮釋。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 15 — Revenue from Contracts with Customers (Continued)

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRSs. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Amendments to HKFRS 15 — Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

2. 採納香港財務報告準則 (「香港財務報告準則」)

(續)

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則(續)

香港財務報告準則第15號 — 客戶合約收益(續)

香港財務報告準則第15號規定確認收益所應用的五個步驟：

- 第1步：識別與客戶所訂立的合約
- 第2步：識別合約的履約責任
- 第3步：釐定交易價格
- 第4步：分配交易價格至各履約責任
- 第5步：於履行各履約責任時確認收益

香港財務報告準則第15號包括對與可能改變目前根據香港財務報告準則之做法的特定收益相關事宜的特定指引。有關準則亦顯著加強有關收益的定性及定量披露。

香港財務報告準則第15號(修訂本) — 客戶合約收益(香港財務報告準則第15號的澄清)

香港財務報告準則第15號之修訂本包括澄清對履行義務的辨別；應用委託人及代理人；知識產權許可；及過渡規定。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)**Amendments to HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15) (Continued)**

The directors of the Company have assessed its performance obligations of its manufacture and sales of pharmaceutical products pursuant to HKFRS 15 and has concluded that there are no significant differences on the timing and amounts of revenue recognised for these revenue streams in the respective reporting periods. Accordingly, the implementation of HKFRS 15 would not result in any significant impact on the Group's financial position and results of operations. Meanwhile, there will be additional disclosure requirements under HKFRS 15 upon its adoption. The Group plans to apply the new standard only to contracts not completed as of the date of initial application which is 1 April 2018 as permitted by the practical expedients in HKFRS 15.

HK(IFRIC)-Int 22 – Foreign Currency Transactions and Advance Consideration

The interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

2. 採納香港財務報告準則 (「香港財務報告準則」)

(續)

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則 (續)**香港財務報告準則第15號 (修訂本) – 客戶合約收益 (香港財務報告準則第15號的澄清) (續)**

本公司董事已評估其根據香港財務報告準則第15號就其生產及銷售藥品之履約責任，並得出結論認為相應報告期間就該等收益來源確認收益的時間及金額並無重大差異。因此，實行香港財務報告準則第15號將不會對本集團的財務狀況及經營業績造成任何重大影響。同時，採納香港財務報告準則第15號時將有額外披露規定。本集團計劃採用香港財務報告準則第15號簡化法准許僅於截止最初應用日期，即二零一八年四月一日，尚未完成的合約應用新準則。

香港(國際財務報告詮釋委員會) – 詮釋第22號 – 外幣交易及預付代價

該詮釋就為釐定用於涉及以外幣支付或收取預付代價之交易的匯率而釐定交易日期，以及確認非貨幣資產或非貨幣負債提供指引。該等詮釋指明，釐定首次確認相關資產、開支或收益(或當中部分)所使用之匯率之交易日期為實體首次確認支付或收取預付代價產生的非貨幣資產或非貨幣負債之日。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

HK(IFRIC)-Int 22 — Foreign Currency Transactions and Advance Consideration (Continued)

The directors of the Company anticipate that there would be no significant impact on the Group’s results and financial position upon the adoption of this interpretation.

Amendments to HKFRS 9—Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met — instead of at fair value through profit or loss.

The directors of the Company anticipate that the application of these amendments will have no material impact on the consolidated financial statements.

2. 採納香港財務報告準則 (「香港財務報告準則」)

(續)

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則(續)

香港(國際財務報告詮釋委員會)－詮釋第22號－外幣交易及預付代價(續)

本公司董事預期，應用此詮釋將不會對本集團的業績及財務狀況造成重大影響。

香港財務報告準則第9號(修訂本)－附帶負補償之預付款項特點

該修訂澄清在符合特別條件下，附帶負補償的預付金融資產可按攤銷成本或按公平值計入其他全面收益計量，而非按公平值計入損益計量。

本公司董事預期，應用該等修訂將不會對綜合財務報表造成重大影響。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 16 – Lease

HKFRS 16, which upon the effective date will supersede HKAS 17 Leases and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

2. 採納香港財務報告準則 (「香港財務報告準則」) (續)

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則(續)

香港財務報告準則第16號 – 租賃

香港財務報告準則第16號由生效當日起將取代香港會計準則第17號租賃及相關詮釋，其引入單一承租人會計處理模式，並規定承租人就為期超過十二個月之所有租賃確認資產及負債，除非相關資產為低價值資產則作別論。具體而言，根據香港財務報告準則第16號，承租人須確認使用權資產(表示其有權使用相關租賃資產)及租賃負債(表示其有責任支付租賃款項)。因此，承租人應確認使用權資產折舊及租賃負債利息，並將租賃負債之現金還款分類為本金部分及利息部分，並於現金流量表內呈列。此外，使用權資產及租賃負債初步按現值基準計量。計量包括不可撤銷租賃付款，亦包括承租人合理地肯定將行使選擇權延續租賃或行使選擇權終止租賃之情況下，將於選擇權期間內作出之付款。此會計處理方法與承租人根據原準則即香港會計準則第17號分類為經營租賃之租賃會計法顯著不同。

就出租人會計處理而言，香港財務報告準則第16號大致繼承了香港會計準則第17號之出租人會計處理規定。因此，出租人繼續將其租賃分類為經營租賃或融資租賃，並且對兩類租賃進行不同之會計處理。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 16 — Lease (Continued)

As set out in note 36 below, the future aggregate minimum lease payments under non-cancellable operating lease of the Group as at 31 March 2018 amounted to approximately HK\$3,427,000. Based on current leasing patterns, the Group expects the adoption of HKFRS 16 as compared with the current accounting policy would not significantly impact the Group’s financial performance but it is expected that certain portion of the operating lease commitments would be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

HK(IFRIC)-Int 23 — Uncertainty over Income Tax Treatments

The interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes. Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the “most likely amount” or the “expected value” approach, whichever better predicts the resolution of the uncertainty.

2. 採納香港財務報告準則 (「香港財務報告準則」)

(續)

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則(續)

香港財務報告準則第16號 — 租賃(續)

如下文附註36所載，本集團於二零一八年三月三十一日之不可撤銷經營租賃項下之日後最低租賃付款總額約為3,427,000港元。基於當前租賃模式，本集團預期採納香港財務報告準則第16號將不會對本集團的財務表現造成顯著影響(與現行會計政策相比)，惟預期該等經營租賃承擔之若干部分將在綜合財務狀況表中確認為使用權資產及租賃負債。

香港(國際財務報告詮釋委員會)－詮釋第23號 — 所得稅處理的不確定性

該詮釋透過就如何反映所得稅會計處理涉及的不確定性因素提供指引，為香港會計準則第12號所得稅的規定提供支持。根據該詮釋，實體須釐定分別或集中考慮各項不確定稅項處理，以更佳預測不確定性因素的解決方法。實體亦須假設稅務機關將會查驗其有權查驗的金額，並在作出上述查驗時全面知悉所有相關資料。如實體釐定稅務機關可能會接受一項不確定稅項處理，則實體應按與其稅務申報相同的方式計量即期及遞延稅項。倘實體釐定稅務機關不大可能會接受一項不確定稅項處理，則採用「最可能金額」或「預期值」兩個方法中能更佳預測不確定性因素解決方式的方法來反映釐定稅項涉及的不確定性因素。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)**HK(IFRIC)-Int 23 – Uncertainty over Income Tax Treatments (Continued)**

The directors of the Company anticipate that there would be no impact on the consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors’ interests in the joint venture or associate.

The directors of the Company anticipate that there would be no impact on the consolidated financial statements.

2. 採納香港財務報告準則 (「香港財務報告準則」)

(續)

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則 (續)**香港(國際財務報告詮釋委員會)－詮釋第23號－所得稅處理的不確定性 (續)**

本公司董事預期不會對綜合財務報表造成影響。

香港財務報告準則第10號及香港會計準則第28號(修訂本)－投資者與其聯營公司或合營企業間出售或注入資產

該修訂澄清當實體向其聯營公司或合營企業出售或注入資產時將予確認的收益或虧損。當交易涉及一項業務，收益或虧損將獲悉數確認；反之，當交易涉及之資產不構成業務，僅就不相關投資者於合營企業或聯營公司之權益確認收益或虧損。

本公司董事預期不會對綜合財務報表造成影響。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

3. BASIS OF PREPARATION AND PRESENTATION

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRSs”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3.2 Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values as explained in the accounting policies set out below.

3.3 Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company. The amounts stated are rounded to the nearest HK\$1,000 unless otherwise stated.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

3. 編製及呈列基準

3.1 合規聲明

綜合財務報表乃根據所有適用香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋(以下統稱「香港財務報告準則」)和香港公司條例之披露規定而編製。此外，財務報表載有香港聯合交易所有限公司證券上市規則規定之適用披露。

3.2 計量基準

如下文會計政策所披露，除若干金融工具按公平值計量外，綜合財務報表乃根據歷史成本基準編製。

3.3 功能及呈列貨幣

綜合財務報表乃以港元(「港元」)呈列，港元亦為本公司的功能貨幣。除另有所指外，所示金額約整至最接近千港元。

4. 重大會計政策概要

4.1 綜合基準

綜合財務報表包括本公司及其附屬公司的財務報表。集團各成員公司間的公司間交易與結餘連同未變現溢利乃於編製綜合財務報表時全數對銷。未變現虧損亦可對銷，惟於有關交易可提供所轉讓資產的減值證明則除外，在此情況下，虧損可於損益中確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.1 Basis of consolidation (Continued)

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

4. 重大會計政策概要(續)

4.1 綜合基準(續)

收購附屬公司或業務以收購法入賬。收購成本按所轉讓資產、所產生的負債及本集團(作為收購方)所發行的股本權益於收購日期之公平值總和計量。所收購之可識別資產及所承擔負債主要按收購日期之公平值計量。本集團事先於被收購方中所持有的股本權益按收購日期之公平值重新計量，產生之收益或虧損則於損益內確認。本集團或可以逐筆交易之基準選擇按公平值或被收購方可識別之資產淨值的相應份額計量代表目前於附屬公司擁有權益之非控股權益。所有其他非控股權益乃以公平值計量，惟香港財務報告準則規定之其他計量基準則除外。收購產生的費用以開支列賬，惟發行股本工具所產生的費用從權益扣除。

倘本集團喪失對附屬公司的控制權，則出售產生的損益乃根據(i)已收代價公平值與任何保留權益公平值的總額及(ii)該附屬公司的資產(包括商譽)及負債以及任何非控股權益之過往賬面值兩者間的差額計算。先前於其他全面收益內確認與該附屬公司有關之任何金額按猶如本集團已出售相關資產或負債的方式入賬。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.1 Basis of consolidation (Continued)

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

4.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4. 重大會計政策概要(續)

4.1 綜合基準(續)

收購後，代表目前於附屬公司擁有權益之非控股權益的賬面值為該等權益於初步確認時之金額另加有關非控股權益應佔之其後權益變動。即使會導致非控股權益出現虧絀結餘，全面收入總額仍歸屬於非控股權益。

4.2 附屬公司

附屬公司指本公司有能力對其行使控制權的被投資公司。倘具備以下全部三項元素，本公司即對被投資公司擁有控制權：對被投資公司擁有權力、就被投資方可變回報承受風險或享有權利，及其行使權力影響有關可變回報的能力。倘有事實及情況顯示任何該等控制權元素可能有變，將會重新評估有關控制權。

於本公司的財務狀況表內，於附屬公司的投資按成本扣除減值虧損(如有)列值。本公司按已收及應收股息基準將附屬公司業績入賬。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.3 Associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

An associate is accounted for using the equity method whereby it is initially recognised at cost and thereafter, its carrying amount is adjusted for the Group's share of the post-acquisition change in the associate's net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

4. 重大會計政策概要(續)

4.3 聯營公司

聯營公司指本集團對其擁有重大影響力而非屬於附屬公司或合營安排之實體。重大影響力指有權參與被投資方之財務及營運決策，而非對該等政策擁有控制或共同控制權。

聯營公司採用權益法入賬，據此，聯營公司初步按成本確認，此後其賬面金額會因應本集團所佔之聯營公司資產淨值收購後變動調整，惟超出本集團於聯營公司之權益之虧損不會被確認，除非有責任妥善處理該等虧損。

本集團與其聯營公司進行交易所產生之溢利及虧損，僅會就聯營公司之無相關投資者權益確認。該等交易產生之投資者所佔聯營公司之溢利及虧損，與聯營公司之賬面值對銷。如未變現虧損提供所轉讓資產減值證據，其即時於損益確認。

就聯營公司已付之任何溢價超出本集團所佔已收購可識別資產、負債及或然負債之公平值之金額會撥充資本，並計入聯營公司之賬面值。如於聯營公司之投資出現已減值的客觀證據，投資之賬面值按其他非財務資產之相同方式測試減值。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.4 Goodwill

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount (see note 4.15), and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

4. 重大會計政策概要(續)

4.4 商譽

倘可識別資產及負債公平值超出已付代價之公平值、於被收購方之任何非控股權益金額及收購方過往於被收購方所持權益於收購當日之公平值之總額，則有關差額在重估後於收購日期於損益賬確認。

商譽以成本扣除減值虧損計算。就減值測試而言，收購產生之商譽會分配至預期受惠於收購所帶來協同效益之相關各現金產生單位。現金產生單位是最小可識別的資產組別，其產生之現金流入大致上獨立於其他資產或資產組別之現金流入。獲分配商譽之現金產生單位每年均透過其賬面值與其可收回金額作比較檢測減值(見附註4.15)，及凡有跡象顯示單位可能出現減值，則檢測減值。

就於財政年度收購產生之商譽而言，獲分配商譽之現金產生單位於該財政年度結束之前測試減值。當現金產生單位之可收回款額少於其賬面值，則減值虧損首先分配以減少分配至單位之商譽賬面值，然後再根據有關單位各項資產之賬面值按比例分配至單位之其他資產。然而，分配至各資產的虧損將不會減少個別資產之賬面值至低於其公平值減出售成本(倘可計量)或其使用價值(倘可釐定)(以較高者為準)。商譽之任何減值虧損於損益賬確認且不會於其後期間撥回。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

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

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The annual rates/useful lives are as follows:

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

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

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4. 重大會計政策概要(續)

4.5 物業、廠房及設備

物業、廠房及設備乃以成本減累計折舊及任何減值虧損呈列。物業、廠房及設備成本包括其購買價及收購該項目之直接應佔成本。

其後成本計入資產賬面值或於適當時確認為獨立資產，惟以有關該項目之日後經濟利益很可能流入本集團及該項目之成本能可靠計量為限。已取代部分之賬面值乃終止確認。所有其他維修及保養均於產生的財政期間於損益賬內支銷。

物業、廠房及設備予以折舊，以按物業、廠房及設備的估計可使用年期以直線法撇銷其成本值扣除預期剩餘價值。於各報告期末，會審閱可使用年期、剩餘價值及折舊方法，並在適當時作出調整。年率／可使用年期如下：

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

倘資產的賬面值高於其估計可收回金額，資產即時撇減至其可收回金額。

出售物業、廠房及設備項目的收益或虧損，為銷售所得款項淨額與其賬面值兩者間的差額，於出售時在損益賬中予以確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.6 Investment properties

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

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

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

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

4.7 Leases

(i) The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

(ii) The Group as lessee

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

4. 重大會計政策概要(續)

4.6 投資物業

投資物業為持有作賺取租金或資本升值或作該兩種用途而非在日常業務過程中持作出售、用作生產或供應貨品或服務或作行政用途的物業。

租賃投資物業之土地部分按預付土地租賃款項入賬。

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

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

4.7 租賃

(i) 本集團為出租人

經營租賃之租金收入在相關租賃期內按直線法於損益內確認。於經營租賃之磋商及安排中產生的初始直接成本計入租賃資產的賬面值，並於租賃期內按直線法確認為開支。

(ii) 本集團為承租人

經營租賃下之應付租金總額於租賃期內以直線法於損益內確認。已收到之租金優惠於租賃期內確認為支出總額的組成部分。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.7 Leases (Continued)

(iii) Lease of land and building

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

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

4. 重大會計政策概要(續)

4.7 租賃(續)

(iii) 租賃土地及樓宇

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

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

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.8 Intangible assets (other than goodwill)

(i) Intangible assets acquired separately

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

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses (see note 4.8(iii)).

(ii) Internally generated intangible assets (research and development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and expenditure on the project can be measured reliably.

4. 重大會計政策概要(續)

4.8 無形資產(商譽除外)

(i) 個別收購的無形資產

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

個別收購之具無限可使用年期的無形資產乃按成本減任何其後累計減值虧損列賬(見附註4.8(iii))。

(ii) 內部產生無形資產(研發成本)

內部開發產品支出在出現下列情況時可被撥充資本：

- 在技術上可開發產品以供銷售；
- 有足夠資源完成開發；
- 有意完成及銷售產品；
- 本集團有能力銷售產品；
- 銷售產品會產生未來經濟利益；及可靠計量項目支出。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.8 Intangible assets (other than goodwill) (Continued)

(ii) Internally generated intangible assets (research and development costs) (Continued)

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

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

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

(a) Technological know-how

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

(b) Gene invention rights

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

4. 重大會計政策概要(續)

4.8 無形資產(商譽除外) (續)

(ii) 內部產生無形資產(研發成本)(續)

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

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

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

(a) 技術專業知識

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

(b) 基因發明權

開發基因發明權之成本，乃自授出基因發明權起，最長分二十年攤銷。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.8 Intangible assets (other than goodwill) (Continued)

(iii) Impairment

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see note 4.15).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease to the extent of its revaluation surplus.

4. 重大會計政策概要(續)

4.8 無形資產(商譽除外) (續)

(iii) 減值

如有跡象顯示資產可能減值，則具有有限使用年期的無形資產作減值測試。無限使用年期的無形資產及尚未能使用的無形資產每年進行減值測試，而不管有否任何跡象顯示其可能減值。無形資產按比較其賬面值與其可收回金額的方式進行減值測試(見附註4.15)。

當某資產的可收回金額估計低於其賬面值時，資產的賬面值乃調低至其可收回金額。

減值虧損即時確認為開支，除非有關資產乃以重估金額列賬，在此情況下，減值虧損視為重估減值，減值以重估盈餘為限。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 Financial Instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

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

Financial assets at FVTPL

These assets include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise and is included in “other gains or losses” line item.

4. 重大會計政策概要(續)

4.9 金融工具

(i) 金融資產

本集團於初步確認時按收購資產的目的分類其金融資產。按公平值計入損益之金融資產初步按公平值計量，所有其他金融資產初步則按公平值加收購該金融資產直接應佔交易成本計量。以正常途徑收購或出售之金融資產乃按交易日確認及終止確認。正常買賣指按附帶條款要求於指定時間內交付資產的合同買賣金融資產，有關指定時間一般乃由相關市場法規或慣例設定。

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

按公平值計入損益之金融資產

該等資產包括持作買賣金融資產。倘購買金融資產旨在於近期內出售，則該等資產分類為持作買賣。衍生工具(包括獨立嵌入式衍生工具)亦分類為持作買賣，惟被指定為有效對沖工具或財務擔保合約者則除外。

於初步確認後，按公平值計入損益之金融資產乃按公平值計量，而公平值變動則於其產生期間於損益中確認並計入「其他收益或虧損」項目中。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 Financial Instruments (Continued)

(i) Financial assets (Continued) Embedded derivatives

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

Loans and receivables

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

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

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

4. 重大會計政策概要(續)

4.9 金融工具(續)

(i) 金融資產(續)

嵌入式衍生工具

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

貸款及應收款項

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

利息收入透過使用實際利率確認，惟利息確認並不重大的短期應收款項除外。

可供出售金融資產

該等資產指被指定為可供出售或未歸類於其他金融資產類別之非衍生金融資產。於初始確認後，該等資產按公平值列賬，其公平值變動於其他全面收益確認，惟減值虧損及貨幣工具之匯兌收益及虧損乃於損益內確認除外。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 Financial Instruments (Continued)

(i) Financial assets (Continued)

Available-for-sale financial assets (Continued)

Dividends on available-for-sale equity investments are recognised in profit or loss when the Group's right to receive the dividends is established.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

Investments in convertible bonds

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

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

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

4. 重大會計政策概要(續)

4.9 金融工具(續)

(i) 金融資產(續)

可供出售金融資產(續)
可供出售股本投資之股息
於本集團建立收取股息權利時於損益內確認。

於活躍市場中並無報價且其公平值無法可靠計量之可供出售股本投資，及與該等未報價股本工具掛鈎且必須通過交付該等股本工具結算之衍生工具，按成本減任何已識別減值虧損計量。

可換股債券投資

可換股債券的組成部分單獨分類為債務部分及換股權衍生工具。

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

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

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 Financial Instruments (Continued)

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For Loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

4. 重大會計政策概要(續)

4.9 金融工具(續)

(ii) 金融資產的減值虧損

本集團會於各報告期末評估金融資產有否出現減值的客觀跡象。倘有客觀減值跡象顯示於金融資產初步確認後發生的一項或多項事件對金融資產的估計未來現金流量造成能夠可靠估計的影響，則金融資產出現減值。減值的跡象可包括：

- 債務人出現重大財務困難；
- 違反合約，如拖欠或欠付利息或本金付款；
- 因債務人有財務困難而授予寬免；
- 債務人很可能破產或進行其他財務重組。

貸款及應收款項

倘有客觀跡象顯示資產出現減值，則減值虧損會於損益內確認，並按資產賬面值與按原本實際利率貼現的估計未來現金流量的現值之間的差額計量。金融資產的賬面值通過使用撥備賬減少。倘金融資產的任何部分被確定為無法收回時，則於相關金融資產的撥備賬撇銷。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 Financial Instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

For Available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

Any impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

4. 重大會計政策概要(續)

4.9 金融工具(續)

(ii) 金融資產的減值虧損(續)

可供出售金融資產

倘公平值減少構成減值的客觀證據，虧損金額於權益中扣除並於損益內確認。

倘投資公平值的增加客觀上與確認減值虧損後發生的事件相關，則可供出售債務投資的任何減值虧損其後會於損益中撥回。

就可供出售股本投資而言，減值虧損後之任何公平值增加乃於其他全面收益內確認。

就按成本列賬之可供出售股本投資而言，減值虧損金額乃按資產賬面值與經按類似金融資產之現行市場回報率貼現的估計未來現金流量現值兩者之差額計量。該等減值虧損不予撥回。

(iii) 金融負債

本集團視乎負債產生的目的將其金融負債分類。按攤銷成本計量之金融負債初步按公平值減所產生的直接應佔成本計量。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 Financial Instruments (Continued)

(iii) Financial liabilities (Continued)

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables and the amount due to an associate are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Convertible bonds

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

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

4. 重大會計政策概要(續)

4.9 金融工具(續)

(iii) 金融負債(續)

按攤銷成本計量之金融負債

按攤銷成本計量之金融負債包括貿易應付賬款及其他應付款項及應付一間聯營公司款項，其後使用實際利率法按攤銷成本計量。有關利息開支於損益內確認。

收益或虧損於終止確認負債時透過攤銷於損益內確認。

(iv) 可換股債券

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

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

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 Financial Instruments (Continued)

(iv) Convertible bonds (Continued)

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

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

(v) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

4. 重大會計政策概要(續)

4.9 金融工具(續)

(iv) 可換股債券(續)

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

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

(v) 實際利率法

實際利率法為計算金融資產或金融負債攤銷成本及就有關期間分配利息收入或利息開支的方法。實際利率為透過金融資產或負債預計年期或(如適用)較短期間準確貼現估計未來現金收款或付款的利率。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 Financial Instruments (Continued)

(vi) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

4.10 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents 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.

4. 重大會計政策概要(續)

4.9 金融工具(續)

(vi) 股本工具

本公司發行之股本工具按收取之所得款項扣除直接發行成本入賬。

(vii) 終止確認

貴集團在與金融資產有關的未來現金流量合約權利屆滿，或金融資產已轉讓，且該轉讓根據香港會計準則第39號符合終止確認標準時，終止確認金融資產。

金融負債於有關合約所訂明責任解除、註銷或屆滿時終止確認。

4.10 存貨

存貨初始按成本確認，其後按成本及可變現淨值之較低者確認。成本包括所有採購成本、轉移成本及將存貨達致其目前地點及狀況所產生之其他成本。成本按加權平均法計算。可變現淨值相當於一般業務過程中之估計售價減去達致完成之估計成本及作出銷售所需之估計成本。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.11 Revenue recognition

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

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

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

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

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing (see note 4.7(i)).

4. 重大會計政策概要(續)

4.11 收益確認

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

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

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

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

本集團確認經營租賃產生之收益的會計政策，於有關租賃之會計政策載述(見附註4.7(i))。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.12 Income tax

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

4. 重大會計政策概要(續)

4.12 所得稅

本年度之所得稅包括即期稅項及遞延稅項。

即期稅項乃日常業務所得損益(已就毋須繳納所得稅或不獲寬減所得稅的項目作出調整)，按於報告期末已頒佈或實質上已頒佈的稅率計算。

遞延稅項乃因就財務報告而言資產及負債之賬面值與就稅務而言之相關金額之暫時差額而確認。除商譽及不影響會計或應課稅溢利之已確認資產及負債之外，所有應課稅暫時差額均被確認為遞延稅項負債。倘可動用可扣稅之暫時差額抵銷應課稅溢利時，遞延稅項資產方會確認。遞延稅項乃按預期於有關資產變現或有關負債結算之期間適用之稅率，根據報告期末時已頒佈或實際已頒佈之稅率計算。

遞延稅項負債乃按於附屬公司及聯營公司之投資而產生之應課稅暫時差額確認入賬，惟倘本集團可控制暫時差額之撥回並預期該暫時差額將不會在可見將來撥回者除外。

所得稅乃於損益確認，除非該等稅項與於其他全面收益確認的項目有關，在此情況下該等稅項亦於其他全面收益內確認，或該等稅項與於權益直接確認的項目相關，在此情況下該等稅項亦於權益內直接確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.13 Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the “functional currency”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

4. 重大會計政策概要(續)

4.13 外幣

集團實體以其經營業務所在主要經濟環境貨幣(「功能貨幣」)以外的貨幣進行之交易，按交易發生時的適用匯率入賬。外幣貨幣資產及負債則以報告期末的適用匯率換算。按公平值入賬並以外幣計值的非貨幣項目重新按公平值釐定當日的現行匯率換算。以外幣歷史成本計量的非貨幣項目毋須重新換算。

結算與換算貨幣項目產生的匯兌差額於其產生期間於損益內確認。重新換算按公平值列賬的非貨幣項目產生的匯兌差額計入期內損益，惟重新換算有關收益及虧損於其他全面收益內確認的非貨幣項目產生的差額除外，在此情況下，匯兌差額亦於其他全面收益內確認。

綜合賬目時，海外業務之收支項目以年內平均匯率換算為本集團之呈報貨幣(即港幣)，除非期內匯率大幅波動，則按進行該等交易時之相若匯率換算。所有海外業務之資產及負債均以報告期末之匯率換算。所產生之匯兌差額(如有)，於其他全面收益確認，並累計至權益入賬為外匯儲備。

出售海外業務時，外匯儲備內確認該業務截至出售日期止之累計匯兌差額將分類至損益，作為出售溢利或虧損之一部分。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.13 Foreign currency (Continued)

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the foreign exchange reserve.

4.14 Employee benefits

(i) Short-term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Retirement benefit costs

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

(iii) Termination benefits

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

4. 重大會計政策概要(續)

4.13 外幣(續)

於二零零五年一月一日或以後，收購海外業務產生的有關所收購可識別資產的商譽及公平價值調整乃視為該海外業務的資產及負債，並按於報告期末的現行匯率進行換算。產生的匯兌差額乃於外匯儲備內確認。

4.14 僱員福利

(i) 短期僱員福利

短期僱員福利為預期於僱員提供相關服務之年度報告期末後十二個月之前悉數結清的僱員福利(終止福利除外)。短期僱員福利於僱員提供相關服務的年度內確認。

(ii) 退休福利成本

於員工提供服務且有權獲得供款時，向國家管理的退休福利計劃及強積金計劃之供款被確認為開支。

(iii) 終止福利

終止福利於本集團不能取消提供該等福利時以及本集團確認重組成本(涉及支付終止福利)時(以較早日期為準)確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.15 Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment/investment property under cost model;
- intangible assets; and
- investments in subsidiaries and an associate

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

4. 重大會計政策概要(續)

4.15 資產減值(金融資產除外)

於各報告期末，本集團檢討下列資產之賬面值，以釐定是否有任何跡象顯示該等資產已出現減值虧損或過往確認之減值虧損不再存在或可能已經減少：

- 物業、廠房及設備／成本模型下的投資物業；
- 無形資產；及
- 於附屬公司及聯營公司之投資

倘資產的可收回金額(即公平值減出售成本與使用價值之較大者)估計少於其賬面值，該資產的賬面值將減至其可收回金額。減值虧損即時確認為開支，除非相關資產根據另一條香港財務報告準則按重估金額入賬，在此情況下，減值虧損則根據該條香港財務報告準則被視為重估減值。

倘其後撥回減值虧損，則該項資產的賬面值回升至經修訂後的估計可收回金額，惟增加後的賬面值不能超過倘該資產於過往年度並無確認減值虧損而原應釐定的賬面值。減值虧損撥回即時確認為收入，除非相關資產根據另一條香港財務報告準則按重估金額入賬，在此情況下，減值虧損撥回則根據該條香港財務報告準則被視為重估增值。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.15 Impairment of assets (other than financial assets) (Continued)

Value in use is based on the estimated future cash flows expected to be derived from the asset, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

4.16 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

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

4.17 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

4. 重大會計政策概要(續)

4.15 資產減值(金融資產除外)(續)

使用價值乃根據預期自資產產生的估計日後現金流量，並使用反映當前市場對金錢時間價值的評估及該資產或現金產生單位獨有的風險的稅前折現率將其折現至現值。

4.16 借款成本

直接源於收購或生產合資格資產之借款成本乃資本化為資產成本的一部分，直至籌備資產作其擬定用途或銷售的絕大部分所需活動已完成為止，此後，有關開支於損益扣除。合資格資產為必需長時間準備方能用作擬定用途或銷售的資產。借款成本資本化於自主開發中斷的較長期間暫停。

合資格資本化的借款成本金額為期內就借款產生的實際借款成本減暫時投資借款的任何投資收入。

所有其他借款成本於其產生期間於損益內確認。

4.17 撥備及或然負債

當本集團因過往事件須負上法律或推定責任而可能導致流出經濟利益，且該經濟利益能夠合理估計時，則會就未能確定時間或金額之負債確認撥備。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.17 Provisions and contingent liabilities (Continued)

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, the existence of which 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.

4.18 Government grants

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

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

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred income on government grants and are credited to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the expected lives of the related assets.

4.19 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the year in which the dividends are approved by the Company's shareholders or directors, where appropriate.

4. 重大會計政策概要(續)

4.17 撥備及或然負債(續)

倘不太可能需要流出經濟利益，或該金額未能可靠估計，則該責任將披露為或然負債，惟流出經濟利益的機會極微則除外。僅以發生或無發生一項或多項日後事件方可確定是否存在的可能責任，亦會披露為或然負債，惟流出經濟利益的機會極微則除外。

4.18 政府補助

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

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

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

4.19 股息分派

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

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.20 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 key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following conditions apply:
- (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.

4. 重大會計政策概要(續)

4.20 關聯方

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

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.20 Related parties (Continued)

- (b) An entity is related to the Group if any of the following conditions apply: (Continued)
- (v) The entity is a post-employment benefit plan for the benefit of the employees of 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 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 Company'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 and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

4. 重大會計政策概要(續)

4.20 關聯方(續)

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

任何人士的近親是指與該實體交易時預期可影響該名人士或受該人士影響的家庭成員，包括：

- (i) 該人士之子女及配偶或同住伴侶；
- (ii) 該人士之配偶或同住伴侶之子女；及
- (iii) 該人士或該人士之配偶或同住伴侶之受養人。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4 to the consolidated financial statements, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Impairment of interest in an associate

The Group's interest in an associate represents interest in Smart Ascent Limited and its subsidiaries (the "Smart Ascent Group"). The major asset held by the Smart Ascent Group is an intangible asset in relation to an in-process research and development project (the "In-process R&D") involving an oral insulin product (the "Product"). As at 31 March 2018, the carrying amount of the Group's interest in an associate amounted to HK\$330,970,000 (2017: HK\$330,969,000). The directors of the Company have performed an impairment assessment on the Group's interest in an associate as at 31 March 2018, with reference to a valuation report prepared by an independent qualified valuer, Roma Appraisals Limited, using asset-based approach and are of the view that no impairment provision is required.

5. 重大會計判斷及估計不明朗因素之主要來源

在應用載述於綜合財務報表附註4之本集團會計政策時，本公司董事須對未能輕易地從其他來源確定的資產及負債賬面值作出判斷、估計及假設。該等估計及相關假設是根據過往經驗及被認為相關的其他因素而作出。實際結果或會與該等估計有所不同。

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

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

於一間聯營公司之權益減值

本集團於一間聯營公司之權益指於進生有限公司及其附屬公司(「進生集團」)之權益。進生集團所持之主要資產為有關進行中之研究及開發項目(「進行中之研發」)的無形資產，當中涉及口服胰島素產品(「產品」)。於二零一八年三月三十一日，本集團於一間聯營公司之權益賬面值為330,970,000港元(二零一七年：330,969,000港元)。本公司董事已採用資產法經參考獨立合資格估值師羅馬國際評估有限公司編製之估值報告，就本集團於二零一八年三月三十一日於一間聯營公司之權益進行減值評估，並認為毋須作出減值撥備。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment of interest in an associate (Continued)

In making the assessment, key assumptions adopted by the management include that Smart Ascent Group would be successful in completing the clinical trials, obtaining the regulatory approvals from the relevant government bodies and launching the Product by the middle of 2020 (2017: end of 2019).

Should the actual outcome of the clinical trials, obtaining of the regulatory approvals and the launching of the Product be unsuccessful or delayed; and of any other key assumptions applied in preparing the cash flow projections, including the discount rates and growth rate assumptions used be different from what were adopted by the management, the recoverable amounts of the Group's interest in associate for impairment test purpose could be different from what have been determined by the management. This could affect the carrying amount of Group's interest in associate as well as the Group's profit for the year as reported.

Impairment loss on trade receivables

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

Impairment of prepaid lease payments and buildings

As at 31 March 2018, the prepaid lease payments and buildings are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amounts have been determined based on value-in-use calculations or market valuations. These valuations require the use of judgements and estimates.

5. 重大會計判斷及估計不明朗因素之主要來源(續)

於一間聯營公司之權益減值(續)

在進行評估時，管理層所應用之主要假設包括進生集團將於二零二零年年中前成功完成臨床試驗、取得有關政府監管部門批准並推出產品(二零一七年：二零一九年年底)。

倘產品臨床試驗實際結果、取得有關監管批准及推出產品不成功或延遲，及編製現金流量預測所應有之任何其他關鍵假設(包括所應用的貼現率或增長率假設)不同於管理層所應用之假設，則減值測試之本集團於聯營公司之權益之可收回金額可能與管理層所釐定金額有所不同。這可能會影響本集團於聯營公司之權益之賬面值以及本集團呈報之本年度溢利。

貿易應收賬款之減值虧損

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

預付租賃付款及樓宇之減值

於二零一八年三月三十一日，預付租賃付款及樓宇於發生事件或環境出現改變，顯示該等資產之賬面值超過其可收回金額時，檢討是否有減值。可收回金額乃按使用價值計算或市場估值釐定。該等估值須使用判斷及估計。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment of prepaid lease payments and buildings (Continued)

Management's judgement is required in the area of assets impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related assets value may not be recoverable; and (ii) whether the carrying amounts of assets can be supported by the recoverable amount, being the higher of fair value less costs of disposal or net present amounts future cash flows which are estimated based upon the continued use of the assets in the business. The management performed an impairment assessment on its prepaid lease payments and buildings as at 31 March 2018, with reference to the valuation report prepared by an independent qualified valuer using the depreciate replacement cost approach. The fair values of these assets were higher than their carrying amounts. Accordingly, no impairment loss is recognised for prepaid lease payments and buildings based on the impairment assessment performed by the management as at 31 March 2018 (2017: nil).

As at 31 March 2018, the carrying amounts of prepaid lease payments and buildings are approximately HK\$10,017,000 (2017: HK\$9,299,000) and HK\$126,776,000 (2017: HK\$116,728,000) respectively.

Impairment loss on slow-moving and obsolete inventories

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

5. 重大會計判斷及估計不明朗因素之主要來源(續)

預付租賃付款及樓宇之減值(續)

管理層須於評估資產減值時作出判斷，尤其是評估：(i) 是否已出現任何事件顯示有關資產價值可能無法收回；及(ii) 資產可收回金額(即公平值減出售成本或估計繼續在業務中使用資產所帶來的未來現金流量現值淨額兩者中的較高者)是否足以支持賬面值。於二零一八年三月三十一日，管理層採用折舊置換成本法經參考獨立合資格估值師編製之估值報告就其預付租賃付款及樓宇進行減值評估。該等資產之公平值高於其賬面值。因此，根據管理層於二零一八年三月三十一日進行之減值評估，概無就預付租賃付款及樓宇確認減值虧損(二零一七年：無)。

於二零一八年三月三十一日，預付租賃付款及樓宇之賬面值分別約為10,017,000港元(二零一七年：9,299,000港元)及126,776,000港元(二零一七年：116,728,000港元)。

滯銷及過期存貨減值虧損

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

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment loss on slow-moving and obsolete inventories (Continued)

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

Fair value of investments in convertible bonds

The fair value of embedded conversion option of convertible bonds invested by the Group is calculated using valuation techniques. Valuation techniques are certified by independent and recognised international business valuers before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Valuation models established by valuers make the maximum use of market inputs and rely as little as possible on the Group's specific data. The model involves estimates on time to expiration, risk free rate, share price, volatility, discount rate and others. As at 31 March 2018, the carrying amount of the embedded conversion option of convertible bonds invested by the Group is HK\$4,296,000 (2017: HK\$21,078,000).

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

5. 重大會計判斷及估計不明朗因素之主要來源(續)

滯銷及過期存貨減值虧損(續)

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

可換股債券投資之公平值

本集團投資之可換股債券之嵌入式換股權之公平值乃採用估值法計算。估值法經獨立及獲認可國際商業估值師於估值前核實並予以調整，以確保得出的數據反映市況。估值師確定之估值模式會充分利用市場輸入數據而盡量少依賴本集團之特定數據。該模式涉及對到期時間、無風險利率、股價、波動、貼現率及其他因素之估計。於二零一八年三月三十一日，本集團投資之可換股債券之嵌入式換股權之賬面值為4,296,000港元(二零一七年：21,078,000港元)。

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

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

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

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

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

Income taxes

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

5. 重大會計判斷及估計不明朗因素之主要來源(續)

本公司發行之可換股債券換股權的公平值

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

倘估計出現任何修訂，則可能導致本公司發行之可換股債券之公平值出現重大變動。

所得稅

本集團須繳納數個司法權區的所得稅。在釐定所得稅撥備時，需要作出重大估計。多項交易及計算之最終稅項釐定於日常業務過程中均屬不明確。本集團按照額外稅項是否將會到期的估計確認有關預計稅項審計事宜的責任。倘該等事宜的最終稅務結果有別於最初記賬的金額，有關差異將會影響作出有關釐定期間的所得稅及遞延稅項撥備。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

6. REVENUE AND SEGMENT INFORMATION 6. 收益及分類資料

Revenue for the year represents the fair value of amounts received and receivable for goods sold to external customers, less discounts and sales-related taxes for the year, and is analysed as follows:

年內收益指向外間客戶出售貨品而已收及應收款項之公平值扣除年內之折扣及銷售相關稅項，分析如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Manufacturing of pharmaceutical products	製造藥品	60,176	44,477
Trading of pharmaceutical products	藥品貿易	25,586	63,426
		85,762	107,903

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

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

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products they provide. Each of the Group's operating segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other business segments. Summarised details of the reportable and operating segments are as follows:

本集團之經營業務乃按照其業務性質及所提供之產品獨立分類及管理。本集團各經營分類乃提供產品之策略性業務單位，各業務分類之風險及回報不盡相同。可呈報經營分類之概要詳情如下：

- | | |
|--|-------------------------------------|
| (a) the manufacturing segment engages in the development, manufacture and sales of pharmaceutical products ("Manufacturing"); | (a) 製造分類從事開發、製造及銷售藥品(「製造」)； |
| (b) the trading segment engages in the marketing and distribution of imported pharmaceutical products ("Trading"); and | (b) 貿易分類從事推廣及經銷進口藥品(「貿易」)；及 |
| (c) the gene development segment engages in the commercial exploitation and development of genome-related technology ("Gene Development"). | (c) 基因開發分類從事基因相關技術之商業開發及研發(「基因開發」)。 |

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

6. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results

The following is the Group's revenue and results from operation by reportable and operating segment.

	Manufacturing 製造		Trading 貿易		Gene Development 基因開發		Total 總計	
	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Revenue								
Sales to external customers	60,176	44,477	25,586	63,426	—	—	85,762	107,903
Segment results	(3,695)	(12,044)	(6,009)	2,709	(83)	(83)	(9,787)	(9,418)
Unallocated other income							90,514	77,418
Unallocated other gains and losses, net							(37,735)	(33,397)
Corporate expenses							(7,217)	(7,227)
Effective interest expense on convertible bonds							(6,590)	(5,552)
Share of results of an associate							1	(2,897)
Profit before income tax							29,186	18,927
Income tax credit/(expense)							86	(616)
Profit for the year							29,272	18,311

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4 to the consolidated financial statements. Segment profit/(loss) represents the profit earned by/(loss from) each segment without allocation of interest income, effective interest income from investments in convertible bonds, other gains and losses, net, corporate expenses, share of results of an associate and effective interest expense on convertible bonds. This is the measure reported to the chief operating decision maker, being the board of directors, for the purposes of resource allocation and performance assessment.

分類收益及業績

以下為按可呈報經營分類劃分之來自經營業務之本集團收益及業績。

經營分類之會計政策與綜合財務報表附註4所述本集團之會計政策相同。分類溢利/(虧損)指在並無分配利息收入、可換股債券投資之實際利息收入、其他收益及虧損淨額、企業開支、應佔一間聯營公司業績及可換股債券之實際利息開支之情況下，各分類賺取之溢利/(產生之虧損)。此計量為向首席營運決策者(即董事會)呈報以用作資源分配及表現評估。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

6. REVENUE AND SEGMENT INFORMATION (Continued)

6. 收益及分類資料(續)

Segment assets and liabilities

The following is the Group's assets and liabilities by reportable and operating segment.

分類資產及負債

以下為按可呈報經營分類劃分之本集團資產及負債。

	Manufacturing 製造		Trading 貿易		Gene development 基因開發		Total 總計	
	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Segment assets 分類資產								
Segment assets 分類資產	201,454	186,775	90,707	144,865	6	6	292,167	331,646
Investments in convertible bonds 可換股債券投資							417,783	376,324
Interest in an associate 於一間聯營公司之權益							330,970	330,969
Corporate and other assets 企業及其他資產							175,863	133,730
Total assets 資產總額							1,216,783	1,172,669
Segment liabilities 分類負債								
Segment liabilities 分類負債	82,269	77,121	4,700	13,992	64	64	87,033	91,177
Convertible bonds 可換股債券							41,812	35,222
Corporate and other liabilities 企業及其他負債							20,859	20,419
Total liabilities 負債總額							149,704	146,818

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than investments in convertible bonds, interest in an associate and corporate and other assets; and
- all liabilities are allocated to operating segments other than convertible bonds and corporate and other liabilities.

就監察分類表現及於分類間分配資源而言：

- 除可換股債券投資、於一間聯營公司之權益及企業及其他資產外，所有資產均分配至經營分類；及
- 除可換股債券及企業及其他負債外，所有負債均分配至經營分類。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

6. REVENUE AND SEGMENT INFORMATION 6. 收益及分類資料(續)
(Continued)

Other segment information

其他分類資料

	Manufacturing 製造		Trading 貿易		Gene Development 基因開發		Total 總計	
	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Amounts included in the measure of segment profit or loss:								
Depreciation and amortisation	6,393	6,483	94	99	—	—	6,487	6,582
Unallocated depreciation and amortisation							133	132
							6,620	6,714
Provision for impairment on trade receivables, net	3,218	4,456	—	—	—	—	3,218	4,456
Bad debts recovered	(3,431)	—	—	—	—	—	(3,431)	—
Gain on disposal of intangible assets	—	(2,819)	—	—	—	—	—	(2,819)
Provision for impairment loss on inventories, net	85	—	—	—	—	—	85	—

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

6. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations are located in the People's Republic of China (the "PRC") and Malaysia.

Information about the Group's revenue from external customers is presented based on the location of the customers and distributors. Information about the Group's non-current assets is presented based on the geographical location of the assets.

6. 收益及分類資料(續)

地理資料

本集團之業務位於中華人民共和國(「中國」)及馬來西亞。

有關來自外間客戶之本集團收益之資料乃按客戶及經銷商所在地呈列。有關本集團非流動資產之資料乃按資產所在地理位置呈列。

		Revenue from external customers 來自外間客戶之收益		Non-current assets 非流動資產	
		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元 (Note) (附註)	2017 二零一七年 HK\$'000 千港元 (Note) (附註)
Hong Kong	香港	—	—	475	564
The PRC	中國	83,233	84,434	521,730	506,082
Macau	澳門	2,529	23,469	—	—
		85,762	107,903	522,205	506,646

Note: Non-current assets exclude financial instruments and deferred tax assets.

附註：非流動資產不包括金融工具及遞延稅項資產。

Information about major customers

Revenue from customers contributing over 10% of the total revenue are as follows:

主要客戶資料

佔總收益超過10%之客戶之收益如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Customer A	客戶甲	23,058	39,928
Customer B	客戶乙	—	23,469

Note: Revenue from customers A and B are generated from trading of pharmaceutical products.

附註：來自客戶甲及客戶乙之收益均由藥品貿易所產生。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

7. OTHER INCOME

7. 其他收入

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Interest income	利息收入	1,806	1,299
Rental income	租金收入	—	54
Sundry income	雜項收入	—	50
Government grants	政府補助	172	193
Effective interest income from investments in convertible bonds (note 19)	可換股債券投資之實際利息收入(附註19)	83,266	71,786
Imputed interest income from amount due from an associate (note 22)	應收一間聯營公司款項之估算利息收入(附註22)	5,270	4,036
		90,514	77,418

8. OTHER GAINS AND LOSSES, NET

8. 其他收益及虧損淨額

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Gain on disposal of intangible assets	出售無形資產之收益	—	2,819
Change in fair value of derivative component of investments in convertible bonds (note 19)	可換股債券投資之衍生工具部分之公平值變動(附註19)	(16,782)	(33,397)
Impairment loss on available-for-sale investments (note 20)	可供出售投資減值虧損(附註20)	(20,953)	—
Provision for impairment on trade receivables, net (note 24)	貿易應收賬款減值撥備淨額(附註24)	(3,218)	(4,456)
Bad debts recovered	已收回壞賬	3,431	—
		(37,522)	(35,034)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

9. PROFIT BEFORE INCOME TAX

9. 除所得稅前溢利

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
	Notes 附註		
Profit before income tax is arrived at after charging:	除所得稅前溢利已扣除下列各項：		
Auditor's remuneration	核數師酬金	798	760
Amortisation of prepaid lease payments	預付租賃付款攤銷	233	228
Depreciation of investment properties	投資物業折舊	60	59
Depreciation of property, plant and equipment	物業、廠房及設備折舊	6,327	6,427
Cost of inventories recognised as expenses	確認為費用之存貨成本	43,713	64,007
Operating lease charges in respect of land and buildings	有關土地及樓宇之經營租賃費用	1,826	1,792
Provision for impairment loss on inventories, net*	存貨減值虧損撥備淨額*	85	—
Staff costs (including directors' emoluments)	員工成本(包括董事薪酬)		
Salaries, bonus and allowances	薪金、花紅及津貼	23,362	23,581
Retirement benefits scheme contributions	退休福利計劃供款	2,484	3,172

* included in cost of sales.

* 計入銷售成本。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

10. 董事及最高行政人員酬金

Name of director 董事姓名	Fee 袍金		Salaries and other benefits 薪金及其他福利		Retirement benefit scheme contributions 退休福利計劃供款		Total 總計	
	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Xie Yi 謝毅	70	70	1,316	1,316	—	—	1,386	1,386
Lou Yi 樓屹	70	70	487	487	—	—	557	557
Cheng Yong 程勇	70	70	487	487	—	—	557	557
Wong Sau Kuen 王秀娟	70	70	787	787	18	18	875	875
Liu Kwok Wah 廖國華	70	70	995	995	18	18	1,083	1,083
Lu Zhiqiang 盧志強	12	—	647	108	—	—	659	108
Fang Lin Hu 方林虎	70	70	—	—	—	—	70	70
Xue Jing Lun 薛京倫	70	70	—	—	—	—	70	70
Jin Song 金松	70	70	—	—	—	—	70	70
	572	560	4,719	4,180	36	36	5,327	4,776

Xie Yi is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

No emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office for both years. None of the directors has waived or agreed to waive any emoluments for both years.

謝毅亦為本公司最高行政人員，其上述披露酬金包括其作為最高行政人員所提供服務的酬金。

於該兩個年度內，本集團並無向任何董事支付酬金，作為加入本集團或入職時之誘勵或離職補償。於該兩個年度內，概無任何董事放棄或同意放棄收取任何酬金。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

11. FIVE HIGHEST PAID INDIVIDUALS, SENIOR MANAGEMENT'S EMOLUMENTS AND EMPLOYEES' BENEFITS

(a) The five highest paid individuals

Of the five individuals with the highest emoluments in the Group, four (2017: three) were directors of the Company whose emoluments are included in the disclosures in note 10 above. The emoluments of the remaining one (2017: two) individual(s) were as follows:

	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Salaries and allowance 薪金及津貼	761	1,356
Retirement benefit scheme contributions 退休福利計劃供款	7	25
	768	1,381

The emoluments of each of the above highest paid individuals (excluding the directors of the Company) were all within the following bands:

	2018 二零一八年 Number of individuals 人數	2017 二零一七年 Number of individuals 人數
Nil to HK\$1,000,000 零至1,000,000港元	1	2

During both years, no emoluments were paid by the Group to the five highest paid individuals and directors as an inducement to join or upon joining the Group or as compensation for loss of office, and no highest paid individual has waived or, agreed to waive any emoluments.

11. 五位最高薪酬人士、高層管理人員酬金及僱員福利

(a) 五位最高薪酬人士

本集團五位最高薪酬人士中四名(二零一七年:三名)為本公司董事,彼等之酬金於上文附註10內披露。其餘一名(二零一七年:兩名)人士支付之酬金如下:

	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Salaries and allowance 薪金及津貼	761	1,356
Retirement benefit scheme contributions 退休福利計劃供款	7	25
	768	1,381

上述各最高薪酬人士(不包括本公司董事)之酬金介乎下列範圍內:

	2018 二零一八年 Number of individuals 人數	2017 二零一七年 Number of individuals 人數
Nil to HK\$1,000,000 零至1,000,000港元	1	2

於該兩個年度內,本集團並無向五位最高薪酬人士及董事支付酬金,作為加入本集團或入職時之誘勵或離職補償,及概無最高薪酬人士放棄或同意放棄任何酬金。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

11. FIVE HIGHEST PAID INDIVIDUALS, SENIOR MANAGEMENT'S EMOLUMENTS AND EMPLOYEES' BENEFITS (Continued)

(b) Share option scheme

On 24 August 2012, the shareholders of the Company approved the adoption of a new share option scheme (the "Scheme"), as the share option scheme adopted by the Company on 8 August 2002 expired on 14 August 2012. The Scheme became effective on 29 August 2012 after obtaining approval from the Listing Committee of the Stock Exchange and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The Scheme provides incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors (including independent non-executive directors), other employees of the Group, suppliers of goods or services to the Group, customers of the Group, and any non-controlling interests in the Company's subsidiaries.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

11. 五位最高薪酬人士、高層管理人員酬金及僱員福利(續)

(b) 購股權計劃

於二零一二年八月二十四日，本公司股東批准採納新購股權計劃(「該計劃」)，原因為本公司於二零零二年八月八日採納之購股權計劃已於二零一二年八月十四日屆滿。該計劃在取得聯交所上市委員會批准後於二零一二年八月二十九日生效，除非以其他方式取消或修訂，否則該計劃將自該日起計十年內一直有效。

該計劃為對本集團營運成功作出貢獻之合資格參與者提供獎勵及回報。該計劃之合資格參與者包括本公司董事(包括獨立非執行董事)、本集團之其他僱員、本集團之貨品或服務供應商、本集團客戶及本公司附屬公司之任何非控股權益。

向本公司董事、最高行政人員或主要股東或彼等之任何聯繫人授出購股權，須事先取得獨立非執行董事批准。此外，倘於任何12個月期間向本公司主要股東或獨立非執行董事或彼等之任何聯繫人授出之任何購股權，涉及超過本公司於任何時間已發行股份之0.1%，或總值(按照本公司股份於授出日期之價格計算)超過5,000,000港元，則須事先於股東大會上獲股東批准。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

11. FIVE HIGHEST PAID INDIVIDUALS, SENIOR MANAGEMENT'S EMOLUMENTS AND EMPLOYEES' BENEFITS (Continued)

(b) Share option scheme (Continued)

The offer of a grant of share options may be accepted in writing within 21 days from the date of the offer, upon payment of nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted shall be determined by the directors at their absolute discretion, but in any event shall not be more than 10 years from the date of the offer of the share options. The directors of the Company may at their absolute discretion impose any vesting period at the date of grant.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of grant; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares on the date of grant.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meeting.

From the effective date of the Scheme to 31 March 2018, no share options have been granted, exercised, cancelled or lapsed under the Scheme.

11. 五位最高薪酬人士、高層管理人員酬金及僱員福利(續)

(b) 購股權計劃(續)

承授人可於建議日期起計21日內，於支付合共1港元之象徵式代價後，以書面接納授出購股權之建議。所授出購股權之行使期由董事全權酌情決定，惟無論如何不得遲於購股權建議日期起計10年。本公司董事可於授出日期全權酌情規定任何歸屬期。

購股權之行使價可由董事釐定，惟不得低於以下三者中之最高者：(i)本公司股份於授出日期在聯交所日報表所報之收市價；(ii)本公司股份於緊接授出日期前五個營業日在聯交所日報表所報之平均收市價；及(iii)本公司股份於授出日期之面值。

購股權並不賦予持有人獲分派股息或於股東大會投票之權利。

自該計劃生效日期至二零一八年三月三十一日止期間，概無購股權根據該計劃獲授出、行使、註銷或失效。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

11. FIVE HIGHEST PAID INDIVIDUALS, SENIOR MANAGEMENT'S EMOLUMENTS AND EMPLOYEES' BENEFITS (Continued)

(c) Retirement benefits schemes

The Group has joined a mandatory provident fund scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Scheme Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme.

The retirement benefits cost of the MPF Scheme charged to the consolidated statement of profit or loss and other comprehensive income represents contributions payable to the fund by the Group at rates specified in the rules of the scheme.

The employees of the Group's subsidiaries in the PRC are members of the state-sponsored retirement benefit scheme organised by the relevant local government authority in the PRC. The subsidiaries are required to contribute, based on a certain percentage of the salaries of its employees, to the retirement benefit scheme and have no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions.

11. 五位最高薪酬人士、高層管理人員酬金及僱員福利(續)

(c) 退休福利計劃

本集團已參加為所有香港合資格僱員而設之強制性公積金計劃(「強積金計劃」)。強積金計劃乃根據強制性公積金計劃條例於強制性公積金計劃管理局登記。強積金計劃之資產與本集團之資產分開持有，於基金之資產由獨立受託人控制。根據強積金計劃之規則，僱主及其僱員分別須向計劃作出按規則指定之比率計算之供款。本集團有關強積金計劃之唯一責任為根據計劃作出規定供款。

於綜合損益及其他全面收益表中扣除之強積金計劃退休福利成本指本集團按計劃規則指定比率應付基金之供款。

本集團之中國附屬公司僱員為由中國有關地方政府機關組織之國家管理退休福利計劃成員。附屬公司須按其僱員薪金之若干百分比向退休福利計劃供款，除每年供款外，並無任何實際支付退休金或退休後福利之進一步責任。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

12. INCOME TAX

The amount of income tax (credit)/expense in the consolidated statements of profit or loss and other comprehensive income represents:

12. 所得稅

綜合損益及其他全面收益表中之所得稅(抵免)/支出款項指：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Current tax	即期稅項		
– Hong Kong	– 香港	45	56
– PRC Enterprise Income Tax	– 中國企業所得稅	—	554
– Other jurisdictions	– 其他司法權區	40	40
		85	650
Overprovision in prior years	過往年度超額撥備		
– Hong Kong	– 香港	—	(19)
– Other jurisdictions	– 其他司法權區	—	(15)
		—	(34)
		85	616
Deferred tax (Note 30)	遞延稅項(附註30)		
– current year	– 本年度	(171)	—
– over provision in prior years	– 過往年度超額撥備	—	—
		(171)	—
Income tax (credit)/expense	所得稅(抵免)/支出	(86)	616

Hong Kong Profits Tax has been provided at the rate of 16.5% (2017: 16.5%) of the estimated assessable profits for both years.

於該兩個年度，香港利得稅乃按估計應課稅溢利以稅率16.5%（二零一七年：16.5%）作出撥備。

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2017: 25%).

根據中國企業所得稅法（「企業所得稅法」）及企業所得稅法實施條例，中國附屬公司之稅率為25%（二零一七年：25%）。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

12. INCOME TAX (Continued)

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The income tax (credit)/expense for the year can be reconciled to the profit before income tax expense in the consolidated statements of profit or loss and other comprehensive income as follows:

12. 所得稅(續)

於其他司法權區產生之稅項乃按有關司法權區現行稅率計算。

本年度所得稅(抵免)/支出與綜合損益及其他全面收益表所列之除所得稅支出前溢利對賬如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Profit before income tax expense	除所得稅支出前溢利	29,186	18,927
Tax calculated at domestic income tax rates applicable to profit or loss in the jurisdictions concerned	按適用於有關司法權區損益之本地所得稅稅率計算之稅項	(5,682)	(4,717)
Tax effect of expenses not deductible	不可扣稅之開支之稅務影響	6,997	4,199
Tax effect of income not taxable	不應課稅之收入之稅務影響	(1,233)	(178)
Tax effect of temporary differences not recognised	未確認暫時差額之稅務影響	(1,525)	(458)
Tax effect of tax losses not recognised	未確認稅項虧損之稅務影響	1,357	1,804
Over provision in prior years	過往年度超額撥備	—	(34)
Income tax (credit)/expense	所得稅(抵免)/支出	(86)	616

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Earnings	盈利		
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	用於計算每股基本盈利之盈利 (本公司擁有人應佔本年度溢利)	29,930	20,796
Effect of potential ordinary shares: Interest on convertible bonds (note 31)	潛在普通股之影響： 可換股債券利息(附註31)	6,590	5,552
Earnings for the purpose of diluted earnings per share	用於計算每股攤薄盈利之盈利	36,520	26,348

		2018 二零一八年 '000 千股	2017 二零一七年 '000 千股
Number of shares	股份數目		
Weighted average number of ordinary shares for the purpose of basic earnings per share	用於計算每股基本盈利之普通股 加權平均數	2,390,000	2,390,000
Effect of potential ordinary shares: Convertible bonds	潛在普通股之影響： 可換股債券	900,000	900,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	用於計算每股攤薄盈利之普通股 加權平均數	3,290,000	3,290,000

13. 每股盈利

本公司擁有人應佔每股基本及攤薄盈利乃按下列數據計算：

14. DIVIDENDS

No dividend was paid or declared by the board of directors during the year ended 31 March 2018, nor has any dividend been proposed since the end of reporting period (2017: nil).

14. 股息

截至二零一八年三月三十一日止年度，董事會並未派付或宣派任何股息，而自報告期末以來亦無建議派付任何股息(二零一七年：無)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

15. INVESTMENT PROPERTIES

15. 投資物業

		HK\$'000 千港元
COST	成本	
At 1 April 2016, 31 March 2017, 1 April 2017 and 31 March 2018	於二零一六年四月一日、二零一七年 三月三十一日、二零一七年四月一日及 二零一八年三月三十一日	8,057
ACCUMULATED DEPRECIATION AND IMPAIRMENT	累計折舊及減值	
At 1 April 2016	於二零一六年四月一日	6,501
Charge for the year	本年度列支	59
At 31 March 2017 and 1 April 2017	於二零一七年三月三十一日及 二零一七年四月一日	6,560
Charge for the year	本年度列支	60
At 31 March 2018	於二零一八年三月三十一日	6,620
NET CARRYING AMOUNT	賬面淨值	
At 31 March 2018	於二零一八年三月三十一日	1,437
At 31 March 2017	於二零一七年三月三十一日	1,497

The above investment properties are depreciated using the straight line method, after taking into account their estimated residual value, over the lease terms of the leasehold land.

The Group's investment properties are located on land in the PRC with land use period from 1992 to 2042.

The fair value of the Group's investment properties at 31 March 2018 amounting to RMB3,200,000 (2017: RMB3,200,000) has been arrived at on the basis of valuation carried out for that date by Roma Appraisals Limited, an independent qualified valuer not connected with the Group. The valuation was arrived at by direct comparison approach with reference to market evidence of comparable transaction prices for similar properties as available in the relevant market.

上述投資物業經考慮其估計剩餘價值後，於租賃土地之租期內以直線法折舊。

本集團之投資物業位於中國，其土地使用期自一九九二年起至二零四二年為止。

於二零一八年三月三十一日，本集團之投資物業公平值為人民幣3,200,000元(二零一七年：人民幣3,200,000元)，金額乃按與本集團並無關連之獨立合資格估值師羅馬國際評估有限公司於該日進行之估值基準達致。估值乃經參考相關市場中可得的類似物業可資比較交易價格的市場憑證後按直接比較法達致。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

15. INVESTMENT PROPERTIES (Continued)

The fair value of the Group's investment properties as at 31 March 2018 is a level 3 recurring fair value measurement and based on the properties highest and best use, which does not differ from their actual use. The following table presents the fair value hierarchy into which the fair value measurement of these properties are categorised (Level 3), based on the degree to which the inputs to the fair value is unobservable. The valuation takes account of the condition and location of the buildings in the valuation of the property.

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Fair value hierarchy Level 3	公平值層級 第三級	3,200	3,200

There was no transfer among the categories in the hierarchy and no changes to the valuation techniques during the years ended 31 March 2018 and 2017.

15. 投資物業(續)

於二零一八年三月三十一日，本集團之投資物業之公平值按第三級經常性公平值計量並基於物業得到完全充分使用(與其實際用途相同)。下表呈列根據公平值計量輸入數據之不可觀察程度將該等物業之公平值計量分類之公平值層級(第三級)。在對物業進行估值時，該估值會計及樓宇的狀況及位置。

截至二零一八年及二零一七年三月三十一日止年度，該層級內各類別之間並未進行轉換，估值技術亦未發生改變。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

16. PROPERTY, PLANT AND EQUIPMENT 16. 物業、廠房及設備

		Buildings	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Total
		樓宇	廠房及機器	傢俬、固定裝置及設備	汽車	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
COST	成本					
At 1 April 2016	於二零一六年四月一日	139,144	37,031	6,893	4,518	187,586
Additions	添置	—	773	74	161	1,008
Disposals	出售	—	—	(4)	—	(4)
Exchange realignment	匯兌調整	(8,978)	(2,496)	(164)	(271)	(11,909)
At 31 March 2017 and 1 April 2017	於二零一七年三月三十一日及二零一七年四月一日	130,166	35,308	6,799	4,408	176,681
Additions	添置	24	76	24	—	124
Exchange realignment	匯兌調整	13,972	3,972	265	433	18,642
At 31 March 2018	於二零一八年三月三十一日	144,162	39,356	7,088	4,841	195,447
ACCUMULATED DEPRECIATION AND IMPAIRMENT	累計折舊及減值					
At 1 April 2016	於二零一六年四月一日	11,179	5,100	5,399	3,997	25,675
Charge for the year	本年度列支	2,748	3,093	393	193	6,427
Disposals	出售	—	—	(4)	—	(4)
Exchange realignment	匯兌調整	(489)	(412)	(115)	(240)	(1,256)
At 31 March 2017 and 1 April 2017	於二零一七年三月三十一日及二零一七年四月一日	13,438	7,781	5,673	3,950	30,842
Charge for the year	本年度列支	2,811	2,932	388	196	6,327
Exchange realignment	匯兌調整	1,137	1,059	221	392	2,809
At 31 March 2018	於二零一八年三月三十一日	17,386	11,772	6,282	4,538	39,978
NET CARRYING AMOUNT	賬面淨值					
At 31 March 2018	於二零一八年三月三十一日	126,776	27,584	806	303	155,469
At 31 March 2017	於二零一七年三月三十一日	116,728	27,527	1,126	458	145,839

Depreciation expenses of HK\$1,180,000 (2017: HK\$1,167,000) and HK\$5,147,000 (2017: HK\$5,260,000) have been charged in administrative expenses and cost of sales respectively.

折舊費用1,180,000港元(二零一七年: 1,167,000港元)及5,147,000港元(二零一七年: 5,260,000港元)已分別於行政費用及銷售成本中列支。

The Group reported segmental losses of HK\$3,695,000 (2017: HK\$12,044,000) for the Manufacturing segment and HK\$6,009,000 (2017: profit of HK\$2,709,000) for the Trading segment during the year.

年內，本集團報告製造分類及貿易分類之分類虧損分別為3,695,000港元(二零一七年: 12,044,000港元)及6,009,000港元(二零一七年: 溢利2,709,000港元)。

As set out in note 5, management has made reference to the independent valuation of the buildings for the estimation of the recoverable amount. In addition, management conducted an impairment assessment on the segment as a whole and the recoverable amount of the segment, which is determined on the basis of value in use calculation, is higher than the carrying value of the segment's non-current assets. The directors are of the opinion that no impairment provision is required.

如附註5所載，管理層已參考樓宇之獨立估值，以估計可收回金額。此外，管理層對整體分類進行減值評估，而分類的可收回金額(根據使用價值計算釐定)高於分類非流動資產之賬面值。董事認為毋須作出減值撥備。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

17. PREPAID LEASE PAYMENTS

17. 預付租賃付款

		HK\$'000 千港元
COST	成本	
At 1 April 2016	於二零一六年四月一日	14,407
Exchange realignment	匯兌調整	(703)
At 31 March 2017 and 1 April 2017	於二零一七年三月三十一日及 二零一七年四月一日	13,704
Exchange realignment	匯兌調整	1,094
At 31 March 2018	於二零一八年三月三十一日	14,798
ACCUMULATED AMORTISATION AND IMPAIRMENT	累計攤銷及減值	
At 1 April 2016	於二零一六年四月一日	4,252
Charge for the year	本年度列支	228
Exchange realignment	匯兌調整	(75)
At 31 March 2017 and 1 April 2017	於二零一七年三月三十一日及 二零一七年四月一日	4,405
Charge for the year	本年度列支	233
Exchange realignment	匯兌調整	143
At 31 March 2018	於二零一八年三月三十一日	4,781
NET CARRYING AMOUNT	賬面淨值	
At 31 March 2018	於二零一八年三月三十一日	10,017
At 31 March 2017	於二零一七年三月三十一日	9,299

All land in the PRC is state-owned and no individual land ownership rights exist. The Group acquires the right to use certain land and the considerations paid for such right are recorded as prepaid lease payments, which are amortised over the lease terms of 40 to 50 years using the straight-line method.

Impairment assessment was conducted by management as mentioned in notes 5 and 16. Management concluded that no impairment is required after the assessment.

中國所有土地均為國有及不存在個人土地所有權。本集團收購若干土地使用權及支付有關權利之代價入賬列為預付租賃付款，按租期40至50年使用直線法攤銷。

如附註5和16所述，由管理層進行減值評估。管理層評估後認為毋須作出減值。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

18. INTANGIBLE ASSETS

18. 無形資產

		Technological know-how 技術專業知識 HK\$'000 千港元	Gene invention rights 基因發明權 HK\$'000 千港元	Goodwill 商譽 HK\$'000 千港元	Total 總計 HK\$'000 千港元
COST	成本				
At 1 April 2016	於二零一六年四月一日	11,444	95,000	1,807	108,251
Disposal	出售	(11,444)	—	—	(11,444)
At 31 March 2017 and 31 March 2018	於二零一七年三月三十一日及 二零一八年三月三十一日	—	95,000	1,807	96,807
ACCUMULATED AMORTISATION AND IMPAIRMENT	累計攤銷及減值				
At 1 April 2016	於二零一六年四月一日	11,444	95,000	—	106,444
Disposal	出售	(11,444)	—	—	(11,444)
At 31 March 2017 and 31 March 2018	於二零一七年三月三十一日及 二零一八年三月三十一日	—	95,000	—	95,000
NET CARRYING AMOUNT	賬面淨值				
At 31 March 2018	於二零一八年三月三十一日	—	—	1,807	1,807
At 31 March 2017	於二零一七年三月三十一日	—	—	1,807	1,807

19. INVESTMENTS IN CONVERTIBLE BONDS

On 28 July 2014, the Group completed the disposal of 51% equity interest in Smart Ascent Limited and received consideration with fair value of HK\$435,193,000 comprising (i) cash payment of HK\$65,000,000; and (ii) convertible bonds issued by Innovative Pharmaceutical Biotech Limited (“Innovative Pharm”) on 28 July 2014 with principal amount of HK\$715,000,000 (the “Innovative Pharm Bonds”) and fair value of HK\$370,193,000.

19. 可換股債券投資

於二零一四年七月二十八日，本集團完成出售進生有限公司之51%股權，並收取公平值為435,193,000港元之代價，當中包括(i)現金付款65,000,000港元；及(ii)於二零一四年七月二十八日由領航醫藥及生物科技股份有限公司(「領航醫藥」)發行之本金額為715,000,000港元之可換股債券(「領航醫藥債券」)，而公平值為370,193,000港元。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

19. INVESTMENTS IN CONVERTIBLE BONDS (Continued)

The Innovative Pharm Bonds bear interest at 3.5% per annum payable in arrears annually with maturity on the 7th anniversary of the date of issue of the Innovative Pharm Bonds (the “Maturity Date”). The Group has the right to convert the Innovative Pharm Bonds into shares of Innovative Pharm at any time from the date of issue to the Maturity Date at an initial conversion price of HK\$2.5 per share.

The fair values of the Innovative Pharm Bonds and its components on initial recognition and of the derivative component as at 31 March 2018 are determined based on the valuation conducted by an independent qualified valuer. The methods and assumptions applied for the valuation of the Innovative Pharm Bonds and its components are set out as below:

19. 可換股債券投資(續)

領航醫藥債券附帶年利率3.5%每年支付之利息，到期日為領航醫藥債券發行日期後第7個週年日(「到期日」)。本集團擁有於發行日期至到期日之任何時候將領航醫藥債券按初步換股價每股2.5港元轉換為領航醫藥股份之權利。

領航醫藥債券及其於初始確認時之組成部分以及衍生工具部分於二零一八年三月三十一日之公平值乃基於獨立合資格估值師進行之估值而釐定。對領航醫藥債券及其組成部分進行估值所應用之方法及假設載列如下：

		Debt component	Derivative component	Total
		債務部分	衍生工具部分	總計
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
At 1 April 2016	於二零一六年四月一日	308,485	54,475	362,960
Effective interest income (note 7)	實際利息收入(附註7)	71,786	—	71,786
Interest income received	已收利息收入	(25,025)	—	(25,025)
Change in fair value (note 8)	公平值變動(附註8)	—	(33,397)	(33,397)
At 31 March 2017	於二零一七年三月三十一日	355,246	21,078	376,324
Effective interest income (note 7)	實際利息收入(附註7)	83,266	—	83,266
Interest income received	已收利息收入	(25,025)	—	(25,025)
Change in fair value (note 8)	公平值變動(附註8)	—	(16,782)	(16,782)
At 31 March 2018	於二零一八年三月三十一日	413,487	4,296	417,783

During the year ended 31 March 2018, the Company received interest of HK\$25,025,000 (2017: HK\$25,025,000) from the Innovative Pharm Bonds.

截至二零一八年三月三十一日止年度，本公司收取領航醫藥債券利息25,025,000港元(二零一七年：25,025,000港元)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

19. INVESTMENTS IN CONVERTIBLE BONDS (Continued) 19. 可換股債券投資(續)

The fair value of debt component of the Innovative Pharm Bonds on initial recognition was determined using the prevailing market interest rate of similar non-convertible debts and is carried at amortised cost subsequently. The effective interest rate is 24.67%. The fair value of the derivative component, which is the embedded conversion option in the Innovative Pharm Bonds is calculated using the Binomial Model. The inputs into the model at the respective dates are as follows:

領航醫藥債券債務部分於初始確認時之公平值乃按類似不可轉換債務的現行市場利率釐定並隨後按攤銷成本列賬。實際利率為24.67%。衍生工具部分(領航醫藥債券的嵌入換股權)之公平值以二項式模式計算。該模式於各日期所用輸入數據如下：

		2018 二零一八年	2017 二零一七年
Stock price (HK\$)	股份價格(港元)	0.495	0.60
Conversion price (HK\$)	轉換價(港元)	2.50	2.50
Discount rate	貼現率	22.185%	21.85%
Risk free rate (Note a)	無風險利率(附註a)	1.626%	1.225%
Expected volatility (Note b)	預期波幅(附註b)	47.415%	55.788%
Expected dividend yield (Note c)	預期股息率(附註c)	0%	0%
Option life (Years)	期權期限(年期)	3.3	4.3

Any changes in the major inputs used in the model will result in changes in the fair value of the debt component.

該模式所用主要輸入數據之任何變動將導致債務部分之公平值變動。

Notes:

附註：

- (a) The rate was determined with reference to the yields of Hong Kong government bonds and treasury bills as at the date of valuation.
- (b) Based on the historical price volatility of Innovative Pharm for the period from 18 July 2008, the date on which its shares were resumed trading after suspension, up to the end of the reporting date.
- (c) Estimated with reference to the historical dividend payout of Innovative Pharm.

- (a) 該利率乃參考香港政府債券及庫券於估值日期的孳息率釐定。
- (b) 基於領航醫藥於二零零八年七月十八日(其股份於停牌後復牌之日期)直至報告期末止期間的過往價格波幅得出。
- (c) 參考領航醫藥的過往股息派付估計。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

20. AVAILABLE-FOR-SALE INVESTMENTS

20. 可供出售投資

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Unlisted investment fund, at fair value (note a)	非上市投資基金，按公平值（附註a）	59,047	—
Unlisted shares, at cost (note b)	非上市股份，按成本（附註b）	—	—
Unlisted financial instrument, at fair value (note c)	非上市金融工具，按公平值（附註c）	1,875	1,685
At 31 March	於三月三十一日	60,922	1,685
Analysed as:	分析為：		
Non-current assets	非流動資產	59,047	—
Current assets	流動資產	1,875	1,685
		60,922	1,685

Available-for-sale financial assets were denominated in HK\$ and Renminbi ("RMB").

The maximum exposure to credit risk at the reporting period end is the carrying value of the investments classified as available-for-sale as set out below.

Notes:

- (a) On 2 June and 11 May 2017, Extrawell Enterprises Limited (the "Subscriber"), an indirect wholly-owned subsidiary of the Company, entered into subscription agreements with KKC Capital SPC, a segregated portfolio company incorporated in the Cayman Islands (the "Fund"), and pursuant to which the Subscriber agreed to subscribe for 30,000 and 50,000 participating shares in the Fund attributable to the segregated portfolio at aggregate consideration of HK\$30,000,000 and HK\$50,000,000 respectively on the respective dates (the "Investments"). The total cost of the Investments of HK\$80,000,000 was funded by the internal resources of the Group.

During the year, the Group had recognised the fair value changes in other comprehensive income in accordance with the Group's accounting policy. However, since there was a significant decline in the fair value of the Investments noted at the reporting date, an impairment loss of HK\$20,953,000 was recognised in the profit or loss for the year in accordance with the Group's policy.

可供出售金融資產以港元及人民幣（「人民幣」）計值。

於報告期末所面對之最大信貸風險乃分類為可供出售之投資之賬面值，其載列如下。

附註：

- (a) 於二零一七年六月二日及五月十一日，精優企業有限公司（「認購方」）（本公司之間接全資附屬公司）與KKC Capital SPC（一間於開曼群島註冊成立之隔離投資組合公司）（「該基金」）訂立認購協議。據此，認購方已同意於各日期分別認購該基金之隔離投資組合之30,000股及50,000股參與股份，總代價分別為30,000,000港元及50,000,000港元（「該等投資」）。該等投資成本合共80,000,000港元，由本集團內部資源撥付。

年內，本集團已根據本集團的會計政策於其他全面收益內確認公平值變動。然而，由於於報告日期該等投資之公平值大幅下跌，根據本集團政策，年內於損益確認減值虧損20,953,000港元。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

20. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

Notes: (Continued)

- (b) On 13 January 2012, Jilin Extrawell Changbaishan Pharmaceutical Co., Ltd. ("JECPP"), a wholly-owned subsidiary of the Company subscribed for RMB2,500,000 of the registered capital of 龍脈(上海)健康管理服務有限公司 ("Shanghai Longmark") by way of capital injection. Shanghai Longmark is a company incorporated in the PRC and engaged in provision of health care management services. The subscription was completed in April 2012, and the enlarged registered capital of RMB12,500,000 of Shanghai Longmark was owned as to 20% by JECPP and 80% by United Gene HealthCare Limited, Shanghai ("Shanghai United Gene"), which subsequently transferred its 80% interest in Shanghai Longmark to 東龍脈(上海)健康管理服務有限公司 ("東龍脈") in December 2012. Both Shanghai United Gene and 東龍脈 are indirect wholly-owned subsidiaries of Innovative Pharm. Shanghai Longmark was accounted for as an associate of the Group upon the completion of subscription.

On 25 April 2013, JECPP entered into a capital injection and subscription agreement with 東龍脈 and Xie Yi, a shareholder and director of the Company, in which Xie Yi agreed to subscribe for RMB7,490,000 (the "Subscription") of the registered capital of Shanghai Longmark. The Subscription was completed in August 2013, and the registered capital of Shanghai Longmark increased from RMB12,500,000 to RMB19,990,000. Accordingly, the Group's equity interest of Shanghai Longmark was diluted from 20% to 12.51%, and the respective shareholding of 東龍脈 and Xie Yi in Shanghai Longmark was 50.02% and 37.47% respectively. As a result of dilution, the Group considered it was no longer in a position to exercise significant influence over Shanghai Longmark and Shanghai Longmark ceased to be an associate of the Group. Shanghai Longmark is accounted for as unlisted available-for-sale investments as the Group has the intention to hold the investment for a continuing strategic and long-term purpose and is measured at cost less impairment. The investment cost was reduced to zero in prior years by share of loss of Shanghai Longmark.

- (c) The amount represents short-term highly liquid investments placed in a PRC state-owned financial institution, which are readily convertible to cash. These investments are all denominated in Renminbi with non-determinable return rate. The fair value of these investments is based on estimated return of 3.2% (2017: 2.8%), and the credit quality of these investments can be assessed by reference to historical information or external credit ratings, if any. As at 31 March 2018, none of these investments is either past due or impaired and the Group's maximum exposure to credit risk as at that date is the carrying value of these investments.

20. 可供出售投資(續)

附註：(續)

- (b) 於二零一二年一月十三日，本公司之全資附屬公司吉林精優長白山藥業有限公司(「吉林精優」)以注資方式認購人民幣2,500,000元之龍脈(上海)健康管理服務有限公司(「上海龍脈」)的註冊資本。上海龍脈為一家於中國註冊成立並從事提供健康管理服務的公司。認購事項於二零一二年四月完成，而上海龍脈之經擴大註冊資本人民幣12,500,000元分別由吉林精優擁有20%及聯合基因(上海)健康管理服務有限公司(「上海聯合基因」)擁有80%，上海聯合基因其後於二零一二年十二月轉讓其於上海龍脈的80%權益至東龍脈(上海)健康管理服務有限公司(「東龍脈」)。上海聯合基因及東龍脈均為領航醫藥的間接全資附屬公司。於認購事項完成後，上海龍脈作為本集團的聯營公司入賬。

於二零一三年四月二十五日，吉林精優與東龍脈及本公司股東兼董事謝毅訂立注資及認購協議，據此，謝毅同意認購上海龍脈的註冊資本人民幣7,490,000元(「認購事項」)。認購事項已於二零一三年八月完成，故上海龍脈的註冊資本由人民幣12,500,000元增加至人民幣19,990,000元。因此，本集團於上海龍脈的股權由20%攤薄至12.51%，而東龍脈及謝毅於上海龍脈的各自股權分別為50.02%及37.47%。由於股權攤薄，本集團認為其對上海龍脈不再具有重大影響力，而上海龍脈不再為本集團聯營公司。上海龍脈入賬為非上市可供出售投資，原因是本集團擬以持續策略及長期目的而持有該投資，且該投資乃按成本減去減值計算。投資成本因分攤上海龍脈的虧損而於過往年度調減至零。

- (c) 該款項指存放於一間中國國有金融機構並可即時轉換為現金之短期高流通量投資。該等投資全部均以人民幣計值，而其回報率乃屬不可釐定。該等投資的公平值乃按3.2%(二零一七年：2.8%)的估計回報得出，而該等投資的信貸質素可經參考過往資料或外部信貸評級(如有)予以評估。於二零一八年三月三十一日，該等投資概未逾期或減值，而本集團於該日所面臨的最高信貸風險為該等投資的賬面值。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

20. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

Notes: (Continued)

(c) (Continued)

The fair value of these investments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

20. 可供出售投資(續)

附註：(續)

(c) (續)

該等投資並非在活躍市場買賣，而其公平值乃使用估值技術釐定。於存在可觀察市場數據時，該等估值技術盡量運用有關數據，並盡可能減少依賴實體的特定估計。

21. INTEREST IN AN ASSOCIATE

21. 於一間聯營公司之權益

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Cost of investment in an associate, unlisted	於一間聯營公司之投資成本， 非上市	337,000	337,000
Share of post-acquisition losses and other comprehensive expense	應佔收購後虧損及其他全面 開支	(6,030)	(6,031)
		330,970	330,969

The Group's associate, Smart Ascent Limited ("Smart Ascent") is a private company with no quoted market price available for its shares. The major asset held by Smart Ascent and its subsidiaries (the "Smart Ascent Group") is the intangible asset in relation to an in-process research and development project ("In-process R&D") involving an oral insulin product ("Product"). As at 31 March 2018, the Group has engaged an independent qualified valuer, Roma Appraisals Limited to conduct a valuation of the fair value of the interest in the associate for impairment assessment.

本集團之聯營公司進生有限公司(「進生」)為一間私營公司，其股份並無市場報價。進生及其附屬公司(「進生集團」)所持之主要資產為有關進行中之研發項目(「進行中之研發」)的無形資產，當中涉及口服胰島素產品(「產品」)。於二零一八年三月三十一日，本集團已委聘一名獨立合資格估值師羅馬國際評估有限公司就於聯營公司之權益之公平值進行估值，以評估是否減值。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

21. INTEREST IN AN ASSOCIATE (Continued)

The asset-based approach was adopted in the valuation of the fair value of the Group's interest in the associate. In doing so, various assumptions about the cash flow projections of the In-process R&D and the Product were adopted. These assumptions include the successful completion of the clinical trials, obtaining of the regulatory approvals from the relevant government bodies (in particular, the granting of the certificate of new medicine and pharmaceutical manufacturing permit for the Product by China Food and Drug Administration, now known as State Drug Administration of the PRC), and launching of the Product by middle of 2020 (2017: end of 2019). The recoverable amount of the interest in the associate is determined based on the Group's share of the estimated fair value of the In-process R&D after taking into account the lack of control discount.

Particulars of the Smart Ascent Group at the end of the reporting period are as follows:

21. 於一間聯營公司之權益 (續)

就本集團於聯營公司之權益之公平值進行估值時採納資產法。在此過程中，應用進行中之研發及產品之現金流量預測相關之各種假設。該等假設包括於二零二零年年中前成功完成臨床試驗、取得有關政府監管部門批准(尤其是中國食品藥品監督管理總局(現稱國家藥品監督管理局)就產品授出新藥證書及藥品生產許可證)及推出產品(二零一七年：二零一九年年底)。於聯營公司之權益之可收回金額乃經計及並無控制權之折讓後根據本集團應佔進行中之研發之估計公平值釐定。

進生集團於報告期末之詳情如下：

Name of associate	Place of incorporation/ operations	Class of shares held	Effective interest held by the Group/ Smart Ascent	Principal activities	Measurement method
聯營公司名稱	註冊成立/ 營運地點	所持股份類別	本集團/ 進生所持 實際權益	主要業務	計量方式
Smart Ascent 進生	Hong Kong 香港	Ordinary 普通	49%	Investment holding 投資控股	Equity 股權
Subsidiaries of Smart Ascent 進生之附屬公司					
Fosse Bio-Engineering Development Limited	Hong Kong/ China	Ordinary	51%	Development and commercialisation of oral insulin products	Equity
福仕生物工程有限公司	香港/中國	普通		開發及商品化口服胰島 素產品	股權
Welly Surplus Development Limited	Hong Kong	Ordinary	51%	Inactive	Equity
瑞盈發展有限公司	香港	普通		暫無業務	股權
Nation Joy Industries Limited	British Virgin Islands ("BVI")	Ordinary	100%	Inactive	Equity
國悅實業有限公司	英屬處女群島 (「英屬處女群島」)	普通		暫無業務	股權

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

21. INTEREST IN AN ASSOCIATE (Continued)

The summarised financial information of the associate, adjusted for any differences in accounting policies and a reconciliation to the carrying amount in the consolidated financial statements, are as follows:

21. 於一間聯營公司之權益
(續)

聯營公司之財務資料概要(已就任何會計政策差異作出調整)及於綜合財務報表內與賬面值之對賬如下:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Non-current assets	非流動資產	296,369	294,638
Current assets	流動資產	2,136	2,728
Current liabilities	流動負債	(65,796)	(65,794)
Non-current liabilities	非流動負債	(13,587)	(10,801)
Non-controlling interests	非控股權益	(113,708)	(115,358)
Non-current assets include the following:	非流動資產包括以下項目:		
Intangible assets — In process R&D	無形資產 — 進行中之研發	284,260	284,260
		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Revenue	收益	—	—
Profit/(loss) and total comprehensive income	溢利/(虧損)及全面收益總額	1	(5,912)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

21. INTEREST IN AN ASSOCIATE (Continued)

21. 於一間聯營公司之權益
(續)

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Net assets of the Smart Ascent Group attributable to owners of Smart Ascent	進生擁有人應佔進生集團資產淨值	105,414	105,413
Proportion of the Group's ownership interest in Smart Ascent	本集團於進生之所有權權益比例	49%	49%
Carrying amount of the Group's interest in Smart Ascent as an associate	本集團於進生(作為一間聯營公司)之權益之賬面值	51,653	51,652
Adjustment for remeasurement to fair value of the assets of the Smart Ascent Group on initial recognition	進生集團資產公平值於初始確認時之重新計量調整	279,317	279,317
		330,970	330,969

22. AMOUNT DUE FROM AN ASSOCIATE

22. 應收一間聯營公司款項

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Amount due from an associate Smart Ascent (Note)	應收一間聯營公司款項進生(附註)	22,505	17,235

Note: As at 31 March 2018, amount due from an associate is unsecured and interest-free. Principal amount of HK\$41,941,000 (2017: HK\$41,941,000) is expected to be repaid after 6 years from 28 July 2014. Accordingly, the balance is classified as non-current. Such non-current interest-free amount due from an associate is recognised at its fair value of HK\$8,455,000 upon the disposal of Smart Ascent at an effective interest rate of 26.99% per annum. During the reporting period, imputed interest income of HK\$5,270,000 (2017: HK\$4,036,000) is credited to profit or loss.

附註：於二零一八年三月三十一日，應收一間聯營公司款項為無抵押及免息。本金額41,941,000港元(二零一七年：41,941,000港元)預期將於二零一四年七月二十八日起計六年後償還。因此，有關結餘被分類為非流動。有關應收一間聯營公司之非流動免息款項於出售進生時按其公平值8,455,000港元確認，實際年利率為26.99%。於報告期內，估算利息收入5,270,000港元(二零一七年：4,036,000港元)已計入損益。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

23. INVENTORIES

23. 存貨

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Raw materials	原材料	2,075	1,210
Work in progress	在製品	781	797
Finished goods	製成品	1,244	5,600
		4,100	7,607

24. TRADE AND BILLS RECEIVABLES

24. 貿易應收賬款及應收票據

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Bills receivables	應收票據	2,063	752
Trade receivables	貿易應收賬款	61,318	71,618
Less: Provision for impairment loss on trade receivables	減：貿易應收賬款減值虧損撥備	(42,305)	(34,953)
		21,076	37,417

The Group's trading terms with its customers are mainly based on credit, except for new customers, where payment in advance is normally required. The credit period is generally ranging from 120 to 180 days, extending up to one year for some major customers.

本集團與其客戶之貿易條款主要為賒銷，惟新客戶一般需要預先付款。一般情況下，客戶可獲得為期120日至180日之信貸期，而若干主要客戶可延期至最多一年。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

24. TRADE AND BILLS RECEIVABLES (Continued) 24. 貿易應收賬款及應收票據 (續)

The ageing analysis of trade and bills receivables (net of provision of impairment loss on trade receivables), based on invoice dates are as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Within 90 days	90日內	10,410	14,352
91 to 180 days	91至180日	5,133	15,490
181 to 365 days	181至365日	5,533	7,575
		21,076	37,417

The ageing analysis of trade and bills receivables which are past due but not impaired are as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Neither past due nor impaired	未逾期亦未減值	15,543	29,842
Past due but not impaired — Within 180 days	已逾期但未減值 — 180日內	5,533	7,575
		21,076	37,417

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

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

貿易應收賬款及應收票據(扣除貿易應收賬款減值虧損撥備)基於發票日期之賬齡分析如下:

已逾期但未減值之貿易應收賬款及應收票據之賬齡分析如下:

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

未逾期亦未減值之貿易應收賬款為信用可靠的債務人，於本集團有良好付款記錄。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

24. TRADE AND BILLS RECEIVABLES (Continued)

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK\$5,533,000 (2017: HK\$7,575,000) which are past due as at the reporting date for which the Group has not provided for impairment loss.

The movements in provision for impairment on trade receivables are as follows:

24. 貿易應收賬款及應收票據
(續)

本集團貿易應收賬款結餘中賬面值合共為5,533,000港元(二零一七年: 7,575,000港元)的應收賬款於報告日期已逾期,而本集團尚未就此作出減值虧損撥備。

貿易應收賬款減值撥備變動如下:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
At 1 April	於四月一日	34,953	32,808
Provision for impairment on trade receivables, net	貿易應收賬款減值撥備淨額	3,218	4,456
Exchange realignment	匯兌調整	4,134	(2,311)
At 31 March	於三月三十一日	42,305	34,953

25. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Deposits	按金	915	706
Other receivables	其他應收款項	4,722	1,579
Prepayments	預付款項	593	560
Trade deposits	貿易按金	2,131	2,127
		8,361	4,972

25. 按金、預付款項及其他應收款項

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Deposits	按金	915	706
Other receivables	其他應收款項	4,722	1,579
Prepayments	預付款項	593	560
Trade deposits	貿易按金	2,131	2,127
		8,361	4,972

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

26. PLEDGED BANK DEPOSITS

Pledged bank deposits represent deposits pledged to a bank to secure short-term banking facilities granted to the Group and are therefore classified as current assets. The pledged bank deposits carry variable interest rates ranging from 0.58% to 2.0% (2017: 0.94% to 1.34%) per annum.

27. CASH AND BANK BALANCES

Bank balances carry variable interest rates of 0.001% to 3.75% (2017: 0.001% to 3.6%) per annum. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

26. 已抵押銀行存款

已抵押銀行存款指抵押予銀行以作為本集團獲授之短期銀行授信額度的擔保之存款，故分類為流動資產。已抵押銀行存款按浮動利率介乎每年0.58%至2.0%(二零一七年：0.94%至1.34%)計息。

27. 現金及銀行結餘

銀行結餘按浮動利率每年0.001%至3.75%(二零一七年：0.001%至3.6%)計息。人民幣兌換為外幣須遵守中國之外匯管理條例以及結匯、售匯及付匯管理規定。

現金及現金等值項目之賬面值乃按以下貨幣計值：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Euros ("Euro")	歐元(「歐元」)	2,135	2,002
Hong Kong dollars ("HK\$")	港元(「港元」)	80,250	47,573
RMB	人民幣	9,710	5,356
United States dollars ("US\$")	美元(「美元」)	69,670	162,872
		161,765	217,803

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

28. TRADE AND BILLS PAYABLES

28. 貿易應付賬款及應付票據

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Bills payable	應付票據	—	4,385
Trade payables	貿易應付賬款	6,916	10,474
		6,916	14,859

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from two to three months from the date of invoice.

貿易應付賬款為不計息，而本集團獲授的一般貿易信貸期介乎發票日期起計兩至三個月。

The ageing analysis of trade and bills payables, based on invoice dates are as follows:

根據發票日期之貿易應付賬款及應付票據之賬齡分析如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Within 90 days	90日內	4,714	8,968
91 to 180 days	91至180日	1,186	4,473
181 to 365 days	181至365日	96	756
1 to 2 years	1至2年	371	168
Over 2 years	2年以上	549	494
		6,916	14,859

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

29. AMOUNT DUE TO AN ASSOCIATE

29. 應付一間聯營公司款項

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Amount due to an associate Smart Ascent	應付一間聯營公司款項 進生	19,780	19,780

The amount is unsecured, interest-free and repayable on demand.

該款項為無抵押、免息及須按要求償還。

30. DEFERRED TAX ASSETS/(LIABILITIES)

30. 遞延稅項資產/(負債)

Details of the deferred tax assets/(liabilities) recognised and movements during the current and prior years are as follows:

本年度及過往年度確認之遞延稅項資產/(負債)及變動詳情如下：

		Decelerated/ (accelerated) tax depreciation 減速/(加速) 稅項折舊 HK\$'000 千港元
At 1 April 2016	於二零一六年四月一日	(102)
Charged to profit or loss for the year (note 12)	於本年度損益列支(附註12)	—
At 31 March 2017 and 1 April 2017	於二零一七年三月三十一日及 二零一七年四月一日	(102)
Credited to profit or loss for the year (note 12)	於本年度損益抵免(附註12)	171
At 31 March 2018	於二零一八年三月三十一日	69

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

30. DEFERRED TAX ASSETS/(LIABILITIES) (Continued)

The following is the analysis of deferred tax balances for financial reporting purposes:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Deferred tax assets	遞延稅項資產	69	—
Deferred tax liabilities	遞延稅項負債	—	(102)
		69	(102)

As at 31 March 2018, the Group had unused tax losses arising in Hong Kong and the PRC of approximately HK\$21,485,000 (2017: HK\$6,223,000) and HK\$24,065,000 (2017: HK\$13,202,000) respectively available to offset against future taxable profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams, except for that of one subsidiary in Hong Kong of which management considered its deferred tax assets would be crystallised in the foreseeable future. Tax losses arising in Hong Kong may be carried forward indefinitely. Tax losses arising in the PRC will expire in 5 years from the year of origination since 2015.

31. CONVERTIBLE BONDS

On 16 July 2013, the Company issued zero-coupon convertible bonds (the "Convertible Bonds") with principal amount in aggregate of HK\$641,300,000 at the conversion price of HK\$0.6413 for each new share of the Company, which, if fully converted, is equivalent to 1,000,000,000 new shares of the Company to Mr. Ong Cheng Heang ("Mr. Ong") and Mr. Mao Yumin ("Mr. Mao"), each of principal amount of HK\$320,650,000. Mr. Ong was the non-controlling shareholder and director of Smart Ascent prior to the completion of acquisition of the remaining 49% interest in Smart Ascent by the Group and Mr. Mao was a director of the Company until 5 December 2013, and is a shareholder of the Company in the current year and the prior years.

30. 遞延稅項資產／(負債) (續)

以下為用作財務報告目的之遞延稅項結餘分析：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Deferred tax assets	遞延稅項資產	69	—
Deferred tax liabilities	遞延稅項負債	—	(102)
		69	(102)

於二零一八年三月三十一日，本集團於香港及中國產生並可供抵銷未來應課稅溢利之未動用稅務虧損分別為約21,485,000港元(二零一七年：6,223,000港元)及24,065,000港元(二零一七年：13,202,000港元)。由於未來溢利趨勢不可預測，因此除管理層認為其在香港的一間附屬公司於可見的未來可能產生遞延稅項資產外，並無確認遞延稅項資產。於香港產生之稅務虧損可無限期結轉。自二零一五年起，於中國產生之稅務虧損將自產生之年起計5年內到期。

31. 可換股債券

於二零一三年七月十六日，本公司發行本金總額641,300,000港元之零息可換股債券(「可換股債券」)，換股價為每股本公司新股份0.6413港元，於悉數兌換後相當於1,000,000,000股本公司新股份，可換股債券乃分別發予Ong Cheng Heang先生(「Ong先生」)及毛裕民先生(「毛先生」)，各人分別獲發行本金額320,650,000港元。於本集團完成收購進生之剩餘49%權益前，Ong先生為進生之非控股股東及董事，而毛先生曾擔任本公司董事直至二零一三年十二月五日為止，並於本年度及過往年度為本公司股東。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

31. CONVERTIBLE BONDS (Continued)

The Convertible Bonds are convertible at the option of the bondholders into ordinary shares of the Company at a conversion price of HK\$0.6413 per ordinary share on or before the seventh business day prior to the maturity date of 16 July 2033, subject to anti-dilutive clauses.

The Convertible Bonds are issued in HK\$. The fair value of the liability component of the Convertible Bonds was HK\$20,712,000, which has been determined by the discounted cashflow approach using the prevailing market interest rate of similar non-convertible bonds and taking into account the credit risk of the Company. The effective interest rate is 18.72%. The fair value of the conversion option of HK\$569,288,000 classified as equity component for the Convertible Bonds was calculated using the Binomial Model. The inputs into the model were as follows:

		Date of issuance 16 July 2013
		發行日期 二零一三年 七月十六日
Stock price (HK\$)	股價(港元)	0.59
Exercise price (HK\$)	行使價(港元)	0.6413
Discount rate	貼現率	18.72%
Risk free rate (Note a)	無風險利率(附註a)	2.63%
Expected volatility (Note b)	預期波幅(附註b)	66.55%
Expected dividend yield (Note c)	預期股息收益率(附註c)	0%
Option life (Years)	期權期限(年期)	20

Any changes in the major inputs used in the model will result in changes in the fair value of the liability component.

Notes:

- (a) The rate was determined with reference to the yields of Hong Kong government bonds and treasury bills as at the date of valuation.
- (b) Based on the historical price volatility of the Company for the period from 24 December 2009 up to the date of issuance of the Convertible Bonds.
- (c) Estimated with reference to the historical dividend payout of the Company.

31. 可換股債券(續)

債券持有人可選擇於到期日二零一三年七月十六日前第七個營業日或之前按換股價每股普通股0.6413港元將可換股債券兌換為本公司之普通股，惟須受反攤薄條款規限。

可換股債券乃以港元發行。可換股債券負債部分之公平值為20,712,000港元，其乃採用類似非可換股債券之現行市場利率並經考慮本公司之信貸風險以貼現現金流量法釐定。實際利率為18.72%。分類為可換股債券權益部分之換股權之公平值569,288,000港元乃採用二項式模式計算。該模式之輸入數據如下：

該模式所用主要輸入數據之任何變動將導致負債部分之公平值變動。

附註：

- (a) 該利率乃參考香港政府債券及庫券於估值日期的孳息率釐定。
- (b) 基於本公司於二零零九年十二月二十四日至可換股債券發行日期期間的過往價格波幅得出。
- (c) 參考本公司的過往股息派付而估計。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

31. CONVERTIBLE BONDS (Continued)

Movements of the liability component of the Convertible Bonds are set out below:

		Principal amount (Note) 本金額 (附註) HK\$'000 千港元	Carrying amount 賬面值 HK\$'000 千港元
At 1 April 2016	於二零一六年四月一日	577,170	29,670
Interest charge	利息支出	—	5,552
At 31 March 2017	於二零一七年三月三十一日	577,170	35,222
Interest charge	利息支出	—	6,590
At 31 March 2018	於二零一八年三月三十一日	577,170	41,812

Note: At the date of issuance, the principal amount of the Convertible Bonds was HK\$641,300,000, and thereafter the following events have taken place:

On 5 August 2013, the Convertible Bonds with principal amount of HK\$64,130,000 was converted into 100,000,000 ordinary shares of the Company at the conversion price of HK\$0.6413 per ordinary share.

On 25 October 2013, 24 April 2014, 30 August 2014, 31 December 2014 and 30 April 2015, the Convertible Bonds with principal amount of HK\$320,650,000, HK\$64,130,000, HK\$64,130,000, HK\$64,130,000 and HK\$64,130,000 were acquired by Innovative Pharm from Mr. Mao respectively.

31. 可換股債券(續)

可換股債券負債部分之變動載列如下：

		Principal amount (Note) 本金額 (附註) HK\$'000 千港元	Carrying amount 賬面值 HK\$'000 千港元
At 1 April 2016	於二零一六年四月一日	577,170	29,670
Interest charge	利息支出	—	5,552
At 31 March 2017	於二零一七年三月三十一日	577,170	35,222
Interest charge	利息支出	—	6,590
At 31 March 2018	於二零一八年三月三十一日	577,170	41,812

附註：於發行日期，可換股債券之本金額為641,300,000港元，而後發生下列事項：

於二零一三年八月五日，本金額為64,130,000港元之可換股債券轉換為100,000,000股本公司普通股，轉換價為每股普通股0.6413港元。

於二零一三年十月二十五日、二零一四年四月二十四日、二零一四年八月三十日、二零一四年十二月三十一日及二零一五年四月三十日，本金額分別為320,650,000港元、64,130,000港元、64,130,000港元、64,130,000港元及64,130,000港元之可換股債券已由領航醫藥向毛先生購買。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

32. DEFERRED INCOME ON GOVERNMENT GRANTS

The amount represented receipt of grants by a subsidiary from local government authority in the PRC. The movements in deferred income on government grants are as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
At 1 April	於四月一日	2,767	—
Receipt of grants	已收補助	1,325	2,955
Recognised in profit or loss (note)	於損益確認(附註)	(172)	(193)
Exchange realignment	匯兌調整	300	5
At 31 March	於三月三十一日	4,220	2,767
Analysed as:	分析為:		
Current liabilities	流動負債	98	63
Non-current liabilities	非流動負債	4,122	2,704
		4,220	2,767

Note: Government grants relating to property, plant and equipment are included in non-current liabilities as deferred income on government grants and are credited to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the expected lives of the related assets.

32. 政府補助之遞延收入

有關款項指一間附屬公司獲取中國當地政府部門之補助。政府補助之遞延收入變動如下:

附註: 有關物業、廠房及設備之政府補助計入非流動負債列作政府補助之遞延收入並於有關資產之預期年內按直線法計入綜合損益及其他全面收益表。

33. SHARE CAPITAL

33. 股本

		Number of shares 股份數目		Share capital 股本	
		2018 二零一八年 '000 千股	2017 二零一七年 '000 千股	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Ordinary shares of HK\$0.01 each	每股面值0.01港元之普通股				
Authorised	法定	20,000,000	20,000,000	200,000	200,000
Issued and fully paid At the beginning and end of the financial year	已發行及繳足 於財政年度開始 及結束	2,390,000	2,390,000	23,900	23,900

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

34. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

34. 控股公司財務狀況表

		Notes 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Non-current assets	非流動資產			
Interests in subsidiaries — unlisted	於附屬公司之權益 — 非上市	39	629,927	629,927
Amounts due from subsidiaries	應收附屬公司款項		289,834	177,352
			919,761	807,279
Current assets	流動資產			
Deposits, prepayments and other receivables	按金、預付款項及其他 應收款項		222	222
Cash and bank balances	現金及銀行結餘		88,619	110,694
			88,841	110,916
Current liabilities	流動負債			
Accruals and other payables	預提費用及其他應付款項		746	724
Amounts due to subsidiaries	應付附屬公司款項		76,776	30,123
			77,522	30,847
Net current assets	流動資產淨值		11,319	80,069
Non-current liabilities	非流動負債			
Convertible bonds	可換股債券	31	41,812	35,222
NET ASSETS	資產淨值		889,268	852,126
Equity	權益			
Share capital	股本	33	23,900	23,900
Reserves	儲備	35	865,368	828,226
TOTAL EQUITY	權益總額		889,268	852,126

On behalf of the Board

代表董事會

Xie Yi
謝毅
Director
董事

Wong Sau Kuen
王秀娟
Director
董事

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

35. RESERVES

The Group

Details of the movements in the Group's reserves are as set out in the consolidated statement of changes in equity in these consolidated financial statements. The natures and purposes of reserves within equity are as follow:

- (a) The share premium account represents the amount subscribed for share capital in excess of nominal value.
- (b) In accordance with the relevant regulations in the PRC, all of the Company's subsidiaries registered in the PRC are required to transfer part of their profit after tax to the capital reserve. Subject to certain restrictions set out in the relevant PRC regulations and the articles of association of these PRC subsidiaries, the capital reserve may be used to offset losses or for capitalisation as paid-up capital.
- (c) The contributed surplus of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired pursuant to the group reorganisation in 1999, over the nominal value of the share capital of the Company issued in exchange thereof.
- (d) Foreign currency translation reserve represents gains/losses arising on retranslating the net assets/liabilities of foreign operations into presentation currency.
- (e) Convertible bonds equity reserve represents the amount allocated to the equity component of convertible bonds issued by the Company recognised in accordance with the accounting policy adopted for convertible bonds in note 4 to the consolidated financial statements.

35. 儲備

本集團

本集團儲備之變動詳情載於該等綜合財務報表之綜合權益變動表內。權益內儲備之性質及目的如下：

- (a) 股份溢價賬指認購股本金額超出面值之款項。
- (b) 根據中國有關法例，本公司旗下所有於中國註冊之附屬公司須將其部分除稅後溢利轉撥至資本儲備。資本儲備可用作抵銷虧損或用作資本化為繳足股本，惟須受中國有關法例所載若干限制及該等中國附屬公司章程細則之規限。
- (c) 本集團之繳入盈餘為根據本集團於一九九九年進行重組而收購附屬公司股本之面值超過本公司作交換用途之已發行股本面值之差額。
- (d) 匯兌儲備指因海外業務之資產／負債淨值重新換算為呈列貨幣而產生之收益／虧損。
- (e) 可換股債券權益儲備指根據綜合財務報表附註4內就可換股債券所採納之會計政策確認之本公司發行可換股債券權益部分所獲分配之款項。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

35. RESERVES (Continued)

The Company

35. 儲備(續)

本公司

		Share premium	Contributed surplus	Foreign currency translation reserve	Convertible bonds equity reserve	Retained earnings	Total
		股份溢價 HK\$'000 千港元	繳入盈餘 HK\$'000 千港元	匯兌儲備 HK\$'000 千港元	可換股債券 權益儲備 HK\$'000 千港元	保留盈利 HK\$'000 千港元	總計 HK\$'000 千港元
At 1 April 2016	於二零一六年 四月一日	191,738	64,636	3,862	512,359	67,277	839,872
Loss for the year	本年度虧損	—	—	—	—	(11,646)	(11,646)
At 31 March 2017 and 1 April 2017	於二零一七年 三月三十一日及 二零一七年 四月一日	191,738	64,636	3,862	512,359	55,631	828,226
Profit for the year	本年度溢利	—	—	(3,862)	—	41,004	37,142
At 31 March 2018	於二零一八年 三月三十一日	191,738	64,636	—	512,359	96,635	865,368

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

36. OPERATING LEASES – LESSEE

The Group had operating lease commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Not later than one year 不遲於一年	1,826	1,826
Later than one year and not later than five years 遲於一年及不遲於五年	1,601	3,427
	3,427	5,253

The Group's operating lease commitment represents rental of its office with initial period of three (2017: three) years. Rentals are fixed over the lease terms and none of the leases included contingent rentals.

36. 經營租賃 – 承租人

本集團就不可撤銷經營租賃項下未來最低租賃付款具有經營租賃承擔，其到期情況如下：

本集團之經營租賃承擔指辦公室租金，最初期限為三年(二零一七年：三年)。租金於租約期內固定，且概無租賃包括或然租金。

37. RELATED PARTY TRANSACTIONS

- (a) Save as the transactions and balances detailed elsewhere in the consolidated financial statements, the Group had no other transactions with related parties during the year.
- (b) Compensation of key management
The remuneration of directors and other members of key management for the year are set out in notes 10 and 11.

37. 關聯方交易

- (a) 除綜合財務報表其他部分所詳述之交易及結餘外，本集團於年內並無其他關聯方交易。
- (b) 主要管理層之報酬
年內董事及其他主要管理層人員之酬金載於附註10及11。

38. CONTINGENT LIABILITIES

As at 31 March 2018, the Group did not have any significant contingent liabilities (2017: Nil).

38. 或然負債

於二零一八年三月三十一日，本集團並無任何重大或然負債(二零一七年：無)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

39. INTEREST IN SUBSIDIARIES

Details of the principal subsidiaries are as follows:

39. 於附屬公司之權益

主要附屬公司詳情如下：

Name 名稱	Place of incorporation/ registration/ operation 註冊成立/登記/ 經營之地點	Registered/issued and fully paid share capital 註冊/已發行 及繳足股本	Effective interest held by the Company 本公司所持 實際權益		Principal activities 主要業務
			2018 二零一八年	2017 二零一七年	
Directly held 直接持有					
Extrawell (BVI) Limited	BVI/Hong Kong	US\$10,000 ordinary shares	100%	100%	Investment holding 投資控股
Extrawell (BVI) Limited	英屬處女群島/ 香港	10,000美元普通股			
Jilin Extrawell Changbaishan Pharmaceutical Co., Ltd.	China	RMB33,000,000 registered capital	100%	100%	Development, manufacture and sales of pharmaceutical products 開發、製造及銷 售藥品
吉林精優長白山藥業有限 公司	中國	人民幣33,000,000元 註冊資本			
Indirectly held 間接持有					
Extrawell Enterprises Limited	Hong Kong	HK\$20 ordinary shares HK\$1,000,000 non-voting deferred shares	100%	100%	Investment holding and property investment 投資控股及物業 投資
精優企業有限公司	香港	20港元普通股 1,000,000港元 無投票權遞延股份			
Extrawell Pharmaceutical (HK) Limited	Hong Kong	HK\$2 ordinary shares	100%	100%	Provision of agency services 提供代理服務
精優藥業(香港)有限公司	香港	2港元普通股			

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

39. INTEREST IN SUBSIDIARIES (Continued)

39. 於附屬公司之權益(續)

Name 名稱	Place of incorporation/ registration/ operation 註冊成立/登記/ 經營之地點	Registered/issued and fully paid share capital 註冊/已發行 及繳足股本	Effective interest held by the Company 本公司所持 實際權益		Principal activities 主要業務
			2018 二零一八年	2017 二零一七年	
South Asia Pharmaceutical (China) Limited	Malaysia	US\$1 ordinary share	100%	100%	Marketing and distribution of pharmaceutical products 推廣及經銷藥品
South Asia Pharmaceutical (China) Limited	馬來西亞	1美元普通股			
Mega Asia Pharmaceutical Limited	Hong Kong/China	HK\$10,000 ordinary shares	100%	100%	Provision of agency services 提供代理服務
兆盈藥業有限公司	香港/中國	10,000港元普通股			
Changchun Extrawell Pharmaceutical Co., Ltd. ("CEP")	China	RMB50,000,000 registered capital	73%	73%	Development, manufacture and sales of pharmaceutical products 開發、製造及 銷售藥品
長春精優藥業股份 有限公司(「長春精優」)	中國	人民幣50,000,000元 註冊資本			
Best-Bio Developments Limited	BVI/China	US\$1 ordinary share	100%	100%	Investment holding 投資控股
Best-Bio Developments Limited	英屬處女群島/ 中國	1美元普通股			
Right & Rise Limited	BVI/China	US\$50,000 ordinary share	100%	100%	Holding of gene invention rights and investment holding 持有基因發明權 及投資控股
Right & Rise Limited	英屬處女群島/ 中國	50,000美元普通股			

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

39. INTEREST IN SUBSIDIARIES (Continued)

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affect the financial results of the year or form a substantial portion of the net assets of the Group.

None of the subsidiaries had issued any debt securities at the end of the year or any time during the year.

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary 附屬公司名稱	Place/country of registration/ incorporation/ operations 登記/註冊成立/ 經營之地點/國家	Proportion of ownership interests held by non-controlling interests 非控股權益所持之 所有權權益比例		Proportion of voting rights held by non- controlling interests 非控股權益所持 之投票權比例		Loss allocated to non-controlling interests 分配至非控股權益 之虧損		Accumulated non- controlling interests 累計非控股權益	
		2018	2017	2018	2017	2018	2017	2018	2017
		二零一八年	二零一七年	二零一八年	二零一七年	二零一八年	二零一七年	二零一八年	二零一七年
						HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
CEP 長春精優	PRC 中國	27%	27%	27%	27%	(643)	(2,470)	(4,479)	(3,826)
Individually immaterial subsidiary with non-controlling interests 持有非控股權益之個別不 重大附屬公司						(15)	(15)	(15)	(15)
						(658)	(2,485)	(4,494)	(3,841)

Summarised financial information in respect of CEP is set out below. The summarised financial information below represents amounts before intragroup eliminations.

39. 於附屬公司之權益(續)

上表所列之本公司附屬公司為本公司董事認為主要影響本年度財務業績或構成本集團資產淨值重大部分之附屬公司。

於年末或年內任何時間，概無附屬公司發行任何債務證券。

下表列示本集團擁有重大非控股權益之非全資附屬公司之詳情：

有關長春精優之財務資料概要載列如下。下列財務資料概要為集團內公司間對銷前之金額。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

39. INTEREST IN SUBSIDIARIES (Continued)

39. 於附屬公司之權益(續)

CEP

長春精優

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Current assets	流動資產	32,240	28,283
Non-current assets	非流動資產	163,153	152,562
Current liabilities	流動負債	(195,430)	(179,541)
Non-current liabilities	非流動負債	(9,122)	(7,198)
Equity attributable to owners of the Company	本公司擁有人應佔權益	(4,680)	(2,068)
Non-controlling interests	非控股權益	(4,479)	(3,826)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

39. INTEREST IN SUBSIDIARIES (Continued)

39. 於附屬公司之權益(續)

CEP (Continued)

長春精優(續)

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Revenue	收益	60,176	44,477
Expenses	開支	(62,624)	(53,717)
Loss for the year	本年度虧損	(2,448)	(9,240)
Loss attributable to owners of the Company	本公司擁有人應佔虧損	(1,805)	(6,770)
Loss attributable to non-controlling interests	非控股權益應佔虧損	(643)	(2,470)
Loss for the year	本年度虧損	(2,448)	(9,240)
Other comprehensive income attributable to owners of the Company	本公司擁有人應佔其他全面收入	(597)	(14)
Other comprehensive income attributable to non-controlling interests	非控股權益應佔其他全面收入	(219)	(6)
Other comprehensive income for the year	本年度其他全面收入	(816)	(20)
Total comprehensive income attributable to owners of the Company	本公司擁有人應佔全面收入總額	(2,402)	(6,784)
Total comprehensive income attributable to non-controlling interests	非控股權益應佔全面收入總額	(862)	(2,476)
Total comprehensive income for the year	本年度全面收入總額	(3,264)	(9,260)
Net cash generated from/(used in) operating activities	經營活動產生/(所用)之現金淨額	2,831	(4,552)
Net cash generated from/(used in) investing activities	投資活動產生/(所用)之現金淨額	1,206	(1,026)
Net cash used in financing activities	融資活動所用之現金淨額	—	(3,766)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

40. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

40. 按類別劃分之金融資產及金融負債概要

The following table shows the carrying amount of financial assets and liabilities:

下表列明金融資產及負債之賬面值：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Financial assets	金融資產		
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產		
Derivative component of investments in convertible bonds	可換股債券投資之衍生工具部分	4,296	21,078
Available-for-sale investments	可供出售投資		
Unlisted investment fund, at fair value	非上市投資基金，按公平值	59,047	—
Unlisted financial instrument, at fair value	非上市金融工具，按公平值	1,875	1,685
Loans and receivables	貸款及應收款項		
Debt component of investment in convertible bonds	可換股債券投資之債務部分	413,487	355,246
Amount due from an associate	應收一間聯營公司款項	22,505	17,235
Trade and bills receivables	貿易應收賬款及應收票據	21,076	37,417
Deposits and other receivables	按金及其他應收款項	7,768	4,412
Pledged bank deposits	已抵押銀行存款	20,502	20,215
Cash and bank balances	現金及銀行結餘	161,765	217,803
		712,321	675,091
		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Financial liabilities	金融負債		
Financial liabilities measured at amortised cost	按攤銷成本計量之金融負債		
Trade and bills payables	貿易應付賬款及應付票據	6,916	14,859
Accruals and other payables	預提費用及其他應付款項	48,328	51,403
Amount due to an associate	應付一間聯營公司款項	19,780	19,780
Convertible bonds	可換股債券	41,812	35,222
		116,836	121,264

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

40. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (Continued)

(a) Financial instruments not measured at fair value

Due to short term nature, the carrying values of the loans and receivables, excluding debt component of investments in convertible bonds, approximate fair value.

In respect of the debt component of investments in convertible bonds, the fair value has been determined using discounted cash flow model and the carrying value approximates fair value.

(b) Financial instruments measured at fair value

Available-for-sale investments — Unlisted investment fund, at fair value

The fair value hierarchy is level 2.

The market value, which approximates fair value, of this fund is primarily calculated based on the quoted prices of the underlying listed investments in active markets with certain adjustments made to reflect the interest of the fund holder.

Available-for-sale investments — Unlisted financial instrument, at fair value

The fair value hierarchy is level 2.

The fair value of the unlisted financial instrument is determined based on estimated return of 3.2% (2017: 2.8%) and the credit quality of these investments which can be assessed by reference to historical information or external credit ratings, if any, provided by the bank.

40. 按類別劃分之金融資產及金融負債概要(續)

(a) 並非按公平值計量之金融工具

由於短期性質，貸款及應收款項(不包括可換股債券投資之債務部分)之賬面值與公平值相若。

就可換股債券投資之債務部分而言，公平值利用貼現現金流量模型釐定且賬面值與公平值相若。

(b) 按公平值計量之金融工具

可供出售投資 — 非上市投資基金，按公平值

公平值層級為第二級。

該基金之市值(與公平值相若)主要是根據活躍市場之相關上市投資之報價計算，並作出若干調整以反映基金持有人的權益。

可供出售投資 — 非上市金融工具，按公平值

公平值層級為第二級。

非上市金融工具的公平值乃按3.2%(二零一七年: 2.8%)的估計回報釐定，而該等投資的信貸質素可經參考過往資料或銀行提供之外部信貸評級(如有)予以評估。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

40. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (CONTINUED)

(b) Financial instruments measured at fair value (Continued)

Financial assets at fair value through profit or loss — Derivative component of investments in convertible bonds

The fair value hierarchy is level 3.

The fair value of conversion options embedded in investments in convertible bonds is determined based on the risk free rate for the life of the option and share price (from observable market data), expected volatility of the share price of Innovative Pharm and expected dividend yield on the shares and exercise price.

Significant unobservable inputs

Expected volatility of the share price of Innovative Pharm, determined by reference to historical share price of Innovative Pharm. The higher the volatility of the share price of Innovative Pharm, the higher the fair value.

There were no changes in valuation techniques for the years ended 31 March 2018 and 2017.

The following table provides an analysis of the Group's financial instruments measured at fair value, on a recurring basis, by level of fair value hierarchy:

Level 1:	Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2:	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3:	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

40. 按類別劃分之金融資產及金融負債概要(續)

(b) 按公平值計量之金融工具(續)

按公平值計入損益之金融資產 — 可換股債券投資之衍生工具部分

公平值層級為第三級。

可換股債券投資有關嵌入之換股權之公平值乃基於期權年期之無風險利率及股價(來自可觀察市場數據)、領航醫藥股價預期波幅及股份預期股息收益率及行使價釐定。

重大不可觀察輸入數據

領航醫藥之股價預期波幅乃經參考領航醫藥過往股價釐定。領航醫藥股價波幅越大，公平值越高。

截至二零一八年及二零一七年三月三十一日止年度，估值技術並無發生變動。

下表根據經常性基準按公平值層級提供本集團按公平值計量之金融工具之分析：

第一級：	活躍市場上相同資產或負債之報價(不作調整)；
第二級：	第一級所包括報價以外，就資產或負債可直接(即價格)或間接(即源自價格)可觀察之輸入數據；及
第三級：	並非基於可觀察市場數據之資產或負債之輸入數據(不可觀察輸入數據)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

40. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (Continued)

40. 按類別劃分之金融資產及金融負債概要(續)

(b) Financial instruments measured at fair value (Continued)

(b) 按公平值計量之金融工具(續)

		2018 二零一八年			
		Level 1 第一級	Level 2 第二級	Level 3 第三級	Total 總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Available-for-sale financial assets	可供出售金融資產	—	60,922	—	60,922
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產	—	—	4,296	4,296
		—	60,922	4,296	65,218

		2017 二零一七年			
		Level 1 第一級	Level 2 第二級	Level 3 第三級	Total 總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Available-for-sale financial assets	可供出售金融資產	—	1,685	—	1,685
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產	—	—	21,078	21,078
		—	1,685	21,078	22,763

There were no transfers between levels for the years ended 31 March 2018 and 2017.

截至二零一八年及二零一七年三月三十一日止年度，各層級之間並未進行轉換。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

40. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (Continued)

(b) Financial instruments measured at fair value (Continued)

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (Level 3) are as follows:

Unlisted investments in convertible bonds – Derivative Component	可換股債券之非上市投資 — 衍生工具部分	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
At 1 April	於四月一日	21,078	54,475
Change in fair value recognised in profit or loss (included in other gains and losses)	於損益確認之公平值變動 (包括其他收益及虧損)	(16,782)	(33,397)
At 31 March	於三月三十一日	4,296	21,078

40. 按類別劃分之金融資產及金融負債概要(續)

(b) 按公平值計量之金融工具(續)

根據重大不可觀察輸入數據(第三級)按公平值計量之金融工具之對賬如下:

Financial assets at fair value through profit or loss 按公平值計入損益之 金融資產

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
21,078	54,475
(16,782)	(33,397)
4,296	21,078

41. FINANCIAL RISK MANAGEMENT

The Group's major financial instruments include investments in convertible bonds, trade and bills receivables, deposits and other receivables, pledged bank deposits, bank balances, trade and bills payables, accruals and other payables, amount due from/to an associate and convertible bonds. Details of these financial instruments are disclosed in respective notes.

The Group's activities expose it to a variety of financial risks such as foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The management monitors and manages the financial risks through internal risk assessment which analyses exposures by degree and magnitude of risks.

41. 財務風險管理

本集團之主要金融工具包括可換股債券投資、貿易應收賬款及應收票據、按金及其他應收款項、已抵押銀行存款、銀行結餘、貿易應付賬款及應付票據、預提費用及其他應付款項、應收/應付一間聯營公司款項及可換股債券。該等金融工具之詳情於相關附註披露。

本集團之經營活動令本集團面臨多種財務風險，如外幣風險、信貸風險、流動資金風險及利率風險。本集團之整體風險管理計劃集中在金融市場之不可預測性，並尋求盡量減低對本集團財務表現之潛在不利影響。管理層通過內部風險評估，分析風險程度及廣度，監控及管理財務風險。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

41. FINANCIAL RISK MANAGEMENT (Continued) 41. 財務風險管理(續)

(a) Foreign currency risk

Foreign exchange risk arises when commercial transactions, assets or liabilities are denominated in a currency that is not the functional currency of the group entities. The Group operates mainly in the PRC and Malaysia and is exposed to foreign currency exchange rate risk arising from various foreign currency exposures. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the foreign currency denominated monetary assets and liabilities in net position as at 31 March 2018 and 2017 are as follows:

(a) 外幣風險

外匯風險於非集團實體功能貨幣之貨幣列值之商業交易、資產或負債產生。本集團之業務主要於中國及馬來西亞經營，並面臨多種外幣產生之外幣匯率風險。本集團現時並無外幣對沖政策。然而，管理層會監察外匯風險，並將於必要時考慮對沖重大外匯風險。

於二零一八年及二零一七年三月三十一日，按外幣計值之貨幣資產及負債淨值之賬面值如下：

		Euro 歐元 HK\$'000 千港元	RMB 人民幣 HK\$'000 千港元	US\$ 美元 HK\$'000 千港元
31 March 2018	二零一八年三月三十一日			
Pledged bank deposits	已抵押銀行存款	—	—	18,229
Cash and bank balances	現金及銀行結餘	2,135	1,953	13,553
Trade and bills payables	貿易應付賬款及應付票據	(1,264)	—	—
Overall net exposure	全面風險淨額	871	1,953	31,782
31 March 2017	二零一七年三月三十一日			
Pledged bank deposits	已抵押銀行存款	—	—	17,958
Cash and bank balances	現金及銀行結餘	2,002	1,873	67,768
Trade and bills payables	貿易應付賬款及應付票據	(3,685)	—	—
Overall net exposure	全面風險淨額	(1,683)	1,873	85,726

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

41. FINANCIAL RISK MANAGEMENT (Continued)

(a) Foreign currency risk (Continued)

The cash and bank balances denominated in US\$ belong to the group entities in which the functional currency is HK\$. The directors are of the opinion that the HK\$ are reasonably stable with the US\$ under the Linked Exchange Rate System, and accordingly, no sensitivity analysis of US\$ with respect to HK\$ is performed.

The following table illustrates the approximate change in the Group's profit for the year and retained profits in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of each of the following years:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Euro appreciated by 5%	歐元升值5%	(36)	70
RMB appreciated by 5%	人民幣升值5%	(81)	(78)

The change in exchange rates do not affect the Group's other component of equity. The same percentage depreciation in the foreign currencies against the functional currency of the respective group companies would have the same magnitude on profit and retained profits but of opposite effect.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of each of the reporting period and had been applied to each of the group entities; exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next reporting date.

41. 財務風險管理(續)

(a) 外幣風險(續)

以美元計值之現金及銀行結餘屬於功能貨幣為港元之集團實體。董事認為，由於在聯繫匯率制度下，港元與美元相當穩定，因此，並無進行美元對港元之敏感度分析。

下表說明本集團年內溢利及保留溢利的概約變動以回應本集團於以下各年度末面對重大風險的外匯匯率的合理可能變動：

匯率變動不會影響本集團其他權益部分。外幣兌各集團公司的功能貨幣的同一百分比貶值對溢利及保留溢利構成相同幅度但反面的影響。

敏感度分析乃假設外匯匯率於各報告期末已發生變動而釐定，並應用於各集團實體，就金融工具所承受的貨幣風險於該日已存在，以及所有其他變數(特別是利率)維持不變。所述變動代表管理層對外匯匯率於直至下個報告日期前期間的合理可能變動的評估。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

41. FINANCIAL RISK MANAGEMENT (Continued)

(b) Interest rate risk

The Group's fair value interest rate risk primarily relates to debt component of convertible bonds held by the Group and the liability component of convertible bonds issued by the Company as set out in notes 19 and 31 respectively.

The Group's cash flow interest rate risk primarily relates to variable-rate pledged bank deposits and bank balances (see notes 26 and 27 respectively for details). The Group currently does not have interest rate hedging policy. However, the management of the Group will consider hedging significant interest rate exposure should the need arise. The management considers the Group's exposure to future cash flow interest rate risk is minimal taking into account the minimal fluctuation on market interest rate. Accordingly, no sensitivity analysis is presented.

(c) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. The liquidity risk management strategy adopted by the Group is to measure and forecast its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the Group's activities.

41. 財務風險管理(續)

(b) 利率風險

本集團之公平值利率風險主要與本集團持有之可換股債券之債務部分及本公司已發行之可換股債券之負債部分有關，分別載於附註19及31。

本集團之現金流量利率風險主要與以浮動利率計息之已抵押銀行存款及銀行結餘(詳情分別見附註26及27)有關。本集團現時並無利率對沖政策。然而，本集團管理層將於必要時考慮對沖重大利率風險。鑒於市場利率的波動甚微，管理層認為本集團承受未來現金流量利率之風險甚微。因此，概無呈列敏感度分析。

(c) 流動資金風險

本集團積極管理其債務到期情況、經營現金流及可動用資金，以確保可應付所有經營、投資及融資需要。本集團採納之流動資金風險管理策略為計量及預測其現金承擔及將現金及現金等值項目維持於被視為足以撥付本集團活動的水平。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

41. FINANCIAL RISK MANAGEMENT (Continued) 41. 財務風險管理(續)

(c) Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarizes the maturity profile of the Group's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations (including interest payments computed using contractual rates, or if floating, based on rates current at the reporting date).

(c) 流動資金風險(續)

按剩餘合約到期日劃分之金融工具分析

下表根據合約未貼現償還責任(包括使用合約利率或倘屬浮動,則根據報告日期的當前利率計算的利息付款),概述本集團於報告期末負債的到期情況。

		Weighted average effective interest rate	Carrying amount	Total contractual undiscounted cash flows 合約未貼現現 金流量 總額	Within 1 year or repayable on demand 一年內或 按要求 償還	More than 1 year but less than 2 years 超過一年 但少於 兩年	More than 2 years but less than 5 years 超過兩年 但少於 五年	More than 5 years 超過五年
		加權平均 實際利率	賬面值 HK\$'000 千港元	總額 HK\$'000 千港元	按要求 償還 HK\$'000 千港元	但少於 兩年 HK\$'000 千港元	但少於 五年 HK\$'000 千港元	超過五年 HK\$'000 千港元
31 March 2018	二零一八年 三月三十一日							
Trade and bills payables	貿易應付賬款及 應付票據		6,916	6,916	6,916	—	—	—
Accruals and other payables	預提費用及其他 應付款項		47,381	47,381	47,381	—	—	—
Amount due to an associate	應付一間聯營 公司款項		19,780	19,780	19,780	—	—	—
Convertible bonds	可換股債券	18.72%	41,812	577,170	—	—	—	577,170
			115,889	651,247	74,077	—	—	577,170
31 March 2017	二零一七年 三月三十一日							
Trade and bills payables	貿易應付賬款及 應付票據		14,859	14,859	14,859	—	—	—
Accruals and other payables	預提費用及其他 應付款項		51,680	51,680	51,680	—	—	—
Amount due to an associate	應付一間聯營公 司款項		19,780	19,780	19,780	—	—	—
Convertible bonds	可換股債券	18.72%	35,222	577,170	—	—	—	577,170
			121,541	663,489	86,319	—	—	577,170

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

41. FINANCIAL RISK MANAGEMENT (Continued)

(d) Credit risk

The Group's credit risk is primarily attributable to investments in convertible bonds, trade and other receivables, amount due from an associate, pledged bank deposits and bank balances.

As at 31 March 2018, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

The investments in convertible bonds as at 31 March 2018 expose the Group to concentration of credit risk. At the end of the reporting period, the Group assessed the financial position and performance of the issuer of the convertible bonds of carrying amount HK\$417,783,000 (2017: HK\$376,324,000) and in view of the net assets and bank balances and cash of the issuer, the management considers the default risk on the investments in convertible bonds is not significant.

41. 財務風險管理(續)

(d) 信貸風險

本集團之信貸風險主要來自可換股債券投資、貿易應收賬款及其他應收款項、應收一間聯營公司款項、已抵押銀行存款及銀行結餘。

於二零一八年三月三十一日，本集團所面對之最大信貸風險(會因交易對方未能履行責任而令本集團承擔財政損失)為綜合財務狀況表列載之各項已確認之金融資產之賬面值。

於二零一八年三月三十一日之可換股債券投資令本集團信貸風險集中。於報告期末，本集團評估賬面值為417,783,000港元(二零一七年：376,324,000港元)的可換股債券發行人之財務狀況及表現，鑒於發行人擁有淨資產及銀行結餘及現金，管理層認為可換股債券投資之違約風險並不重大。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

41. FINANCIAL RISK MANAGEMENT (Continued)

(d) Credit risk (Continued)

The Group also has concentration of credit risk as 11% (2017: 48%) of the total trade receivables were due from the Group's major customers, which are privately owned PRC and Macau companies engaged in trading of pharmaceutical products. The directors of the Company considered that the credit risk of trade receivables is insignificant after considering the credit quality and financial ability of these customers. In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. These credit evaluations focus on the customers' past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group will make specific provision for those balances which cannot be recovered. Normally, the Group does not obtain collateral from customers. In the opinion of the directors, the default risk of the Group is considered to be low.

With respect to credit risk arising from other receivables and amount due from an associate, in the opinion of the directors, no significant credit risk is expected as there is no default repayment history.

The credit risk on the Group's pledged bank deposits and bank balances is limited because the counterparties are reputable and creditworthy banks with high credit ratings assigned by international credit-rating agencies.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset at the end of the reporting period.

41. 財務風險管理(續)

(d) 信貸風險(續)

本集團信貸風險集中，因為貿易應收賬款總額中11%(二零一七年：48%)乃應收本集團之主要客戶款項，該等客戶為從事藥品貿易的中國及澳門私人公司。經考慮該等客戶的信貸質素及財政能力，本公司董事認為貿易應收賬款的信貸風險並不重大。就貿易應收賬款而言，對所有要求超過若干金額信貸之客戶進行獨立信貸評估。本集團訂有適當政策可確保銷售對象為信貸記錄良好之客戶。該等信貸評估著重評核客戶支付到期款項之過往記錄，以及目前之支付能力，並考慮客戶特定資料及有關客戶經營所在經濟環境之資料。本集團將會為該等不能收回之結餘作出特定撥備。一般而言，本集團並無向客戶收取抵押品。董事認為，本集團面對之違約風險為低。

就因其他應收款項及應收一間聯營公司款項而產生之信貸風險，董事認為由於並無拖欠還款紀錄，因而預期並無重大信貸風險。

由於交易對手為國際評級機構給予高信用評級的聲譽及信譽良好之銀行，故本集團已抵押銀行存款及銀行結餘之信貸風險有限。

最大信貸風險來自報告期末每項金融資產之賬面值。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

41. FINANCIAL RISK MANAGEMENT (Continued)

(e) Equity price risk

Price risk on embedded conversion option in convertible bonds held by the Group

The Group is required to estimate the fair value of the embedded conversion option in the convertible bonds held by the Group at the end of the reporting period with changes in fair value to be recognised in profit or loss as long as the convertible bonds are outstanding. The fair value adjustment will be affected either positively or negatively, amongst others, by the changes in share price and its volatility of the convertible bonds issuer.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to the change of share price and its volatility of the convertible bonds issuer at the reporting date.

If the share prices of the convertible bonds issuer had been 5% (2017: 5%) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2018 would increase/decrease by HK\$1,817,000 (2017: HK\$5,555,000)/HK\$229,000 (2017: HK\$1,158,000) as a result of changes in fair value of conversion option embedded in the convertible bonds held by the Group.

If the volatility of share prices of the convertible bonds issuer had been 5% (2017: 5%) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2018 would increase/decrease by HK\$2,845,000 (2017: HK\$7,847,000)/HK\$1,975,000 (2017: HK\$3,077,000), as a result of changes in fair value of conversion option embedded in the convertible bonds held by the Group.

41. 財務風險管理(續)

(e) 股價風險

本集團持有之可換股債券有關嵌入之換股權之價格風險

本集團須於報告期末估計本集團持有之可換股債券有關嵌入之換股權之公平值，只要可換股債券尚未兌換，公平值變動將於損益內確認。公平值調整將受(其中包括)可換股債券發行人之股價變動及其波幅之正面或負面影響。

敏感度分析

下述敏感度分析乃根據可換股債券發行人於報告日期所面臨的股價變動及其波幅釐定。

倘可換股債券發行人之股價上升/下降5%(二零一七年: 5%)，而所有其他變量保持不變，本集團截至二零一八年三月三十一日止年度之稅後溢利將增加/減少1,817,000港元(二零一七年: 5,555,000港元)/229,000港元(二零一七年: 1,158,000港元)，乃由於本集團持有的可換股債券有關嵌入之換股權之公平值變動所致。

倘可換股債券發行人的股價波幅上升/下降5%(二零一七年: 5%)，而所有其他變量保持不變，本集團截至二零一八年三月三十一日止年度之稅後溢利將增加/減少2,845,000港元(二零一七年: 7,847,000港元)/1,975,000港元(二零一七年: 3,077,000港元)，乃由於本集團持有的可換股債券有關嵌入之換股權之公平值變動所致。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

41. FINANCIAL RISK MANAGEMENT (Continued)

(e) Equity price risk (Continued)

Price risk on embedded conversion option in convertible bonds held by the Group (Continued)

Sensitivity analysis (Continued)

In management's opinion, the sensitivity analyses are unrepresentative of the inherent market risk as the pricing model used in the fair value valuation of the conversion options embedded in the convertible bonds involves multiple variables and certain variables are interdependent.

42. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders through optimisation of capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from prior year.

The Group regularly reviews and manages its capital structure, and makes adjustments to it taking into account the changes in economic conditions, risk characteristics of the underlying assets, the Group's investment strategy and opportunities, projected operating cash flows and capital expenditures. To maintain or adjust the capital structure, the Group may adjust the level of borrowings, dividend payment to shareholders, issue new shares, or buy back its own shares.

41. 財務風險管理(續)

(e) 股價風險(續)

本集團持有之可換股債券有關嵌入之換股權之價格風險(續)

敏感度分析(續)

管理層認為，由於可換股債券有關嵌入之換股權的公平值估值所用的定價模式涉及多項變數而若干變數相互依賴，因此，敏感度分析不能反映固有市場風險。

42. 資本管理

本集團管理資本之目標為保證本集團能夠持續經營，以便透過優化資本結構以減少資本成本，繼續為股東提供回報和為其他利益相關者帶來利益。本集團之整體策略與上年度維持不變。

本集團定期審閱及管理其資本結構，並於綜合考慮經濟狀況之變動、有關資產之風險特徵、本集團之投資策略及機遇、預測經營現金流以及資本開支後作出調整。為維持或調整資本結構，本集團可能調整借貸水平、支付予股東之股息、發行新股或購回自身股份。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 March 2018 截至二零一八年三月三十一日止年度

42. CAPITAL MANAGEMENT (Continued)

The Group monitors capital using a gearing ratio, which is debt (comprises convertible bonds and amount due to an associate) divided by total equity. A detailed calculation of the gearing ratio is shown below:

42. 資本管理(續)

本集團使用資產負債比率監察資本，資產負債比率為債務(包括可換股債券及應付一間聯營公司款項)除以權益總額。下表載列資產負債比率的詳細計算方式：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Debts	債務	61,592	55,002
Total equity	權益總額	1,067,079	1,025,851
Gearing ratio	資產負債比率	5.8%	5.4%

43. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the directors on 29 June 2018.

43. 批准財務報表

董事於二零一八年六月二十九日批准及授權刊登財務報表。

Five Years' Financial Summary

五年財務概要

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, is set out below:

本集團過去五個財政年度之業績，以及資產、負債及非控股權益概要如下：

		For the year ended 31 March 截至三月三十一日止年度				
		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元	2014 二零一四年 HK\$'000 千港元 (restated) (經重列)
RESULTS	業績					
Revenue	收益	85,762	107,903	142,201	128,833	150,673
Profit before income tax	除所得稅前溢利	29,186	18,927	27,490	555,397	34,046
Income tax credit/(expense)	所得稅抵免/(支出)	86	(616)	(90)	(92)	(20,574)
Profit for the year	本年度溢利	29,272	18,311	27,400	555,305	13,472
Attributable to:	以下人士應佔：					
– Owners of the Company	– 本公司擁有人	29,930	20,796	32,781	565,457	13,816
– Non-controlling interests	– 非控股權益	(658)	(2,485)	(5,381)	(10,152)	(344)
		29,272	18,311	27,400	555,305	13,472

		As at 31 March 於三月三十一日				
		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元	2014 二零一四年 HK\$'000 千港元 (restated) (經重列)
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS	資產、負債及非控股權益					
Total assets	總資產	1,216,783	1,172,669	1,160,853	1,138,643	720,346
Total liabilities	總負債	(149,704)	(146,818)	(144,954)	(142,264)	(161,551)
Total equity	權益總額	1,067,079	1,025,851	1,015,899	996,379	558,795
Non-controlling interests	非控股權益	4,494	3,841	1,350	(4,489)	(135,499)
Equity attributable to owners of the Company	本公司擁有人應佔權益	1,071,573	1,029,692	1,017,249	991,890	423,296



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

(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)

Stock code 股份代號：858

