



Tong Ren Tang Technologies Co. Ltd.
北京同仁堂科技發展股份有限公司

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(於中華人民共和國註冊成立的股份有限公司)

(Stock Code 股份代號:1666)



2019

ANNUAL REPORT

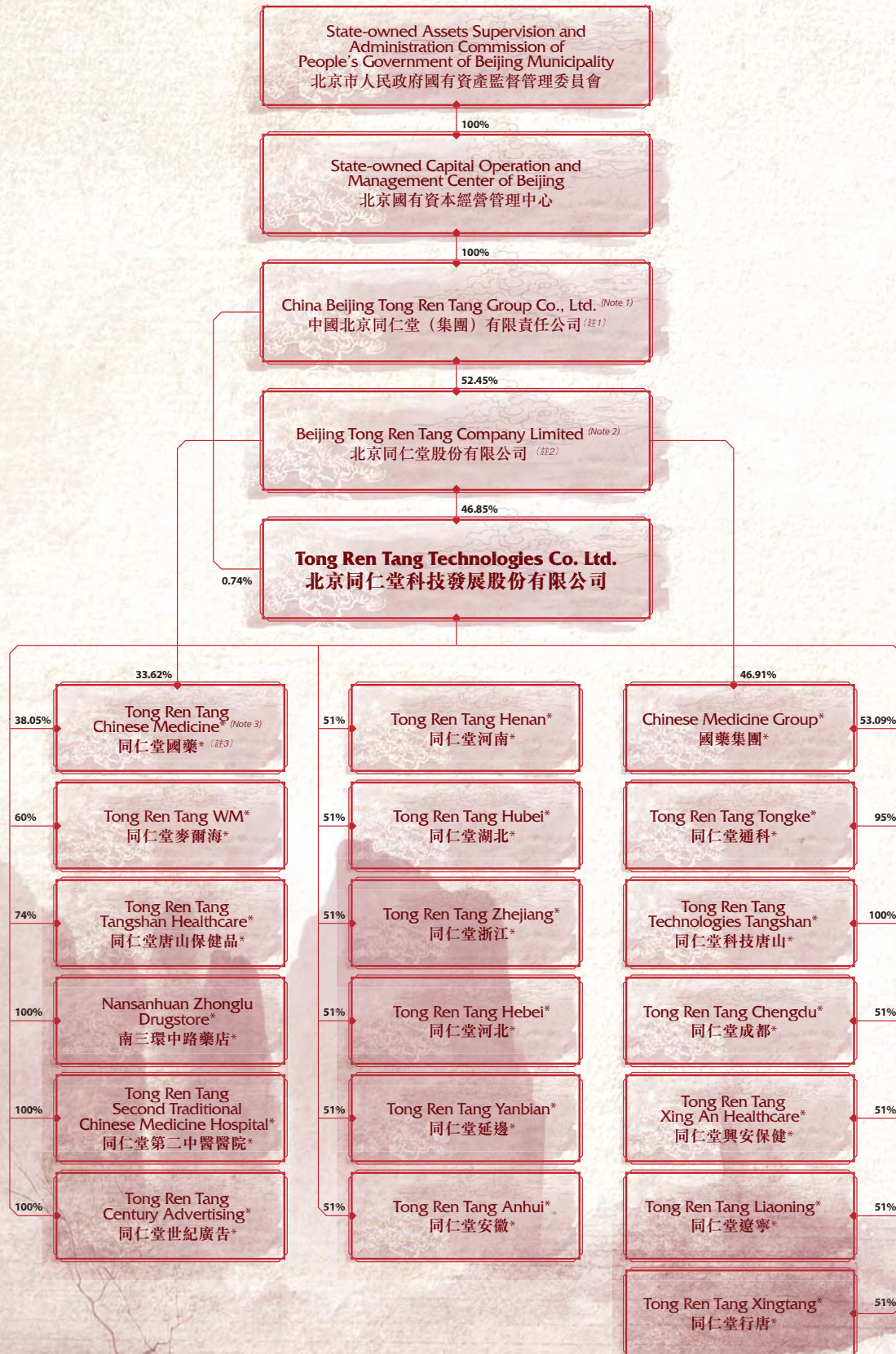
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Corporate Structure

公司架構



Corporate Structure (Cont'd)

公司架構(續)

Note 1: China Beijing Tong Ren Tang Group Co., Ltd. (中國北京同仁堂(集團)有限責任公司) (“**Tong Ren Tang Holdings**”) is the ultimate holding company of Tong Ren Tang Technologies Co. Ltd. (北京同仁堂科技發展股份有限公司) (“**Tong Ren Tang Technologies**” or the “**Company**”).
註1：中國北京同仁堂(集團)有限責任公司(「**集團公司**」)是北京同仁堂科技發展股份有限公司(「**同仁堂科技**」或「**本公司**」)的最終控股公司。

Note 2: Beijing Tong Ren Tang Company Limited (北京同仁堂股份有限公司) (“**Tong Ren Tang Ltd.**”) (stock code: 600085.SH) was incorporated in the People's Republic of China (the “**PRC**”) in 1997 and listed on the Shanghai Stock Exchange in June of the same year. Tong Ren Tang Ltd. is the direct holding company of Tong Ren Tang Technologies.

註2：北京同仁堂股份有限公司(「**同仁堂股份**」)(股票代碼：600085.SH)於一九九七年在中華人民共和國(「**中國**」)註冊成立，同年六月在上海證券交易所掛牌上市，是同仁堂科技的直接控股公司。

Note 3: Beijing Tong Ren Tang Chinese Medicine Company Limited (北京同仁堂國藥有限公司) (“**Tong Ren Tang Chinese Medicine**”) (stock code: 3613.HK) was incorporated in Hong Kong Special Administrative Region of the PRC (“**Hong Kong**”) in 2004, listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) in May 2013, and transferred to the Main Board of the Hong Kong Stock Exchange in May 2018. Tong Ren Tang Chinese Medicine is a subsidiary of the Company.

註3：北京同仁堂國藥有限公司(「**同仁堂國藥**」)(股票代碼：3613.HK)於二零零四年在中國香港特別行政區(「**香港**」)註冊成立，於二零一三年五月在香港聯合交易所有限公司(「**香港聯交所**」)創業板掛牌上市，並於二零一八年五月轉至香港聯交所主板上市，是本公司之附屬公司。

* For full names of the subsidiaries, please refer to Note 1 to the Consolidated Financial Statements.
附屬公司的全稱詳見合併財務報表附註1。



Corporate Information

公司資料

BOARD OF DIRECTORS

As at 31 December 2019, the directors of the Company (each the "Director") of the board (the "Board") are as follows:

Executive Directors

Gu Hai Ou (*Chairman*)
Huang Ning
Wu Le Jun
Wu Qian
Wang Yu Wei
Fang Jia Zhi

Independent Non-Executive Directors

Ting Leung Huel, Stephen
Chan Ching Har, Eliza
Zhan Yuan Jing

SUPERVISORS

Su Li (*Chairman*)
Wu Yi Gang
Dong Ke Man

SENIOR MANAGEMENT

Wang Yu Wei (*General Manager*)
Yang De Chun
Fang Jia Zhi
Zhang Feng
Wang Yue
Dong Ling Yun
Zhang Jing Yan

COMPANY SECRETARY

Zhang Jing Yan

AUDIT COMMITTEE

Ting Leung Huel, Stephen (*Chairman*)
Chan Ching Har, Eliza
Zhan Yuan Jing

REMUNERATION COMMITTEE

Zhan Yuan Jing (*Chairman*)
Gu Hai Ou
Ting Leung Huel, Stephen

董事會

於二零一九年十二月三十一日，本公司董事會（「董事會」）之董事（「董事」）如下：

執行董事

顧海鷗（*董事長*）
黃 寧
吳樂軍
吳 倩
王煜煒
房家志

獨立非執行董事

丁良輝
陳清霞
詹原競

監事

蘇 莉（*監事長*）
吳以鋼
董克滿

高級管理人員

王煜煒（*總經理*）
楊德春
房家志
張 鋒
王 悅
董凌雲
張京彥

公司秘書

張京彥

審核委員會

丁良輝（*主席*）
陳清霞
詹原競

薪酬委員會

詹原競（*主席*）
顧海鷗
丁良輝

Corporate Information (Cont'd)

公司資料(續)

NOMINATION COMMITTEE

Gu Hai Ou (Chairman)
Chan Ching Har, Eliza
Zhan Yuan Jing

STRATEGY AND PLANNING COMMITTEE

Gu Hai Ou (Chairman)
Wang Yu Wei
Ting Leung Huel, Stephen
Chan Ching Har, Eliza
Zhan Yuan Jing

AUTHORIZED REPRESENTATIVES

Gu Hai Ou
Zhang Jing Yan

AUTHORIZED PERSON TO ACCEPT SERVICE OF PROCESS AND NOTICE

Zhang Jing Yan

INDEPENDENT AUDITORS

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor
22nd Floor, Prince's Building, Central, Hong Kong

LEGAL ADVISOR AS TO HONG KONG LAWS

DLA Piper Hong Kong
25/F, Three Exchange Square, 8 Connaught Place, Central Hong Kong

H SHARE REGISTRAR

Hong Kong Registrars Limited
Shops 1712-1716,
17th Floor, Hopewell Centre,
183 Queen's Road East,
Wanchai, Hong Kong

Note: In 2019, Mr. Gao Zhen Kun resigned from the original positions of the chairman of the Company; Mr. Bai Jian retired from the original positions of the Party Committee secretary and the chief auditor; Ms. Liu Cun Ying and Ms. Guo Gui Qin, retired from the original positions of the deputy general manager. For details, please refer to the section "Changes of Directors, Supervisors and Senior Management" in the "Report of the Board of directors" section of the report.

提名委員會

顧海鷗(主席)
陳清霞
詹原競

戰略與規劃委員會

顧海鷗(主席)
王煜煒
丁良輝
陳清霞
詹原競

授權代表

顧海鷗
張京彥

接受傳票及通告之授權代表

張京彥

獨立核數師

羅兵咸永道會計師事務所
執業會計師及
註冊公眾利益實體核數師
香港中環太子大廈22樓

香港法律顧問

歐華律師事務所
香港中環康樂廣場8號交易廣場3期25樓

H股股份過戶登記處

香港證券登記有限公司
香港灣仔
皇后大道東183號
合和中心17樓1712-1716室

註：二零一九年度，本公司原董事長高振坤先生辭任，本公司原黨委書記、總審計師白建先生、原副總經理劉存英女士及原副總經理郭桂芹女士退休。詳情請參見本報告「董事會報告」章節「董事、監事及高級管理人員變更」的部分。

Financial Highlights 財務概要

A summary of the consolidated results and the consolidated balance sheet of the Company and its subsidiaries (hereafter collectively referred to as the “Group”) for each of five years ended 31 December 2019, as extracted from the audited financial statements of the Group, is set out below:

Revenue 收入
Gross profit 毛利
Profit for the year 年度利潤
Profit attributable to owners of the Company 利潤歸屬於本公司所有者
EBITDA 息稅折舊攤銷前利潤
Earnings per share (RMB) 每股收益 (人民幣元)
Dividend per share (RMB) 每股股息 (人民幣元)

Gross profit ratio 毛利率
Net profit ratio 淨利率
Current ratio 流動比率
Quick ratio 速動比率
Liability/Asset ratio 資產負債率
Return on equity 股本回報率
Return on assets 資產回報率

Total assets 資產總計
Total liabilities 負債合計
Equity attributable to owners of the Company 權益歸屬於本公司所有者

Financial Highlights (Cont'd)

財務概要(續)

以下為本公司及其子公司(以下合稱「本集團」)截至二零一九年十二月三十一日止五個年度之合併業績概要及合併資產負債表概要(摘錄自本集團經審核賬目):

	2019	2018	2017	2016	2015
	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
	4,476,449	5,059,638	5,025,183	4,665,295	4,066,960
	2,054,495	2,427,979	2,525,542	2,365,984	2,012,580
	741,390	1,005,853	969,892	850,989	742,581
	417,650	677,815	666,666	595,654	541,032
	1,124,592	1,310,469	1,273,398	1,114,013	977,384
	0.33	0.53	0.52	0.47	0.42
	0.16	0.18	0.17	0.16	0.15

	2019	2018	2017	2016	2015
	45.90%	47.99%	50.26%	50.71%	49.49%
	16.56%	19.88%	19.30%	18.24%	18.26%
	4.49	4.95	4.88	4.98	5.13
	3.04	3.30	3.17	3.21	2.97
	29.18%	25.52%	27.22%	28.09%	16.77%
	10.00%	13.82%	15.01%	14.46%	14.38%
	7.08%	10.30%	10.93%	10.40%	11.97%

	2019	2018	2017	2016	2015
	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
	10,469,970	9,769,866	8,875,657	8,184,166	6,203,281
	3,055,396	2,493,017	2,416,115	2,299,058	1,040,245
	5,527,255	5,316,652	4,816,620	4,403,184	3,969,302

Chairman's Statement

董事長報告

I am pleased to present the annual report of the Group for the year ended 31 December 2019 for shareholders' review.

RESULTS OF THE YEAR

For the year ended 31 December 2019 (the "**Reporting Period**"), the Group's revenue amounted to RMB4,476,449,000, representing a decrease of 11.53% from RMB5,059,638,000 for the corresponding period of last year; net profit amounted to RMB741,390,000, representing a decrease of 26.29% from RMB1,005,853,000 for the corresponding period of last year; net profit attributable to owners of the Company amounted to RMB417,650,000, representing a decrease of 38.38% from RMB677,815,000 for the corresponding period of last year; earnings per share was RMB0.33 (2018: RMB0.53); and dividend per share was RMB0.16 (2018: RMB0.18).

REVIEW OF THE YEAR

2019 was a year full of difficulties and challenges, and a year of struggling and laying a solid foundation. During the year, as the downward pressure on the Chinese economy continued to increase, the reform of national medical system continued to intensify and more stringent policies were adopted, competition in the pharmaceutical industry became even fiercer and profit growth slowed further. At the same time, the Group has entered a transitional period between new and old production capacity, and was faced with prominent problems such as insufficient production capacity of some products and new production capacity not being released, which led to declines in both the production volume and value. With the completion of construction and commencement of trial production and operation in succession of the newly built production bases, industrial operating cost and depreciation of fixed assets have increased. All these have adverse effects on the Group's performance.

During the year, the Group thoroughly carried out the "Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era" and the spirit of the 19th National Congress of CPC, continued to strengthen the political leadership of the Communist Party, continued to enhance ideological and political construction, organizational construction, cadre team construction and ideology construction, integrated the construction of the Communist Party into all aspects of corporate governance and facilitated in-depth integration of the construction of the Communist Party into production and operation. During the Reporting Period, taking the opportunity of key project modification, the Company motivated the enthusiasm, initiative and creativity of party organization, party members and staff at all levels, facilitated in-depth integration of the construction of the Communist Party into production and operation, further strengthened risk investigation in the daily operation of the Company in production and supply, quality management, marketing, brand management, safety and environmental protection, enhanced analysis and resolution of new problems and conflicts and improved the ability of risk prevention and control. By improving the internal control system, institutional system and quality system, the Company consolidated its basic management, created a long-term management mechanism and improved the quality of management.

Success is often borne out of difficulties and hardship. During the Reporting Period, having long-term development in our mind, we focused on the main idea of "quality management enhancement" during the year, overcame difficulties, forged ahead, continuously improved the level of standardized management and cultivated development advantages. During the year, based on the prospect of industrial development and the characteristics of its own operation, the Group further improved the marketing organizational structure, continued to push forward marketing organization reform and strengthened marketing management and control. Meanwhile, the Group expedited industrial layout adjustment, which began to take shape. The two new production bases located in Daxing District in Beijing City and Yutian County in Tangshan City commenced production during the year, laying a solid foundation for alleviating the pressure on product supply and demand and the Company's next stage of sustainable development.

Chairman's Statement (Cont'd)

董事長報告(續)

本人欣然提呈本集團截至二零一九年十二月三十一日止年度報告，敬請各位股東省覽。

全年業績

截至二零一九年十二月三十一日止年度(「報告期」)，本集團收入為人民幣447,644.9萬元，較上年同期人民幣505,963.8萬元下降11.53%；實現淨利潤為人民幣74,139.0萬元，較上年同期人民幣100,585.3萬元下降26.29%；本公司所有者應佔淨利潤為人民幣41,765.0萬元，較上年同期人民幣67,781.5萬元下降38.38%；每股收益為人民幣0.33元(二零一八年：人民幣0.53元)；每股股息為人民幣0.16元(二零一八年：人民幣0.18元)。

全年回顧

二零一九年，是充滿困難與挑戰的一年，更是艱苦奮鬥、牢築根基的一年。年內，中國經濟下行壓力持續加大，國家醫療體制改革持續深化，政策環境愈發嚴格，醫藥行業競爭日趨激烈，利潤增速進一步放緩。同時，本集團進入新舊產能銜接的過渡期，面臨著部分品種產能不足、新產能尚未釋放等突出問題，導致產品產量、產值雙下降；伴隨新建生產基地陸續竣工、試產及投入運營，工業運營成本及固定資產折舊有所增加，均對本集團業績造成不利影響。

年內，本集團深入貫徹「習近平新時代中國特色社會主義思想」和黨的十九大精神，持續強化黨的政治引領，不斷加強思想政治建設、組織建設、幹部隊伍建設和意識形態建設，將黨的建設融入到公司治理的各個環節，促進黨建與生產經營深度融合。報告期內，借助專項整改契機，充分調動各級黨組織、黨員和員工的積極性、主動性和創造性，促進黨建工作與生產經營的深度融合，進一步加強在生產供應、質量管理、市場營銷、品牌管理、安全環保等涉及公司日常運營工作中的風險排查，強化對新問題、新矛盾的分析、解決以及提高風險防控能力，通過完善內控體系、制度體系、質量體系，夯實基礎管理，形成長效管理機制，促進管理質量的提升。

艱難困苦，玉汝于成。報告期內，我們始終著眼於長遠發展，於年內緊密圍繞「質量管理提升」的工作主線，攻堅克難、銳意進取，不斷提升規範化管理水平，厚植發展優勢。年內，本集團結合行業發展前景與自身運作特點，進一步完善營銷組織架構，繼續推進營銷體系改革，強化營銷管控；同時，加快推進工業佈局調整，並初見規模，位於北京市大興區及唐山市玉田縣的兩家新建生產基地已於年內啟動生產，為緩解產品供需壓力以及本公司下一階段的可持續發展奠定堅實的基礎。

Chairman's Statement (Cont'd)

董事長報告(續)

OUTLOOK AND PROSPECTS

2020 marks the end of the "13th Five-Year Plan", and is the foundation year for the smooth start of the "14th Five-Year Plan". Opportunities coexist with challenges, and difficulties coexist with hopes.

In early 2020, the outbreak of the new coronavirus (COVID-19) pneumonia epidemic (the "**Epidemic**") and its rapid spread across the country posed additional challenges to the production and operation of the Group. Base on this situation, the Group has closely monitored the development of the Epidemic, followed the decisions and arrangements of the Chinese government and Beijing municipal government on prevention and control of the Epidemic, placed focus on both prevention and control of the Epidemic and economic stability, mapped out overall plan with all factors being considered, continued to pay attention on the impact of the Epidemic on production, sales and other aspects, and actively taken timely and effective response measures.

In the fight against COVID-19, traditional Chinese medicine has been proven to play an active role in prevention, treatment, rehabilitation and other aspects, and its importance has been brought to a higher level. The Chinese government is expected to provide more support for the traditional Chinese medicine industry. In addition, the Epidemic has once again raised public awareness of health and healthcare, presenting new opportunities to the development of traditional Chinese medicine. We believe that the status and role of traditional Chinese medicine will be further strengthened and recognized. Meanwhile, with the continuous promotion and implementation of the Healthy China strategy and the focus changed from provision of medical treatment to promotion of healthcare of citizens, China will continue its unremitting efforts to prevent and control major diseases, actively address the problem of ageing population, boost fertility and provide all-round lifelong health services. A sound policy atmosphere has been created for the development of the pharmaceutical industry and promoted the continuous development of the industry.

On the other hand, the downward pressure on the macro economy and the challenges of the pharmaceutical industry in terms of markets, receivables and costs will likely remain, putting us to a severe test. At the same time, regulatory policies in the pharmaceutical sector are becoming more stringent. With the implementation of the new version of the Pharmaceutical Administration Law of the People's Republic of China, the supervision of the whole chain, whole cycle and whole process of pharmaceutical products will be further strengthened, and the standardization of the pharmaceutical industry will be further enhanced.

We are convinced that the pain caused by challenges and changes will definitely be turned into strength for long-term development. A strong foundation has to be laid to pursue solid and sustainable development. In the future, facing the intensifying pharmaceutical reform and the increasingly severe market conditions, we will, in addition to strengthening our own development foundation, continue to adapt to the development of the industry, grasp major opportunities arising from the encouragement and promotion of inheritance and innovation of traditional Chinese medicine by the Chinese government, closely monitor market development, focus on market demand, highlight strengths in major businesses, capitalize on the trend and move ahead pragmatically, with a view to realizing growth and transformation of the Group in the future.

I hereby would like to express my sincere gratitude to the members of the Board and all the staff of the Group for their excellent performance and unremitting efforts; and to all the shareholders for their continuous support to and understanding of the Company. As always, we will try our best to reward the shareholders.

Gu Hai Ou
Chairman

Beijing, the PRC
30 March 2020

Chairman's Statement (Cont'd)

董事長報告(續)

前景與展望

二零二零年，是「十三五」規劃的收官之年，亦是「十四五」順利起航的奠基之年，機遇與挑戰並存，困難與希望同在。

二零二零年初，新型冠狀病毒(COVID-19)肺炎疫情(「疫情」)爆發，並迅速在全國蔓延，也給本集團的生產經營帶來若干挑戰。為此，本集團持續關注疫情的發展情況，堅持貫徹國家、北京市關於疫情防控工作的決策部署，一手抓疫情防控，一手抓經濟穩定運行，統籌兼顧，持續關注疫情對生產、銷售等各環節的影響，並積極採取及時、有效的應對措施。

在此次防治新型冠狀病毒肺炎中，中醫藥在預防、治療、康復等各環節中都被證實發揮了積極作用，其重要性得到顯著提升，亦將推動國家加大對中醫藥行業的扶持力度，加之此次疫情再次提醒了人們要關注健康、重視保健，均給中醫藥發展帶來新的機遇，我們相信，中醫藥的地位和作用將進一步得到強化與認可。同時，隨著健康中國戰略的持續推動與實施，以治病為中心轉變為以健康為中心，我國在預防控制重大疾病、積極應對人口老齡化、提高生育率、為人民群眾提供全方位、全週期的健康服務等方面將持續作出不懈努力，均為醫藥行業發展創造了良好的政策氛圍，推動行業發展不斷向好。

另一方面，宏觀經濟下行壓力以及醫藥行業在市場、回款、成本等方面的挑戰也將持續，公司仍將面臨嚴峻的考驗。同時，醫藥領域監管政策趨嚴，新版《中華人民共和國藥品管理法》的落地實施，將進一步強化對藥品全鏈條、全週期、全過程的監管，也將推動醫藥行業進一步規範。

我們深信，挑戰與變革帶來的陣痛定會為長遠的發展積蓄力量。固本以強基、行穩而致遠，未來，面對不斷深化的醫藥改革與日益嚴峻的市場形勢，我們將在夯實自身發展根基的基礎上，不斷適應行業發展變化，緊握國家鼓勵和促進中醫藥傳承創新發展的重大機遇，關注市場發展，聚焦市場需求，突出主業優勢，因勢利導、務實前行，以期本集團在未來的成長與蛻變。

本人在此謹向董事會同仁及本集團全體員工致以衷心的謝意，感謝各位卓有成效的工作及不懈努力；向所有股東致以誠摯的敬意，感謝各位一直以來的厚愛，對本公司的支持和理解。我們將一如既往，竭盡所能回報所有股東。

顧海鷗
董事長

中國北京，
二零二零年三月三十日

Management Discussion and Analysis

管理層討論與分析

BUSINESS REVIEW

In 2019, affected by intensified market competition, internal industrial layout adjustment and increase in costs, the Group had to cope with sustained pressure in the process of production and operation, which led to declines in revenue and profits. For the year ended 31 December 2019, the Group's sales revenue amounted to RMB4,476,449,000, representing a decrease of 11.53% as compared with RMB5,059,638,000 for the corresponding period last year; net profit amounted to RMB741,390,000, representing a decrease of 26.29% from RMB1,005,853,000 for the corresponding period of last year; net profit attributable to the owners of the Company amounted to RMB417,650,000, representing a decrease of 38.38% as compared with RMB677,815,000 for the corresponding period last year.

2019 was a year of transition from the old to the new production capacity. Since the beginning of the first quarter, the Company has been facing a shortage of production and supply of a number of series of products. The existing production lines of pills, liquid preparations and other products in Yizhuang factory and Liujiayao factory were required to undergo GMP (Good Manufacturing Practice) recertification. The two new production bases, namely Tong Ren Tang Technologies Tangshan in Yutian County in Tangshan City of the Hebei Province and the Tong Ren Tang Technologies Daxing Production Base ("**Daxing Branch Factory**") located in Da Xing Bio-Pharma Industrial Base of Zhongguancun Technology Park District, Beijing, passed the GMP certification in April and July in 2019, respectively, but due to the time needed for product transfer from the old to the new production base, production connection and commissioning of the new production lines, the two new production bases only commenced operation in the second half of 2019, and the production capacities have not yet been released. As a result, the Company's overall production volume during the Reporting Period was limited, leading to a decline in the total production volume of Chinese patent medicine in 2019 by more than approximately 20% as compared with the corresponding period last year. The production progress of dosage products including pills and liquid preparation was particularly affected, which directly led to a decline in the production volume of major products such as Liuwei Dihuang Pills (六味地黃丸) series and Jinkui Shenqi Pills (金匱腎氣丸) series, and thus decreases in revenue and profits.

Despite all the pressures and difficulties, the Company remained optimistic and actively pushed forward production layout adjustment based on its own strengths and advantages, with a focus on a long-term and healthy development in the future. In the second half of 2019, based on the future development orientation and production planning, the Company transferred the production of certain products such as Liuwei Dihuang Pills (六味地黃丸), Xihuang Pills (西黃丸), and Shengmai Liquor (生脈飲) to Tong Ren Tang Technologies Tangshan and Daxing Branch Factory. In the above two new production bases, production lines of pills, liquid preparations and other products successively commenced operation. At this point, the Group's production of traditional Chinese medicine products has begun to form a new pattern connecting Beijing and Hebei. Increasingly stable product supply is expected to provide foundation of sufficient materials for the Company's overall development in the future.

Management Discussion and Analysis (Cont'd)

管理層討論與分析(續)

業務回顧

二零一九年，受市場競爭加劇、內部工業佈局調整、成本上漲等諸多因素影響，本集團在生產經營過程中持續承壓，導致收入、利潤下降。截至二零一九年十二月三十一日止年度，本集團銷售收入為人民幣447,644.9萬元，較上年同期人民幣505,963.8萬元下降11.53%；實現淨利潤為人民幣74,139.0萬元，較上年同期人民幣100,585.3萬元下降26.29%；本公司所有者應佔淨利潤為人民幣41,765.0萬元，較上年同期人民幣67,781.5萬元下降38.38%。

二零一九年是本公司新舊產能交替的重要過渡期。自一季度開始，本公司即面臨多系列產品生產供應不足的狀況，原有的亦莊分廠、劉家窯分廠的丸劑、液體制劑等多條生產線需要進行GMP(藥品生產質量管理規範)再認證，而兩家新建生產基地一位於河北省唐山市玉田縣的同仁堂科技唐山及位於北京市中關村科技園區大興生物醫藥基地的同仁堂科技大興分廠(「大興分廠」)雖然分別於二零一九年四月及七月順利通過GMP認證，但由於新舊生產基地之間產品轉移、生產銜接及新生產線的調試運行需要時間等影響，兩家新建生產基地於二零一九年下半年才開始陸續投入生產，產能尚未得到有效釋放。因此，報告期內本公司整體產品生產受限，導致二零一九年度中成藥生產總量較上年同期下降約20%以上，特別是丸劑、液體制劑等劑型產品的生產進度受到較大影響，直接導致六味地黃丸系列、金匱腎氣丸系列等主導品種產量下降，整體收入、利潤亦隨之下降。

儘管承受多重壓力與困難，本公司依然積極面對，結合自身優勢特點，積極推進工業佈局調整，著眼於未來長久、健康發展。二零一九年下半年，本公司已依據未來發展定位及生產規劃，將六味地黃丸、西黃丸、生脈飲等部分產品轉移到同仁堂科技唐山及大興分廠，兩家生產基地的丸劑、液體制劑等生產線已陸續啟動生產。至此，本集團的中藥產品生產已初步形成聯接北京—河北的新格局，未來日趨穩定的產品供應將為公司整體發展提供充足的物質基礎。



Management Discussion and Analysis (Cont'd)

管理層討論與分析(續)

Meanwhile, the continuous growth in raw material procurement cost and energy consumption cost, coupled with the ever-increasing industrial operating cost and rising unit manufacturing cost as a result of the commencement of operation of Daxing Branch Factory and Tong Ren Tang Technologies Tangshan, as well as the increased depreciation expenses of fixed assets, have led to a decline in profits of the Group compared with the same period last year.

Production and supply issues and market competition also affected product performance. The number of products that achieved a sales amount of more than RMB5 million of the Group decreased from 53 last year to 51 in 2019. The number of products that achieved a sales amount of more than RMB100 million was 9, which was the same as last year. Among our major products, the sales amount of Liuwei Dihuang Pills (六味地黃丸) series, Niu Huang Jiedu Tablets (牛黃解毒片) series and Xihuang Pills (西黃丸) series decreased by 40.50%, 6.01% and 17.42%, respectively, as compared with the corresponding period last year. The sales amount of Ganmao Qingre Granules (感冒清熱顆粒) series, Ejiao (阿膠) series and Jiawei Xiaoyao Pills (加味逍遙丸) series increased by 5.02%, 1.56% and 18.26%, respectively, as compared with the corresponding period last year. In particular, Ejiao (阿膠) series still lack sales momentum in retail terminals. To this end, the Company actively adjusted marketing strategies, optimized channel structure, and continuously increased sales efforts in order to reduce channel inventory and drive terminal sales.

During the year, the Company closely focused on the main idea of “quality management enhancement”, consolidated the foundation of development, forged ahead, continued to intensify the reform of marketing system, took into consideration the prospect of industrial development and the characteristics of its own operation, further improved the marketing organizational structure, established four product divisions and enhanced multidirectional control of products. Meanwhile, the Company established sales promotion management department and strategic cooperation business department, and gradually improved market operation capacity and operation quality. Faced with insufficient production and supply, the Company adopted a model of direct connection of sales information with first-tier and second-tier distributors, effectively strengthened the cooperation with key customers and in terms of products, collaborated with large pharmaceutical chain companies, promoted terminal promotions, and sought breakthroughs in individual products as sales growth drivers.

In terms of scientific research on products, the Company is mainly committed to conducting secondary scientific research on existing products, taking into consideration of the curative effects of existing products and exploring the potential of technological improvement and upgrading. During the year, the Company continued to explore the characteristics of famous and outstanding products and selected Jiawei Xiaoyao Pills (加味逍遙丸) as a representative product to undergo systematic and thorough study on its curative effect on functional dyspepsia and premenstrual syndrome in order to provide reasonable guidance for clinical medication; conducted in-depth research on the anti-tumor function of Xihuang Pills (西黃丸), to provide modern scientific support for its effective inhibition of growth of tumor cells of esophageal cancer and breast cancer through multiple approaches such as inhibiting the proliferation of tumor cells and inducing apoptosis in tumor cells, and to highlight its advantages in clinical application. Also, the production process and therapeutic use of other products such as Anshen Jiannao Liquor (安神健腦液) and Ertong Qingre Liquid (兒童清熱口服液) were granted five national invention patents, which provides patent protection from the perspective of intellectual property rights.

Management Discussion and Analysis (Cont'd)

管理層討論與分析(續)

同時，原材料採購成本、能耗成本持續增長，加之大興分廠及同仁堂科技唐山的投運，工業運營成本不斷加大，單位製造費用上升，固定資產折舊費用亦相應增加，均導致本集團利潤較上年同期下降。

生產供應的問題與市場競爭也影響了產品的表現，本集團銷售額超過五百萬元的產品由上年的五十三個降至二零一九年的五十一個，其中銷售額超億元產品為九個，與上年持平。主導產品中，六味地黃丸系列、牛黃解毒片系列、西黃丸系列的銷售額分別較上年同期下降40.50%、6.01%及17.42%，感冒清熱顆粒系列、阿膠系列、加味道遙丸系列銷售額分別較上年同期增長5.02%、1.56%及18.26%。其中阿膠系列產品於零售終端仍然銷售動力不足，為此公司積極調整營銷策略，優化渠道結構，不斷加大促銷力度，以期降低渠道庫存，拉動終端純銷。

年內，公司緊緊圍繞「質量管理提升」的工作主線，夯實發展基礎，砥礪奮進，繼續深入推進營銷體系改革，結合行業發展前景與自身運作特點，進一步完善營銷組織架構，成立四個產品事業部，強化對品種的多向管控，同時，成立助銷管理部與戰略合作事業部，逐步提升市場營銷能力與經營質量。在生產供應不足的情況下，與一級、二級經銷商採取銷售信息直連的模式，切實加強重點客戶和品種的合作，協同大型醫藥連鎖公司，拉動終端促銷，尋求單品突破作為銷售增長點。

在產品科研方面，本公司主要致力於現有產品的二次科研，結合現有產品的藥效特點，在工藝的改進與提升方面進行深入挖潛。年內，本公司繼續挖掘名優產品特性，選取加味道遙丸為代表品種，系統、詳實的研究其對功能性消化不良及經前期綜合症的治療效果，以合理指導臨床用藥；深入開展西黃丸抗腫瘤作用機制研究，為其通過抑制腫瘤細胞增殖、誘導腫瘤細胞凋亡等多個途徑有效抑制食道癌及乳腺癌腫瘤細胞生長提供現代科學支撐，突出臨床應用優勢。此外，安神健腦液、兒童清熱口服液等產品工藝及治療用途獲得五項國家發明專利，從知識產權角度對產品形成了專利保護。



Management Discussion and Analysis (Cont'd)

管理層討論與分析(續)

The Company has over 40 domestic and overseas substantial subsidiaries which are engaged in manufacturing and distribution of traditional Chinese medicine products, food and daily chemical products, production of Chinese medical raw materials, medical services, distribution of medicine, etc.. In particular, located in Hong Kong, our principal subsidiary Tong Ren Tang Chinese Medicine, primarily engaged in manufacturing, retail and wholesale of Chinese medicine products outside Mainland China. Tong Ren Tang Chinese Medicine adopts a strategy of driving medicine demand by providing medical services and promoting culture at first with its base in Hong Kong to build a global layout, aiming to continuously accelerate the internationalization of traditional Chinese medicine. During the Reporting Period, due to the social event in Hong Kong, consumption sentiment of tourists visiting Hong Kong and the public was weakened and retail sector in Hong Kong was hit hard. Tong Ren Tang Chinese Medicine was also unfavorably impacted. Faced with a complex situation and economic environment, Tong Ren Tang Chinese Medicine adhered to a prudent but expansive operation strategy, exercised strict control over product quality, optimized business layout, and strived to overcome the adverse effects caused by various factors. As of 31 December 2019, it established 71 retail terminals in 20 countries and regions outside Mainland China, with a view to building a global network by anchoring in Hong Kong, marching to overseas and cultivating the main stream. As of 31 December 2019, the sales revenue of Tong Ren Tang Chinese Medicine and its subsidiaries was RMB1,262,714,000, representing a decrease of 1.69% as compared with the corresponding period last year; net profit attributable to owners of the Company amounted to RMB186,211,000, representing a decrease of 0.46% as compared with the corresponding period of last year.

Founded in 2001, Tong Ren Tang WM has been devoted to the combination of natural herbal plants and modernization of Chinese medicines and the application thereof, whose main products are masks, creams and daily chemical products. During the Reporting Period, the development of Tong Ren Tang WM was obstructed at retail pharmacy channels in various provinces and cities in China, with a decline in sales, resulting in a backlog of products in retail pharmacy channels. To this end, Tong Ren Tang WM actively adjusted its sales strategy, pushed forward channel transformation, and accelerated the expansion of non-retail pharmacy channels such as supermarkets and e-commerce. During the year, sales on e-commerce platforms increased compared to the previous year, but due to limited scale of product sales and higher channel expansion costs, the benefits brought about by the channel expansion have not yet appeared. As of 31 December 2019, the sales revenue of Tong Ren Tang WM was RMB83,742,000, representing a year-on-year decrease of 37.21%; net loss amounted to RMB1,471,000.

Tong Ren Tang Second Traditional Chinese Medicine Hospital and Nansanhuan Zhonglu Drugstore are wholly-owned medical institution and retail pharmacy of the Company. The two companies adhere to Tong Ren Tang's service principle of "Benefiting the Mankind", and serve customers with kindness. During the year, Tong Ren Tang Second Traditional Chinese Medicine Hospital recorded an increase in overall operating cost and a decrease in gross profit margin, which greatly affected profitability. As of 31 December 2019, the two companies jointly achieved sales revenue of RMB237,491,000, representing a year-on-year increase of 2.79% and net profit reached RMB11,818,000, representing a year-on-year decrease 31.01%.

Six subsidiaries that engage in planting continued to capitalize on their geographical advantages, based on the local geographical and climatic characteristics, followed the planting principle of "planting and harvesting specific to places of origin and seasons" and adopted the partnership planting model based on actual needs of the Company, which ensured the stability of quality and quantity of major medicinal materials including Cornel, Tuckahoe, catnip, Corydalis Bungeanae and Cortex Moutan. Meanwhile, the subsidiaries continued to explore the advantages of native medicinal materials. As at 31 December 2019, six subsidiaries engaging in production of Chinese medicinal raw materials recorded an aggregate sales revenue of RMB202,455,000, representing a year-on-year decrease of 2.31%, and net profit of RMB12,762,000, representing a year-on-year decrease of 22.24%.

Management Discussion and Analysis (Cont'd)

管理層討論與分析(續)

本公司於境內外現有主要子公司四十餘家，涉及中藥產品、食品、日化類產品的生產銷售，中藥材原料生產，醫療服務，藥品分銷等業務領域。其中，主要子公司一位於香港的同仁堂國藥，主要於海外從事中藥產品的生產、零售及批發業務，採用以醫帶藥、文化先行的傳播模式，立足香港，佈局全球，不斷加快推進中醫藥的國際化進程。報告期內，受香港社會事件影響，訪港遊客及民眾消費意願銳減，香港零售業遭受嚴重打擊，同仁堂國藥亦受到波及。面對複雜的形勢與經濟環境，同仁堂國藥秉承穩中有進的經營策略，嚴控產品質量、優化業務佈局，努力克服種種因素造成的不利影響。截至二零一九年十二月三十一日，其已在中國內地之外的二十個國家和地區建立七十一家零售終端，逐步實現立足香港、深耕主流、面向世界的國際網絡佈局。截至二零一九年十二月三十一日止，同仁堂國藥及其子公司實現銷售收入人民幣126,271.4萬元，同比下降1.69%，歸屬於本公司所有者淨利潤人民幣18,621.1萬元，同比下降0.46%。

同仁堂麥爾海成立於二零零一年，自成立以來始終致力於天然草本植物與中藥現代化的結合與應用，其產品以膏霜類、面眼貼膜類以及日化類產品為主。報告期內，同仁堂麥爾海在國內多個省市的零售藥店渠道發展受阻，銷售下滑，導致零售藥店渠道產品出現積壓。為此，同仁堂麥爾海積極調整銷售策略，推動渠道轉型，加速商超、電商等非零售藥店渠道拓展，年內，於電商平台的銷售較上年有所提升，但由於產品銷售規模有限，而渠道拓展費用較高，渠道擴張優勢尚不明顯。截至二零一九年十二月三十一日，同仁堂麥爾海實現銷售收入人民幣8,374.2萬元，同比下降37.21%，淨利潤人民幣負147.1萬元。

同仁堂第二中醫醫院及南三環中路藥店分別為本公司全資持有的醫療機構及零售藥店，兩家公司始終踐行同仁堂「濟世為懷」的服務宗旨，以仁德之心服務於顧客。年內，同仁堂第二中醫醫院整體運營成本增加，在很大程度上影響了利潤表現。截至二零一九年十二月三十一日，兩家公司合計實現銷售收入人民幣23,749.1萬元，同比增長2.79%，淨利潤人民幣1,181.8萬元，同比下降31.01%。

六家種植型子公司繼續發揮地緣優勢，結合地域、氣候特點，依從「採其地、用其時」的種植採收原則，採取合作種植的方式，結合本公司實際需求，在保障山茱萸、茯苓、荊芥、苦地丁、牡丹皮等主要藥材種植質量及規模穩定的同時，繼續挖掘地產藥材優勢。截至二零一九年十二月三十一日，六家種植型子公司實現銷售收入人民幣20,245.5萬元，同比下降2.31%，淨利潤人民幣1,276.2萬元，同比下降22.24%。

Management Discussion and Analysis (Cont'd)

管理層討論與分析(續)

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group has maintained a sound financial position. During the year of 2019, the Group's primary source of funds was cash generated from daily operating activities and borrowings.

The Group mainly uses Renminbi and Hong Kong dollars to make borrowings and loans and to hold cash and cash equivalents.

As at 31 December 2019, the Group's cash and cash equivalents amounted to RMB2,990,645,000 in total (31 December 2018: RMB1,904,036,000).

As at 31 December 2019, the Group's short-term borrowings amounted to RMB35,000,000 (31 December 2018: RMB195,000,000), carrying an interest rate of 4.534% per annum (2018: 4.501%), and current portion of non-current bank borrowing amounted to RMB105,198,000 (31 December 2018: RMB5,146,000), totally accounting for 4.59% of the total liabilities (31 December 2018: 8.03%). Long-term borrowings amounted to RMB1,223,571,000 (31 December 2018: RMB911,331,000), bearing annual interest rate of long-term borrowings at 2.660% (2018: 1.202%), and the actual annual interest rate of bonds was 3.008% (2018: 3.008%), long-term borrowings representing 40.05% of the total liabilities (31 December 2018: 36.56%). Of all the borrowings of the Group as at 31 December 2019, RMB140,198,000 will mature within one year and RMB1,223,571,000 will mature beyond one year.

On 31 July 2016, the Company issued corporate bonds on Shanghai Stock Exchange with aggregate principal amount of RMB800 million, a maturity of five years and a nominal interest rate of 2.95% per annum, also with the issuer's option to adjust the coupon rate and the investor's resale option at the end of the third year. On 14 June 2019 and 26 June 2019, the Company published announcements of the implementation of resale and resale results on the websites of the Shanghai Stock Exchange respectively, which showed that no investor had resold the Bonds to the Company. On 19 June 2019, the Company published an announcement on the website of the Shanghai Stock Exchange, in which the Company decided to raise the coupon rate of the fourth year and the fifth year (from 31 July 2019 to 30 July 2021) to 4.35% with the method of interest calculation and interest payment method remaining unchanged. The fair value of the bonds as at 31 December 2019 amounted to RMB811,600,000 (31 December 2018: RMB796,143,000) which is determined by reference to published price.

Capital Structure

The Group's capital management policy is to ensure the continuous operation of the Group with aim to provide returns for the shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

As at 31 December 2019, the total assets of the Group amounted to RMB10,469,970,000 (31 December 2018: RMB9,769,866,000). The funds of the Group comprised non-current liabilities of RMB1,365,734,000 (31 December 2018: RMB1,000,690,000), current liabilities of RMB1,689,662,000 (31 December 2018: RMB1,492,327,000), equity attributable to owners of the Company of RMB5,527,255,000 (31 December 2018: RMB5,316,652,000) and non-controlling interests of RMB1,887,319,000 (31 December 2018: RMB1,960,197,000).

In 2019, the Group's funds were mainly used for production and operation activities, construction projects, purchase of property, plant and equipment, repayment of borrowings and payment of cash dividends, etc..

Management Discussion and Analysis (Cont'd)

管理層討論與分析(續)

財務回顧

流動資金及財務資源

本集團維持良好之財務狀況。二零一九年內，本集團之資金主要來自日常業務所得之資金及借款。

本集團主要以人民幣及港幣進行借貸及持有現金及現金等價物。

於二零一九年十二月三十一日，本集團之現金及現金等價物結餘合共為人民幣 299,064.5 萬元(二零一八年十二月三十一日：人民幣 190,403.6 萬元)。

於二零一九年十二月三十一日，本集團之短期借款為人民幣 3,500.0 萬元(二零一八年十二月三十一日：人民幣 19,500.0 萬元)，借款年利率為 4.534%(二零一八年：4.501%)，非流動銀行借款的即期部分為人民幣 10,519.8 萬元(二零一八年十二月三十一日：人民幣 514.6 萬元)，合計佔總負債比例為 4.59%(二零一八年十二月三十一日：8.03%)，長期借款為人民幣 122,357.1 萬元(二零一八年十二月三十一日：人民幣 91,133.1 萬元)，其中長期銀行借款年利率為 2.660%(二零一八年：1.202%)，債券實際年利率為 3.008%(二零一八年：3.008%)，長期借款佔總負債比例為 40.05%(二零一八年十二月三十一日：36.56%)。本集團於二零一九年十二月三十一日全部借貸中，人民幣 14,019.8 萬元會於一年內到期，人民幣 122,357.1 萬元則會於一年以後到期。

本公司於二零一六年七月三十一日在上海證券交易所發行人民幣 8 億元公司債券，票面年利率為 2.95%，期限為五年，附第三年末發行人調整票面利率選擇權和投資者回售選擇權。本公司於二零一九年六月十四日及二零一九年六月二十六日在上海證券交易所網站刊發回售實施及回售結果公告，未有投資者向公司回售本期債券。於二零一九年六月十九日，本公司在上海證券交易所網站刊發公告，將本期債券存續期的第四年和第五年(二零一九年七月三十一日至二零二一年七月三十日)的票面利率調整為 4.35%，計息方式和付息方式保持不變。於二零一九年十二月三十一日，公司債券的公允價值合計人民幣 81,160.0 萬元(二零一八年十二月三十一日：人民幣 79,614.3 萬元)，價值乃參考報價直接釐定。

資本架構

本集團的資金管理政策，是保障本集團能繼續營運，以為股東提供回報和為其他權益持有人提供利益為目標，同時維持最佳的資本結構以減低資金成本。

於二零一九年十二月三十一日，本集團之資產總值為人民幣 1,046,997.0 萬元(二零一八年十二月三十一日：人民幣 976,986.6 萬元)，資金來源為非流動負債人民幣 136,573.4 萬元(二零一八年十二月三十一日：人民幣 100,069.0 萬元)，流動負債人民幣 168,966.2 萬元(二零一八年十二月三十一日：人民幣 149,232.7 萬元)，歸屬於本公司所有者的權益人民幣 552,725.5 萬元(二零一八年十二月三十一日：人民幣 531,665.2 萬元)及非控制性權益人民幣 188,731.9 萬元(二零一八年十二月三十一日：人民幣 196,019.7 萬元)。

二零一九年內，本集團之資金主要用於生產經營活動、建設工程項目、購置固定資產、償還借款及支付現金股息等。

Management Discussion and Analysis (Cont'd)

管理層討論與分析(續)

Liquidity

As at 31 December 2019, the Group's liquidity ratio (the ratio of current assets to current liabilities) was 4.49 (31 December 2018: 4.95), reflecting that the Group had sufficient financial resources. The Group's quick ratio (the ratio of liquid assets to current liabilities) was 3.04 (31 December 2018: 3.30), reflecting that the Group remained liquid. The Group's trade receivables turnover ratio (the ratio of revenue to the average of trade receivables balance) was 8.87 (31 December 2018: 11.43), reflecting that the Group's trade receivables were liquid. The Group's trade payables turnover ratio (the ratio of cost of sales to the average of trade payables balance) was 3.92 (31 December 2018: 3.98), reflecting that the Group had a relatively strong ability to use funding from suppliers for nil consideration. The Group's inventory turnover ratio (the ratio of revenue to the average of inventory balance) was 1.91 (31 December 2018: 2.17), reflecting that the inventory had a high turnover rate.

Gearing Ratios

The Group monitors its capital on the basis of the gearing ratio. As at 31 December 2019, the Group's gearing ratio (the ratio of total borrowings to equity attributable to owners of the Company) was 0.25 (31 December 2018: 0.21).

Expenses and Expense Ratio

As of 31 December 2019, the Group's distribution expenses amounted to RMB718,684,000 (2018: RMB866,651,000) and the distribution expense ratio, i.e. the ratio of distribution expenses to revenue, was 0.16 (2018: 0.17). The decrease in distribution expenses was mainly due to the decrease in business promotion and marketing expenses arising from advertising, exhibition promotion, etc..

As of 31 December 2019, the Group's administrative expenses amounted to RMB397,551,000 (2018: RMB364,248,000) and the administrative expense ratio, i.e. the ratio of administrative expenses to revenue, was 0.09 (2018: 0.07). The increase in administrative expenses was mainly due to the increase in depreciation and amortisation of long-term assets.

As of 31 December 2019, the Group's financial income amounted to RMB6,814,000 (2018: RMB17,067,000) and the financial income ratio, i.e. the ratio of financial income to revenue, was 0.0015 (2018: 0.0034). The decrease in financial income was mainly due to the increase in finance costs.

Gross Margin and Net Profit Margin

As of 31 December 2019, the gross margin of the Group was 45.90% (2018: 47.99%), while the net profit margin was 16.56% (2018: 19.88%).

Research and Development Expenses

As of 31 December 2019, the research and development expenses (excluding employee benefit expense, depreciation and amortisation expense) of the Group were RMB28,316,000 (2018: RMB27,835,000), accounting for 0.38% of net assets (2018: 0.38%) and 0.63% of revenue (2018: 0.55%), respectively. The research and development expenses including employee benefit expense, depreciation and amortisation expense were RMB61,248,000 (2018: RMB55,889,000), accounting for 0.83% of net assets (2018: 0.77%) and 1.37% of revenue (2018: 1.10%), respectively.

Capital Expenditure

For the year ended 31 December 2019, the Group's capital expenditure incurred amounted to RMB276 million (2018: RMB379 million), primarily used for the construction of production base.

Management Discussion and Analysis (Cont'd)

管理層討論與分析(續)

資金流動性

於二零一九年十二月三十一日，本集團之流動資金比率，即流動資產與流動負債比率，為4.49(二零一八年十二月三十一日：4.95)，反映財務資源充裕；速動比率，即速動資產與流動負債比率，為3.04(二零一八年十二月三十一日：3.30)，反映本集團變現能力良好；應收賬款周轉率，即收入與應收賬款平均餘額比率，為8.87(二零一八年十二月三十一日：11.43)，反映應收賬款流動性強；應付賬款周轉率，即成本與應付賬款平均餘額比率，為3.92(二零一八年十二月三十一日：3.98)，反映無償使用供貨企業資金的能力較強；存貨周轉率，即收入與存貨平均餘額比率，為1.91(二零一八年十二月三十一日：2.17)，反映存貨周轉速度良好。

資本負債比率

本集團利用負債比率監察其資本。於二零一九年十二月三十一日，本集團之資本負債比率，即借款總額與歸屬於本公司所有者的權益比率，為0.25(二零一八年十二月三十一日：0.21)。

費用及費用比率

截至二零一九年十二月三十一日，本集團之銷售費用為人民幣71,868.4萬元(二零一八年：人民幣86,665.1萬元)，銷售費用率，即銷售費用與收入比率，為0.16(二零一八年：0.17)，銷售費用的下降主要是由於廣告宣傳、展覽促銷等產生的業務宣傳費及市場推廣費縮減所致。

截至二零一九年十二月三十一日，本集團之管理費用為人民幣39,755.1萬元(二零一八年：人民幣36,424.8萬元)，管理費用率，即管理費用與收入的比率，為0.09(二零一八年：0.07)，管理費用的增長主要是由於長期資產的折舊攤銷費用增長。

截至二零一九年十二月三十一日，本集團之財務收益為人民幣681.4萬元(二零一八年：人民幣1,706.7萬元)，財務收益率，即財務收益與收入的比率，為0.0015(二零一八年：0.0034)，財務收益的減少主要是由於利息費用的增加。

毛利率及淨利潤率

截至二零一九年十二月三十一日，本集團之毛利率為45.90%(二零一八年：47.99%)；淨利潤率16.56%(二零一八年：19.88%)。

研發支出

截至二零一九年十二月三十一日，本集團之研究開發支出(不包括員工福利開支、折舊及攤銷費用)為人民幣2,831.6萬元(二零一八年：人民幣2,783.5萬元)，佔淨資產比例為0.38%(二零一八年：0.38%)，佔收入比例為0.63%(二零一八年：0.55%)。包括員工福利開支、折舊及攤銷費用的研究開發費用為人民幣6,124.8萬元(二零一八年：人民幣5,588.9萬元)，佔淨資產比例為0.83%(二零一八年：0.77%)，佔收入比例為1.37%(二零一八年：1.10%)。

資本開支

截至二零一九年十二月三十一日止年度，本集團的資本開支為人民幣2.76億元(二零一八年：人民幣3.79億元)，主要用於生產基地建設。

Management Discussion and Analysis (Cont'd)

管理層討論與分析(續)

Pledges over Assets of the Group

As at 31 December 2019, RMB9,438,000 (31 December 2018: RMB9,562,000) of the Group's assets was pledged as security for long-term borrowing of RMB49,000 (31 December 2018: RMB48,000).

Contingent Liabilities

The Group had no contingent liabilities as at 31 December 2019 (31 December 2018: Nil).

Foreign Currency Risk

The Group operates internationally and foreign exchange risk arising from trading business, recognised assets and liabilities, and net investments in foreign operations, primarily related to the HKD. The Group currently does not have a foreign currency hedging policy. The Group mainly manages its foreign currency risk by closely monitoring the fluctuation of the exchange rates.

Capital Commitments

As at 31 December 2019, the capital commitments of the Group relating to the constructions of production facilities, which had been contracted for but had not been reflected in the consolidated financial statements of the Group, amounted to approximately RMB215,523,000 (31 December 2018: RMB245,914,000).

Significant Investment

During the year of 2019, the Group did not have any significant investment. As of the date of this report, the Group does not have any plan for material investments or purchase of capital assets.

Material Acquisition and Disposal of Subsidiaries, Joint Ventures and Associates

During the year of 2019, the Group did not have any material acquisition and disposal in relation to subsidiaries, joint ventures and associates.



Management Discussion and Analysis (Cont'd)

管理層討論與分析(續)

集團資產抵押

於二零一九年十二月三十一日，本集團資產人民幣943.8萬元(二零一八年十二月三十一日：人民幣956.2萬元)用作長期借款人民幣4.9萬元(二零一八年十二月三十一日：人民幣4.8萬元)之抵押品。

或有負債

於二零一九年十二月三十一日，本集團並無或有負債(二零一八年十二月三十一日：無)。

外匯風險

本集團在全球範圍內開展業務活動，外匯風險來自貿易業務、已確認的資產和負債以及境外經營淨投資，主要涉及港幣。本集團現時並無任何外幣對沖政策。本集團主要通過密切關注匯率變動來應對外匯風險。

資本承諾

於二零一九年十二月三十一日，本集團尚未反映在合併財務報表內但已簽約的與生產設施建設有關之資本承諾約人民幣21,552.3萬元(二零一八年十二月三十一日：人民幣24,591.4萬元)。

持有重大投資

本集團在二零一九年度無重大投資。截至本報告日期，本集團概無任何重大投資或購入資本資產的計劃。

子公司、合營企業及聯營企業的重大收購及出售

本集團在二零一九年度概無重大收購及出售有關子公司、合營企業及聯營企業的事項。

Management Discussion and Analysis (Cont'd)

管理層討論與分析(續)

PROSPECTS

In the future, the Group will unswervingly follow the path of high quality development, enhance performance of the “quality management enhancement year”, and thoroughly implemented the philosophies of “strengthening Party construction and promoting business, strengthening management and promoting development”, exercise more effective control on production, supply and marketing, promote enhancement through adjustment and promote development through reform, to ensure a successful conclusion of the “13th Five-Year Plan” and lay a solid foundation for a good start for the “14th Five-Year Plan”.

In the beginning of 2020, the epidemic broke out in a number of provinces and cities across the country. In order to control the spread of the epidemic, the Chinese government adopted various emergency public health measures in a timely manner, including measures to suspend production, restriction on work resumption, and home isolation during the epidemic. Since the outbreak of the epidemic, the Group has paid close attention to its development and changes, acted in concert with the national epidemic prevention and control work, resumed production, marketing, logistics and distribution systems in an orderly manner, and initiated and implemented a series of prevention and control measures as soon as resumption of work to safeguard the health and safety of employees. While carrying out its own epidemic prevention and control work, the Group has also guaranteed the supply of medicines during the epidemic. At the same time, in order to render positive support for the prevention and control of the epidemic and fulfil the responsibilities of a state-owned enterprise, the Group has actively donated products such as Chinese patent medicines to Beijing Charity Association and other organizations to help the Communist Party and China win the fight against the epidemic.

Meanwhile, the Chinese government has attached great importance to the characteristics and advantages of traditional Chinese medicine in the prevention and control of outbreaks. Huoxiang Zhengqi Liquid (藿香正氣水) and other products manufactured by the Group have also been included in the national “Diagnosis and Treatment Plan for the Novel Coronavirus Pneumonia” (新型冠狀病毒感染的肺炎診療方案). To this end, the Group will make more rapid response to market demand, actively carry out activities under the theme of “Caring for Family and Caring for Health”, keep track of market development trends and adopt a product-centric strategy. In respect of the four stages of “prevention, control, resistance, and maintenance” of traditional Chinese medicine for the treatment of new coronavirus pneumonia, the Group has systematically selected more than 30 kinds of products for treatment for cold, heat alleviating and health boosting, including Fangfeng Tongsheng Pills (防風通聖丸), Ganmao Qingre Granules (感冒清熱顆粒), Banlangen Granules (板藍根顆粒), Qiguanyan Pills (氣管炎丸), Xiaoe Qingrening Granules (小兒清熱寧顆粒), Linyang Jiedu Pills (羚羊解毒丸), Buzhong Yiqi Pills (補中益氣丸), formulated operation plans for each products based on the characteristics of efficacy, continue to enhance cooperation with distributors and retailers at all tiers, and will strive to drive product sales.

With the successive commencement of operation of the two new production bases in Daxing Branch Factory and Tong Ren Tang Technologies Tangshan, the Group’s industrial layout adjustment has begun to take shape. In order to satisfy market demand, the Group will continuously strengthen the capability of overall production scheduling, put advance arrangements in place from the aspects of equipment, technology and materials based on the characteristics of various products, dosage forms, processes and industrial units, and exercise flexible control on the pace of production and the order of production scheduling so as to create synergy among products and seek new breakthroughs in production capacity and volume.

In the future, with a pragmatic and honest attitude, the Group will continue to strengthen the political leadership of the Communist Party and enhance marketing capabilities, production and supply capabilities and basic management capabilities, laying a solid foundation for a healthy, sustainable, and stable high-quality development of the Group.

Management Discussion and Analysis (Cont'd)

管理層討論與分析(續)

展望

未來，本集團將堅定不移的走高質量發展之路，鞏固「質量管理提升年」各項工作成果，深入踐行「強黨建促經營、強管理促發展」的理念，加強對生產供應、市場營銷的有效調控，以調整促提升，以改革促發展，確保「十三五」收官，為「十四五」實現良好開局奠定堅實的基礎。

二零二零年開年，疫情在全國多個省市爆發，為控制疫情蔓延，國家及時採取了多項緊急公共衛生措施，包括對疫情期間的停產、復工限制，以及居家隔離等措施。自疫情爆發以來，本集團高度關注其發展變化，積極配合國家疫情防控工作，有序恢復生產，全面復工營銷、物流配送系統，並在復工第一時間啟動並實施一系列防控措施以保障員工的健康與安全。在做好自身疫情防控工作的同時，亦保障疫情用藥的供應。同時，為積極支持疫情防控，體現國有企業擔當，積極向北京市慈善協會等機構捐贈中成藥等產品，助力黨和國家打贏疫情防控阻擊戰。

同時，國家高度重視中醫藥在疫情防控方面的特色優勢，本集團所生產的藿香正氣水等品種也被列入國家《新型冠狀病毒感染的肺炎診療方案》。為此，本集團將加快市場需求回應速度，積極開展「關愛家人、關愛健康」主題活動，把握市場發展動向，以品種為核心，針對中藥治療新型冠狀病毒肺炎的「防、控、抗、養」四個階段，系統篩選了包括防風通聖丸、感冒清熱顆粒、板藍根顆粒、氣管炎丸、小兒清熱寧顆粒、羚羊解毒丸、補中益氣丸等產品在內的三十餘個感冒類、清熱解毒類、補益類品種，並結合產品療效特點逐品種制定產品運作方案，持續加大與各級經銷商、零售商的合作力度，竭力拉動產品銷量。

隨著大興分廠及同仁堂科技唐山兩家新建生產基地的陸續投產，本集團工業佈局調整已初具規模。為全力滿足市場需求，本集團將不斷加強對整體生產的統籌調度能力，結合各品種、劑型、工序和各工業單位的特點，從設備、工藝、物料等方面提前部署，靈活調控生產節奏、品種排產順序，形成品種供應合力，尋求產能產量新突破。

未來，本集團將繼續以務實誠信的態度，持續提高黨建引領能力、市場營銷能力、生產供應能力與基礎管理能力，為實現本集團健康、持續、穩定的高質量發展奠定堅實的基礎。

Report of the Board of Directors

董事會報告

The Board is pleased to present the 2019 annual report together with the audited financial statements of the Group for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group is principally engaged in the manufacturing and sale of Chinese medicine products. Further discussion and analysis of these activities, including a discussion of using of key financial performance indicators for a fair review of the Group's business and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis set out on pages 12 to 25 of this report. This discussion forms part of this Report of the Board of Directors.

The distribution of income of the Group is set out below:

Sales of Chinese medicine products 中藥產品銷售收入

- Mainland China 於中國內地
 - Outside Mainland China 於其他國家及地區
-

Subtotal 小計

Advertising services income 廣告服務收入

- Mainland China 於中國內地

Services income 服務收入

- Mainland China 於中國內地
 - Outside Mainland China 於其他國家及地區
-

Subtotal 小計

Royalty fee income 品牌使用權收入

- Outside Mainland China 於其他國家及地區
-

Total 合計

Report of the Board of Directors (Cont'd)

董事會報告(續)

董事會欣然提呈二零一九年年報及本集團截至二零一九年十二月三十一日止年度經審核財務報表。

主要活動及業務回顧

本集團主要從事生產及銷售中藥產品業務。對業務的進一步的討論(包括運用財務關鍵表現指標對本集團業務的審視及本集團業務在未來可能的發展的討論)載於本報告12頁至25頁的管理層討論與分析中。該討論是本董事會報告的一部分。

本集團收入分佈如下：

	2019	2019	2018	2018
	RMB'000 人民幣千元	Ratio to the total Income 佔總收入比	RMB'000 人民幣千元	Ratio to the total Income 佔總收入比
	3,443,104	76.91%	4,041,543	79.88%
	951,826	21.26%	923,834	18.26%
	4,394,930	98.17%	4,965,377	98.14%
	32,053	0.72%	43,018	0.85%
	6,790	0.15%	7,244	0.14%
	42,458	0.95%	43,618	0.86%
	49,248	1.10%	50,862	1.00%
	218	0.01%	381	0.01%
	4,476,449	100.00%	5,059,638	100.00%

Report of the Board of Directors (Cont'd)

董事會報告(續)

RESULTS

The results and financial position of the Group for the year ended 31 December 2019 are set out on pages 112 to 240 of this report.

FINAL DIVIDEND AND TAX

The Board proposed a final dividend for the year ended 31 December 2019 (the "**Final Dividend**") of RMB0.16 (tax inclusive) per share based on the total number of the Company's issued and fully paid-up shares of 1,280,784,000 as at the end of 2019, totaling RMB204,925,440 (2018: a final dividend for the year ended 31 December 2018 of RMB0.18 (tax inclusive) per share based on the total number of the Company's issued and fully paid-up shares of 1,280,784,000, totaling RMB230,541,120). The profit distribution proposal is subject to the approval by the shareholders at the annual general meeting (the "**AGM**") for the year 2019. The Company is expected to complete the dividend distribution on or before 31 August 2020.

As for non-resident enterprise shareholders (other than shareholders who have invested in the shares of the Company through the Shenzhen-Hong Kong Stock Connect) as appeared on the H share register of shareholders of the Company, the Company will withhold corporate income tax at the rate of 10% when distributing the Final Dividend in accordance with the Notice on Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-Share Holders Which Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No.897) published by the State Administration of Taxation. Any shares registered in the name of the non-individual registered shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organisations, will be treated as being held by non-resident enterprise shareholders, thus their dividends receivables will be subject to the withholding of the corporate income tax.

As for the individual shareholders (other than shareholders who have invested in the shares of the Company through the Shenzhen-Hong Kong Stock Connect) whose names appear on the H share register of shareholders of the Company, the Company will withhold 10% of the Final Dividend as individual income tax when distributing the Final Dividend in accordance with the Notice on the Issues Concerning the Administration of Individual Income Tax Collection after the Annulment of Document Guo Shui Fa [1993] No.045 (Guo Shui Han [2011] No.348), unless otherwise specified by the relevant tax regulations, tax agreements or the aforesaid notice.

As for the individual shareholders or securities investment funds who have invested in the H shares of the Company through Shenzhen-Hong Kong Stock Connect, when distributing the Final Dividend, the Company shall withhold individual income tax at the rate of 20% in accordance with the register provided by China Securities Depository and Clearing Corporation Limited, according to the Circular on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No.127) issued by the Ministry of Finance, State Administration of Taxation and China's Securities Regulatory Commission on 5 November 2016.

As of the date of this report, no arrangement was reached pursuant to which any shareholder waived or agreed to waive any dividend.

Report of the Board of Directors (Cont'd)

董事會報告(續)

業績

本集團截至二零一九年十二月三十一日止年度的業績及財務狀況載於本報告第112頁至240頁。

末期股息及稅項

董事會建議以二零一九年末本公司已發行並繳足之總股數1,280,784,000股為基數，派發截至二零一九年十二月三十一日止年度的末期股息(「**末期股息**」)每股人民幣0.16元(含稅)，總計款項為人民幣204,925,440元(二零一八年：以本公司已發行並繳足之總股數1,280,784,000股為基數，派發截至二零一八年十二月三十一日止年度的末期股息每股人民幣0.18元(含稅)，總計款項為人民幣230,541,120元)。此利潤分配預案有待於本公司二零一九年度股東週年大會(「**股東週年大會**」)上經股東批准。本公司預計將於二零二零年八月三十一日或之前完成派付。

對於名列本公司H股股東名冊的非居民企業股東(通過深港通持有本公司H股的股東除外)，本公司向其分派末期股息時，將根據國家稅務總局《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)的規定，按10%的稅率預扣企業所得稅。以非個人登記股東名義登記(包括香港中央結算(代理人)有限公司、其他代名人、信托人或其他團體及機構)的股份，將視為由非居民企業股東持有，因此應收股息須預扣企業所得稅。

對於名列本公司H股股東名冊的個人股東(通過深港通持有本公司H股的股東除外)，本公司向其分派末期股息時，將根據國家稅務總局《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)的規定，一般預扣10%的末期股息作為個人所得稅，除非相關稅務法規、稅收協議或上述通知另有規定。

對於通過深港通持有本公司H股的個人股東或證券投資基金，根據財政部、國家稅務總局、中國證券監督管理委員會於二零一六年十一月五日頒布的《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)的規定，本公司向其分派末期股息時，將根據中國證券登記結算有限責任公司提供的股東名冊，按照20%的稅率代扣個人所得稅。

截至本報告日期，概無股東放棄或同意放棄任何股息之安排。

Report of the Board of Directors (Cont'd)

董事會報告(續)

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, revenue from the five largest customers and the largest customer of the Group accounted for 47.83% and 21.43% (2018: 47.68% and 22.13%) of the Group's total revenue, respectively.

Tong Ren Tang Holdings and its subsidiaries, joint ventures and associates (excluding the Group) (the "Tong Ren Tang Group") was the largest customer of the Group. During the Reporting Period, the revenue from this customer was RMB959,408,000 accounting for 21.43% of the Group's total revenue of this year. Besides, Tong Ren Tang Holdings has interest in Client B Group as listed in the table below. During the Reporting Period, details of the revenue from the five largest customers of the Group are set out below:

Customer Name 客戶名稱	Major products or service provided 銷售的主要產品/勞務
Tong Ren Tang Group 同仁堂集團	Chinese medicine products 中藥產品
Client A Group 客戶A集團	Chinese medicine products 中藥產品
Client B Group 客戶B集團	Chinese medicine products 中藥產品
Client C Group 客戶C集團	Chinese medicine products 中藥產品
Client D Group 客戶D集團	Chinese medicine products 中藥產品

During the Reporting Period, purchases from the five largest suppliers and the largest supplier of the Group accounted for 29.15% and 13.18% (2018: 26.27% and 11.60%) of the total purchases of the Group, respectively.

Tong Ren Tang Group was the largest supplier of the Group. During the Reporting Period, the amount of purchase by the Group from this supplier was RMB206,284,000, accounting for 13.18% of the Group's total amount of purchase in this year.

Save as disclosed in this report, none of Directors, their close associates, or any shareholder (who, to the knowledge of the Board, owns more than 5% of the issuers' share capital) has any interest in the five largest suppliers or customers.

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group understands that employees are valuable resources and the realisation and promotion of employees' value will help to achieve the Group's overall goals. Remunerations of the Group's employees are determined with reference to the prevailing market level as well as the competency, qualifications and experience of individual employee. Discretionary bonuses based on individual performance during the year will also be paid to the employees as recognition of and a reward for their contributions to the Group. The Group attaches great importance to development and growth of talents and provides employees with skill training, career planning and development opportunities, seeking to create a platform for mutual growth and sharing of development between the Group and employees.

The Group cherishes its solid partnership with suppliers. It aims to achieve win-win results in cooperation with all relevant parties through its operational excellence, superior product and service quality, as well as transparent and fair procurement activities. The Group exercises a high level of scrutiny over supplier selection. Based on adequate qualifications, our quality department, we collaborates with related purchase units, conducts assessment and on-site audits on product quality of suppliers, and makes a general appraisal. The production department then conducts suitability and quality consistency tests. Suppliers must pass the audits and assessment before being allowed to provide products. In case of any serious issues in supplier qualification or supply quality, the Group will suspend purchasing orders of the supplier immediately and, if necessary, cancel its qualification to ensure the quality and safety of the Group's products.

Report of the Board of Directors (Cont'd)

董事會報告(續)

主要客戶及供貨商

報告期內，本集團來自前五大客戶及第一大客戶的收入佔本年度本集團收入總額的百分比分別為47.83%及21.43%(二零一八年：47.68%及22.13%)。

集團公司及其子公司、合營企業及聯營企業(本集團除外)(「**同仁堂集團**」)為本集團第一大客戶；報告期內，本集團來自該等客戶的收入為人民幣959,408,000元，佔本年度本集團收入總額的百分比為21.43%。此外，集團公司還於下面表格所列示之客戶B集團中持有權益。報告期內，本集團來自前五大客戶的銷售收入詳情如下：

RMB'000
人民幣千元

959,408
540,294
284,758
233,042
123,380

報告期內，本集團向前五大供貨商及第一大供貨商的購貨額佔本年度本集團購貨總額的百分比分別為29.15%及13.18%(二零一八年：26.27%及11.60%)。

同仁堂集團為本集團第一大供貨商；報告期內，本集團向該等供貨商購貨額為人民幣206,284,000元，佔本年度本集團購貨總額的百分比為13.18%。

除本報告披露者外，本公司董事、董事的緊密聯繫人或任何股東(據董事會所知擁有5%以上的上市發行人已發行股份數目者)概無擁有前五大供貨商或客戶的任何權益。

與僱員、供貨商及客戶之關係

本集團深明僱員為寶貴資源，僱員價值的實現與提升，會有助於本集團整體目標的實現。本集團僱員之薪酬參照市場水平及自身之能力、資歷和經驗而釐定，亦會按年內個人表現發放酌情獎勵，以激勵該等僱員對本集團作出之貢獻。本集團重視人才建設及發展，為僱員提供技能培訓、職業規劃及發展機會，致力於為僱員創造一個與集團共同成長、共享發展的平台。

本集團重視與供應商之間建立的良好合作關係，努力通過增強運營能力、提升產品和服務質量的採購行動，實現與各方合作共贏的格局。本集團進行嚴格的供應商選擇，在確保供應商資質符合條件的基礎上，由質量部門協同相關採購單位進行供應商的供貨質量的評估和現場審計，並綜合評估，經過審計、評估合格的供應商方可供貨。如若發現供應商資質或質量出現嚴重問題，本集團將立即停止該供應商之供貨，必要時取消其資格，確保本集團產品質量安全。

Report of the Board of Directors (Cont'd)

董事會報告(續)

The Group understands that maintaining good relationships with customers is essential for the Group's overall development. For the purpose of maintaining the competitiveness of the brand and product of the Group, the Group adheres to the principle of honesty and integrity to build a reliable service environment for the customers, and has always been dedicated to provide our customers with quality products and services.

The Group is also aware that the changes in the procurement and supply strategy of relevant customers and suppliers, or the failure of the quality of the Group's products and services to continuously meet the needs of its customers, or the failure of the quality of the products of the suppliers to meet the needs of the Group, may result in the changes in the partnership between the Group and its major customers and suppliers, which may in turn adversely affect the Group's production and operation. The Group continues to develop new customers and new suppliers, expand new channels and tap into new markets, with a view to reducing the risk of reliance on them. During the Reporting Period, there was no material and significant dispute between the Group and its suppliers and customers.

DISTRIBUTABLE RESERVES

As at 31 December 2019, the reserves of the Company available for distribution amounted to approximately RMB2,311,024,000 (31 December 2018: approximately RMB2,044,635,000).

PROPERTY, PLANT AND EQUIPMENT

Details of changes in property, plant and equipment of the Group for the year of 2019 are set out in Note 7 to the Consolidated Financial Statements.

DONATIONS

Cash donations made by the Group during the Reporting Period amounted to RMB132,000 (2018: RMB1,915,000).

SHARE CAPITAL

There was no change in the share capital of the Company during the year of 2019. The details are set out in Note 18 to the Consolidated Financial Statements.

PUBLIC FLOAT

During the year of 2019 and as at the date of this report, based on the public information available to the Company and as far as the Directors are aware, the Company has satisfied the public float requirement under Rule 8.08 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

Report of the Board of Directors (Cont'd)

董事會報告(續)

本集團明白與客戶維持良好關係，對本集團之整體發展十分重要。為維持本集團品牌及產品之競爭力，本集團秉承誠實守信之原則，致力向客戶提供一貫之優質產品及服務，為客戶營造一個可信賴的服務環境。

本集團亦知悉當相關客戶或供應商的採購及供應策略發生變化，或本集團產品和服務質量不能持續滿足客戶要求，或供應商供應之產品質量不能滿足本集團之需求時可能導致本集團與主要客戶及供應商的關係發生變化，而可能對本集團的生產經營帶來不利影響。本集團持續通過開發新客戶及供應商、拓展新渠道及開拓新市場等措施，降低對其依賴之風險。報告期內，本集團與其供貨商及客戶之間概無重要及重大之糾紛。

可供分派儲備

於二零一九年十二月三十一日，本公司的可供分派儲備約為人民幣231,102.4萬元(二零一八年十二月三十一日：約人民幣204,463.5萬元)。

房屋及建築物、廠房及設備

本集團房屋及建築物、廠房及設備於二零一九年內之變動詳情載於合併財務報表附註7。

捐款

報告期內，本集團現金捐款為人民幣13.2萬元(二零一八年：人民幣191.5萬元)

股本

本公司股本於二零一九年內無變動。詳情載於合併財務報表附註18。

公眾持股量

於二零一九年內及截至本報告日期，基於本公司已有的公開資料及就董事所知，本公司已滿足《香港聯合交易所有限公司證券上市規則》(「上市規則」)第8.08條的公眾持股量要求。

Report of the Board of Directors (Cont'd)

董事會報告(續)

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2019, the following persons (other than the Directors, the supervisors of the Company (the “**Supervisor**”) and the chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong, the “**SFO**”):

Name of shareholder	Capacity
股東名稱	身份
Tong Ren Tang Ltd. ^(Note 2) 同仁堂股份 ^(附註2)	Beneficial Owner 實益擁有人
Tong Ren Tang Holdings ^(Note 2) 集團公司 ^(附註2)	Interest of corporation controlled by the substantial shareholder 大股東所控制的法團的權益
	Beneficial Owner 實益擁有人
Total/合共:	
Yuan Sai Nan 袁賽男	Beneficial Owner 實益擁有人
Mitsubishi UFJ Financial Group, Inc. ^(Note/附註3)	Interest of corporation controlled by the substantial shareholder 大股東所控制的法團的權益
Hillhouse Capital Advisors, Ltd. ^(Note/附註4)	Investment manager 投資經理
Citigroup Inc. ^(Note/附註5)	Interest of corporation controlled by the substantial shareholder, Person having a security interest in shares, Custodian corporation/approved lending agent 大股東所控制的法團的權益，對股份持有保證權益的人， 保管人—法團/核准借出代理人

Information disclosed above is based on the data published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) unless otherwise stated in the notes below.

Notes:

- (1) (L) — Long position, (S) — Short position, (P) — Lending pool
- (2) 600,000,000 shares held by Tong Ren Tang Holdings were held through Tong Ren Tang Ltd.. As at 31 December 2019, Tong Ren Tang Ltd. was owned as to 52.45% by Tong Ren Tang Holdings. Upon completion of the capitalisation issue of shares of the Company on 3 July 2014 and as at 31 December 2019, Tong Ren Tang Holdings was deemed to be interested in the 600,000,000 shares held by Tong Ren Tang Ltd.. Besides, upon completion of the capitalisation issue of shares of the Company on 3 July 2014 and as at 31 December 2019, Tong Ren Tang Holdings also directly held 9,480,000 shares.
- (3) As at 31 December 2019, Mitsubishi UFJ Financial Group, Inc. indirectly held 62,823,000 H shares of the Company in long position through a series of corporations under its control.

Report of the Board of Directors (Cont'd)

董事會報告(續)

主要股東

於二零一九年十二月三十一日，根據香港法例第571章證券及期貨條例(「證券及期貨條例」)第336條須予備存的登記冊所記錄，以下人士(董事、本公司監事(「監事」)及本公司最高行政人員除外)於本公司之股份及相關股份中擁有之權益及淡倉如下：

Number of shares	Percentage of domestic shares	Percentage of H shares	Percentage in total issued voting shares
股份數目	內資股百分比	H股百分比	佔已發行有投票權股份
600,000,000	92.013%	—	46.846%
600,000,000	92.013%	—	46.846%
9,480,000	1.454%	—	0.740%
609,480,000	93.467%	—	47.586%
35,732,000 (L) (Note/附註1)	—	5.68%	2.790%
62,823,000 (L) (Note/附註1)	—	9.99%	4.905%
47,663,000 (L) (Note/附註1)	—	7.58%	3.721%
36,103,189 (L) (Note/附註1)	—	5.74% (L)	2.819% (L)
2,022,720 (S) (Note/附註1)	—	0.32% (S)	0.158% (S)
18,697,335 (P) (Note/附註1)	—	2.97% (P)	1.460% (P)

上述披露信息乃是基於香港聯交所披露易網站(www.hkexnews.hk)所提供的信息作出，下列附註中另有所指的除外。

附註：

- (1) (L) — 好倉、(S) — 淡倉、(P) — 可供借出的股份
- (2) 集團公司持有的600,000,000股股份乃透過同仁堂股份持有。於二零一九年十二月三十一日，集團公司擁有同仁堂股份52.45%權益。於二零一四年七月三日本公司資本化發行完成後及於二零一九年十二月三十一日，集團公司被視為擁有同仁堂股份所持有之600,000,000股股份之權益。另外，於二零一四年七月三日本公司資本化發行完成後及於二零一九年十二月三十一日，集團公司還直接持有9,480,000股股份。
- (3) 於二零一九年十二月三十一日，Mitsubishi UFJ Financial Group, Inc. 通過其所控制的一系列公司間接持有本公司62,823,000股H股好倉。

Report of the Board of Directors (Cont'd)

董事會報告(續)

- (4) *The investment manager for both Gaoling Fund, L.P. and YHG Investment, L.P. changed from Hillhouse Capital Management, Ltd. to Hillhouse Capital Advisors, Ltd., effective from 1 January 2019. The above changes was no transfer of shares of the Company. Hillhouse Capital Advisors, Ltd. was indirectly interested in 46,106,000 H shares of the Company in long position indirectly held by Gaoling Fund, L.P. and 1,557,000 H shares of the Company in long position held by YHG Investment, L.P.*
- (5) *As at 31 December 2019, Citigroup Inc. held 36,103,189 H shares of the Company in long position and 2,022,720 H shares of the Company in short position through interest of corporation under its control, held 15,145,280 H shares of the Company in long position as a person holding security interest in shares, and held 18,697,335 H shares in long position of the Company as custodian corporation/approved lending agent (available for lending).*

Save as disclosed above, as at 31 December 2019, the Directors were not aware of any other person (other than the Directors, Supervisors and the chief executive of the Company) who had any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

MAJOR RISKS AND UNCERTAINTIES

The Group has examined all of the risks identified by the Group based on the risk management system and assessed the risks which may arise from the existing and new businesses. The major risks and uncertainties of the Group included policy risks, operational risks and financial risks. For the risks identified, the Group actively reviewed their potential effects on its business operation and finance. For details of the measures taken by the Group for management of the major risks, please refer to the section headed "Risk Management and Internal Control" in the chapter "Corporate Governance Report".

Policy Risk

Adjustments in industry policies, such as the medical system reform, two-invoice system, proportion of medicine sales, policy on medical-related tender indicating a cost reduction trend, and reform of value-added taxes, may have uncertainty effects on the product sale of the Group.

Increasingly stringent standards in the laws and regulations and the regulatory efforts of the State on safe production, fire safety and environmental protection impose higher requirements on safety and environmental management for the Company. As the Group has many production units, it is faced with the uncertainties of increasing investment cost for safe production management and environmental management.

Operational Risks

As the "Tong Ren Tang" brand used by the Group enjoys a high reputation, emergencies have uncertain influence against the Group and the product sales of the Group.

The Group mainly engages in production of Chinese patent medicines, which requires a large variety of Chinese medicinal raw materials, supplementary materials and packaging materials, with complex production process and demanding quality control. Although the Group has a strict quality management system and carries out production and operation in strict accordance with the requirements of GMP (Good Manufacturing Practice) and GSP (Good Supply Practice) under strict quality control in all sessions, there are potential risks of sporadic issues that may lead to economic and reputation loss of the Group.

Meanwhile, there are also risks such as a reduction in the amount of materials collected for production, a decline in the quality of raw materials or market price fluctuations due to force majeure such as major climate changes or extreme disastrous weather, etc., which may have a significant impact on the Group's production and supply and procurement cost.

Report of the Board of Directors (Cont'd)

董事會報告(續)

- (4) 自二零一九年一月一日起，Gaoling Fund, L.P.及YHG Investment, L.P.的投資經理由Hillhouse Capital Management, Ltd.變更為Hillhouse Capital Advisor, Ltd.。上述變更並不涉及轉讓本公司的股份。Hillhouse Capital Advisor, Ltd.通過Gaoling Fund, L.P.間接持有本公司46,106,000股H股好倉之股份權益及通過YHG Investment, L.P.間接持有的本公司1,557,000股H股好倉之股份權益。
- (5) 於二零一九年十二月三十一日，Citigroup Inc.通過其所控制的法團的權益持有本公司36,103,189股H股好倉，2,022,720股H股淡倉，作為對股份持有保證權益的人士持有本公司15,145,280股H股好倉，並作為保管人—法團／核准借出代理人持有本公司18,697,335股H股好倉(為可供借出的股份)。

除以上披露外，於二零一九年十二月三十一日，董事概不知悉有任何其他人士(董事、監事及本公司最高行政人員除外)於本公司之股份及相關股份中，擁有任何根據證券及期貨條例第336條須予備存的登記冊所記錄之權益及淡倉。

購買、出售或贖回本公司之上市證券

報告期內，本公司或其子公司概無購買、出售或贖回本公司之任何上市證券。

主要風險及不確定因素

本集團依據風險管理系統審視整個集團各項已識別出來的風險，並評估現有及新業務可能產生的風險。本集團主要風險及不確定因素包括政策風險、經營風險及財務風險。本集團針對識別出的風險，積極檢討其對業務營運及財務之潛在影響，本集團管理主要風險所採取的措施詳見「企業管治報告」章節的「風險管理及內部監控」部分。

政策風險

醫藥體制改革、兩票制、藥佔比、醫療招標政策趨向降費、增值稅改革等政策調整，對本集團產品銷售產生不確定性影響。

隨著國家安全生產、消防安全、環境保護等法規標準及監管力度的日趨嚴格，給公司的安全管理及環境管理提出更高的要求，本集團所屬生產單位較多，存在增加安全生產管理及環境管理投資成本的不確定性風險。

經營風險

本集團所使用的「同仁堂」品牌具有較高知名度，因此，突發事件對本集團及本集團產品銷售存在不確定性影響。

本集團以生產中成藥為主，所需中藥原材料、輔料、包材品種眾多，生產工藝複雜，質量控制難度很大，雖然本集團具備嚴格的質量管理體系，嚴格按照GMP(藥品生產質量管理規範)、GSP(藥品經營質量管理規範)等規定進行生產經營，並在各環節進行嚴格的質量控制，但仍然可能存在出現偶發問題給本集團造成經濟及聲譽損失的風險。

同時，亦存在因重大氣候變化或出現極端災害天氣等不可抗力導致生產所需物料採收量減少、原材料質量下降、市場價格波動等風險，可能對本集團生產供應及採購成本造成較大影響。

Report of the Board of Directors (Cont'd)

董事會報告(續)

Financial Risks

As affected by the industry characteristics and the expansion of scale of the Group, the inventory amount was relatively large, accounting for a high proportion of total assets, thus the Group is exposed to the risks such as capital occupation, poor turnover rate, inventory devaluation and damages.

Affected by internal and external factors such as intensifying marketing competition and the adjustment of marketing organization, difficulties in collecting accounts receivable increased, thus the Group may be exposed to the risks of shortage of liquidity and default loss.

COMPLIANCE OF LAWS AND LEGAL CONSTRUCTION

The Group's businesses are subject to a number of laws and regulations, which primarily include the Company Law of the People's Republic of China, the Contract Law of the People's Republic of China, the Property Law of the People's Republic of China, Law of the People's Republic of China on Traditional Chinese Medicine, the Pharmacopoeia of the People's Republic of China (2015 Edition), Good Manufacturing Practice for Drugs, Good Supply Practice for Drugs, etc., or other laws and regulations, or other applicable legal documents promulgated according to or in connection to the abovementioned laws and regulations. In addition, provisions under other relevant laws and regulations also apply to the Group (for instance, Labour Law of the People's Republic of China, Labour Contract Law of the People's Republic of China, Hong Kong Companies Ordinance (Cap. 622), the Listing Rules and others). The Group is committed to ensuring its compliance with such provisions through internal control and approval procedures, training, as well as supervision over each business unit.

As far as the Directors are aware, there was no significant impact on the Group resulting from non-compliance with any relevant laws and regulations. There was no major legal risk event during the year.

In 2019, the Group adhered to the concept of "serving business development and preventing legal risks" and took assessment of legal construction as the guide. With a focus on organizational construction, it has set up departments, built teams, established systems and made active efforts in building a professional legal team to provide organizational protection for legal affairs to carry out various procedures of legal affairs. During the Reporting Period, the Group strengthened its institutional construction to further standardize the management of corporate legal affairs; strengthened its contractual management and constantly enhanced its contract approval and recording procedures to prevent legal risks in relation to contracts. Legal corporate governance compliance was further improved.



Report of the Board of Directors (Cont'd)

董事會報告(續)

財務風險

本集團受所處行業特點和集團規模增大之影響，庫存數額較大，佔總資產比重較高，因此存在資金佔壓、周轉不暢、存貨貶值或毀損等風險。

受市場競爭加劇、營銷組織機構調整等內外部因素影響，應收賬款回款難度加大，可能面臨流動資金短缺、壞帳損失等風險。

合規與法治建設

本集團業務須遵守多項法律法規規定，主要包括《中華人民共和國公司法》、《中華人民共和國合同法》、《中華人民共和國物權法》、《中華人民共和國中醫藥法》、《中華人民共和國藥典》(2015年版)、《藥品生產質量管理規範》、《藥品經營質量管理規範》等法律法規以及根據或有關該等法律法規頒佈的其他適用性法律文件。其他相關法律法規規定亦適用於本集團(例如，《中華人民共和國勞動法》、《中華人民共和國勞動合同法》、香港《公司條例》(第622章)、上市規則等)。本集團致力於通過內部監控及審批、培訓及監督各業務部門等多項措施，確保遵守該等規定。

據本公司董事所知，本集團並無因不遵守任何相關法律及法規而有重大影響之事項，全年未發生重大法律風險事件。

二零一九年，本集團堅持「服務業務發展，防範法律風險」的理念，以法治建設考核為指引，以組織機構建設為重點，設部門、建隊伍、立制度，積極打造專業的法務團隊，從組織建設上為法務工作提供保障，有序開展各項法律事務工作。報告期內，加強制度建設，以進一步規範公司法律事務管理；加強合同管理，持續強化合同審批及備案程序，防範合同法律風險，公司依法治理水平得到進一步提升。

Report of the Board of Directors (Cont'd)

董事會報告(續)

ENVIRONMENTAL POLICY AND PERFORMANCE

The relevant laws and regulations complied with by the Group include Environmental Protection Law of the People's Republic of China, Air Pollution Prevention Law of the People's Republic of China and the Law on Promoting Clean Production of the People's Republic of China, etc..

In daily production and operation, the Group has been constantly committed to the philosophy of placing equal emphasis on development and environmental protection. Through rational utilization of various resources in strict accordance with relevant national laws and regulations in production and operation, the Group sought to minimize the impact on the surrounding environment. In the course of daily operation, the Group was dedicated to maintaining and consolidating a healthy business environment in order to ensure the legitimacy of business conducts and thus steady and orderly development of the Group. The Group also strived to improve the working environment of employees by promoting the concept of green office and green production, with a view to providing a comfortable workplace for all employees. The environmental policy and performance of the Group are set out in the "Environmental, Social and Governance Report" of the Company for year 2019.

PRE-EMPTIVE RIGHT

The shareholders of the Company do not have pre-emptive rights under the PRC Laws and the Articles of Association of the Company (the "**Articles of Association**").

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Continuing Connected Transactions with Tong Ren Tang Holdings

(i) Property Lease Framework Agreement

On 25 January 2017, the Company and Tong Ren Tang Holdings entered into a property leasing framework agreement for a term of three years from 1 January 2017 to 31 December 2019.

Pursuant to the agreement, Tong Ren Tang Holdings or any members of the Tong Ren Tang Group to lease certain premises to the Group for its productions and operations, including but not limited to office premises, warehouses and staff quarter. The continuing connected transactions under the Property Leasing Framework Agreement was entered into in accordance with the pricing policies below: (1) The relevant market price. The relevant market price is determined by reference to the rental information gathered by the Group of certain premises of similar specification and size in similar locations based on such market terms to make sure that the terms offered by the Tong Ren Tang Group would not be less favorable than those offered by third parties on the market. (2) Where the market price is not available, then the contract price, which shall be determined after arm's length negotiation by both parties based on the principle of cost plus a fair and reasonable profit rate and by reference to the historical rentals. The reasonable cost shall be determined by reference to the size of the premises provided by the Tong Ren Tang Group, and the cost of premises management.

The annual caps of the proposed continuing connected transactions under the property leasing framework agreement for each of the three years ended 31 December 2019 is RMB10,900,000, RMB11,600,000 and RMB11,800,000, respectively. On 19 March 2019, the Board resolved to revise the annual cap for the year ended 31 December 2019 from RMB11,800,000 to RMB53,000,000. Please refer to the announcements published by the Company on 25 January 2017 and 19 March 2019 on the websites of the Hong Kong Stock Exchange and the Company for details.

Report of the Board of Directors (Cont'd)

董事會報告(續)

環境政策及表現

本集團主要依照的相關法律法規包括《中華人民共和國環境保護法》、《中華人民共和國大氣污染防治法》、《中華人民共和國清潔生產促進法》等。

於日常生產經營中，本集團始終堅持發展與環境保護並重的理念，嚴格依照國家相關法律法規合理利用各類資源，最大限度降低對周邊環境的影響。本集團在日常運營中，致力於維護及鞏固一個健康的經營環境，確保經營行為的合法性，以使本集團能夠穩健、有序發展。本集團亦盡全力改善僱員的工作環境，倡導綠色辦公及綠色生產理念，致力於為全體僱員提供舒適的工作環境。有關本集團的環境政策及表現已載列於本公司二零一九年度「環境、社會及管治報告」。

優先購買權

根據中國法律及本公司之《公司章程》(「**公司章程**」)，本公司股東並無優先購買權。

非獲豁免持續關連交易

與集團公司的持續關連交易

(i) 物業租賃框架協議

二零一七年一月二十五日，本公司與集團公司訂立物業租賃框架協議，期限自二零一七年一月一日起至二零一九年十二月三十一日止，為期三年。

根據協議，集團公司或其成員公司出租若干物業予本集團用作生產及營運，包括但不限於辦公室物業、倉庫及員工宿舍。物業租賃框架協議項下持續關連交易根據以下定價政策訂立：(1) 相關市價。相關市價乃經參考本集團所搜集的類似地區具同類規格及規模的若干物業的租賃資料(基於有關市場條款)而釐定，以確保同仁堂集團提供的條款不遜於市場上第三方所提供的條款。(2) 倘不能獲取市價，則訂約價應由協議雙方根據成本加公平合理利潤比率原則並參考歷史租約，經公平磋商後釐定。合理成本應根據同仁堂集團提供的物業規模，以及物業管理成本而釐定。

物業租賃框架協議項下擬進行之持續關連交易截至二零一九年十二月三十一日止三個年度之年度上限分別為人民幣10,900,000元、人民幣11,600,000元和人民幣11,800,000元。於二零一九年三月十九日，本公司董事會決議將截至二零一九年十二月三十一日止年度之年度上限從人民幣11,800,000元修訂至人民幣53,000,000元。詳情請參閱本公司刊發於香港聯交所及本公司網站的日期為二零一七年一月二十五日及二零一九年三月十九日之公告。

Report of the Board of Directors (Cont'd)

董事會報告(續)

In 2019, the rental fee paid by the Group to the Tong Ren Tang Group amounted to RMB12,383,000, and the value of right-of-use assets was recognized to be RMB1,669,000, which did not exceed the relevant annual cap.

As the above-mentioned Property Leasing Framework Agreement expired on 31 December 2019, on 30 December 2019, the Company renewed the agreement with Tong Ren Tang Holdings for a term of three years from 1 January 2020. The annual caps for the continuing connected transactions contemplated under the renewed property leasing agreement for the three years ending 31 December 2022 shall be RMB200,000,000, RMB80,000,000 and RMB60,000,000, respectively. For details, please refer to the announcement of the Company dated 30 December 2019 published by the Company on the websites of the Hong Kong Stock Exchange and the Company.

(ii) Distribution Framework Agreement

On 29 September 2016, the Company renewed the distribution framework agreement with Tong Ren Tang Holdings for a term of three years from 1 January 2017 to 31 December 2019.

Pursuant to the agreement, the Group may, from time to time, sell its products to members of Tong Ren Tang Group. The price of the products to be sold by the Group to Tong Ren Tang Group shall not be lower than that charged by the Group to other independent third parties and shall be determined in accordance with a reasonable cost plus a fair and reasonable profit margin: (i) the reasonable cost shall be determined by reference to the cost of the raw materials, the cost of labour and the manufacturing expense etc.; and (ii) the profit margin shall be determined by reference to the prevailing market and the then market price for comparable products in the relevant industry, and the profit rate of the products of the Group in the past years of not exceeding 50%, which is in line with the previous gross profit rate of the Group.

The annual caps for the continuing connected transactions contemplated under the renewed distribution framework agreement for the three years ended 31 December 2019 is RMB1,300,000,000, RMB1,550,000,000 and RMB1,850,000,000, respectively. The renewal of the distribution framework agreement has been approved by the independent shareholders of the Company on 16 December 2016. Please refer to the announcements dated 29 September 2016 and 16 December 2016 and the circular of the Company dated 31 October 2016 published by the Company on the websites of the Hong Kong Stock Exchange and the Company for details.

In 2019, sales amount of the Group to the Tong Ren Tang Group amounted to RMB927,411,000, which did not exceed the relevant annual cap.

As the above-mentioned distribution framework agreement expired on 31 December 2019, on 16 October 2019, the Company renewed the distribution framework agreement with Tong Ren Tang Holdings again for a term of three years from 1 January 2020. The annual caps for the continuing connected transactions contemplated under the renewed distribution framework agreement for the three years ending 31 December 2022 shall be RMB1,300,000,000, RMB1,500,000,000 and RMB1,700,000,000, respectively. The renewal of the distribution framework agreement has been approved by the independent shareholders of the Company on 16 December 2019. For details, please refer to the announcements of the Company dated 16 October 2019 and 16 December 2019 and the circular of the Company dated 31 October 2019 published by the Company on the websites of the Hong Kong Stock Exchange and the Company.

Report of the Board of Directors (Cont'd)

董事會報告(續)

二零一九年本集團向同仁堂集團支付物業租賃費金額為人民幣12,383,000元，確認使用權資產金額為人民幣1,669,000元，介於相關年度上限之內。

由於上述物業租賃框架協議於二零一九年十二月三十一日到期，故於二零一九年十二月三十日，本公司與集團公司續訂該協議，期限為自二零二零年一月一日起為期三年。續訂的物業租賃框架協議項下擬進行之持續關連交易截至二零二二年十二月三十一日止三個年度之年度上限分別為人民幣200,000,000元、人民幣80,000,000元和人民幣60,000,000元。詳情請參閱本公司刊發於香港聯交所及本公司網站的日期為二零一九年十二月三十日之公告。

(ii) 銷售框架性協議

二零一六年九月二十九日，本公司與集團公司續訂銷售框架性協議，期限為自二零一七年一月一日起至二零一九年十二月三十一日止，為期三年。

根據協議，本集團可以不時地向同仁堂集團出售其產品。本集團銷售予同仁堂集團之產品價格將不低於本集團向其他獨立第三方銷售之價格，並按合理成本加公平合理利潤率釐定：(i) 合理成本參照原材料成本、人工成本及生產開支等釐定；及(ii) 利潤率參照相關行業可比產品之當前市場及當時市場價格及本集團產品過往年度不超過50%（與本集團過往毛利率一致）之利潤率而釐定。

續訂的銷售框架性協議項下擬進行之持續關連交易於截至二零一九年十二月三十一日止三個年度之年度上限分別為人民幣1,300,000,000元、人民幣1,550,000,000元和人民幣1,850,000,000元。續訂的銷售框架性協議已於二零一六年十二月十六日獲本公司獨立股東批准。詳情請參閱本公司刊發於香港聯交所及本公司網站的日期為二零一六年九月二十九日及二零一六年十二月十六日之公告，以及日期為二零一六年十月三十一日之通函。

二零一九年本集團通過同仁堂集團銷售產品金額為人民幣927,411,000元，介於相關年度上限之內。

由於上述銷售框架性協議於二零一九年十二月三十一日到期，故於二零一九年十月十六日，本公司與集團公司再次續訂該協議，期限為自二零二零年一月一日起為期三年。續訂的銷售框架性協議項下擬進行之持續關連交易截至二零二二年十二月三十一日止三個年度之年度上限分別為人民幣1,300,000,000元、人民幣1,500,000,000元和人民幣1,700,000,000元。續訂的銷售框架性協議已於二零一九年十二月十六日獲本公司獨立股東批准。詳情請參閱本公司刊發於香港聯交所及本公司網站的日期為二零一九年十月十六日及二零一九年十二月十六日之公告，以及本公司日期為二零一九年十月三十一日之通函。

Report of the Board of Directors (Cont'd)

董事會報告(續)

(iii) Master Procurement Agreement

On 29 September 2016, the Company and Tong Ren Tang Holdings renewed the master procurement agreement for a term of three years from 1 January 2017 to 31 December 2019.

Pursuant to the agreement, the Group may purchase the raw materials and semi-finished products and finished products ("**Relevant Products**") for manufacturing and distribution from the Tong Ren Tang Group. The price to be paid for the Relevant Products procured by the Group from the Tong Ren Tang Group shall be determined in accordance with the following principle: (1) the price shall be negotiated and agreed by the parties within the range of the then prevailing market price for the similar products ("**Market Price**"), which shall be determined with reference to the prevailing market price of comparable products negotiated and provided by at least two independent suppliers in the same or surrounding areas; (2) if there is no comparable market price available for the Relevant Products, the price shall be determined based on the integrated cost plus not more than 15% surcharge (the related cost shall be determined with reference to the cost of raw materials, labour cost and production expenses, etc.); and (3) in any event, the price to be paid by the Group for the procurement of the Relevant Products shall not be higher than that available from independent third parties for similar products, or the Market Price, whichever is the lower.

For the three years ended 31 December 2019, the annual caps for the continuing connected transactions contemplated under the renewed master procurement agreement shall be RMB240,000,000, RMB270,000,000 and RMB300,000,000, respectively. The renewal of the master procurement agreement has been approved by the independent shareholders of the Company on 16 December 2016. Please refer to the announcements dated 29 September 2016 and 16 December 2016 and the circular of the Company dated 31 October 2016 published by the Company on the websites of the Hong Kong Stock Exchange and the Company for details.

In 2019, purchase of the Relevant Products by the Group from the Tong Ren Tang Group amounted to RMB155,773,000, which did not exceed the relevant annual cap.

As the above-mentioned master procurement agreement expired on 31 December 2019, on 16 October 2019, the Company renewed the master procurement agreement with Tong Ren Tang Holdings again for a term of three years from 1 January 2020. The annual caps for the continuing connected transactions contemplated under the renewed master procurement agreement for the three years ending 31 December 2022 shall be RMB270,000,000, RMB320,000,000 and RMB370,000,000, respectively. The renewal of the master procurement agreement has been approved by the independent shareholders of the Company on 16 December 2019. For details, please refer to the announcements of the Company dated 16 October 2019 and 16 December 2019 and the circular of the Company dated 31 October 2019 published by the Company on the websites of the Hong Kong Stock Exchange and the Company.

Report of the Board of Directors (Cont'd)

董事會報告(續)

(iii) 採購框架性協議

二零一六年九月二十九日，本公司與集團公司續訂採購框架性協議，期限為自二零一七年一月一日起至二零一九年十二月三十一日止，為期三年。

根據協議，本集團可向同仁堂集團採購生產或銷售所需的原材料、半成品及成品(「**相關產品**」)。本集團向同仁堂集團採購相關產品的定價參照以下原則：(1)由訂約方在不超過市場同類產品之價格(「**市場價格**」)的範圍內協商確定。有關市場價格乃參考在同一或周邊地區至少兩名獨立商品供應商提供的經公平磋商的可資比較商品的現行市場價格釐定；(2)如相關產品沒有可比市場價格，則定價應不高於其統一整合成本後的價格加上不高於15%的費用。有關成本為參照原材料成本、人工成本及生產開支等釐定；及(3)在任何情況下，本集團因採購相關產品支付的價格，不得高於任何獨立第三方向本公司供應同類產品的價格或市場價格(以兩者較低為準)。

續訂的採購框架性協議項下擬進行之持續關連交易於截至二零一九年十二月三十一日止三個年度之年度上限分別為人民幣240,000,000元、人民幣270,000,000元和人民幣300,000,000元。續訂的採購框架性協議已於二零一六年十二月十六日獲本公司獨立股東批准。詳情請參閱本公司刊發於香港聯交所及本公司網站的日期為二零一六年九月二十九日及二零一六年十二月十六日之公告，以及日期為二零一六年十月三十一日之通函。

二零一九年，本集團向集團公司採購相關產品金額為人民幣155,773,000元，介於相關年度上限之內。

由於上述採購框架性協議於二零一九年十二月三十一日到期，故於二零一九年十月十六日，本公司與集團公司再次續訂該協議，期限為自二零二零年一月一日起為期三年。續訂的採購框架性協議項下擬進行之持續關連交易截至二零二二年十二月三十一日止三個年度之年度上限分別為人民幣270,000,000元、人民幣320,000,000元和人民幣370,000,000元。續訂的採購框架性協議已於二零一九年十二月十六日獲本公司獨立股東批准。詳情請參閱本公司刊發於香港聯交所及本公司網站的日期為二零一九年十月十六日及二零一九年十二月十六日之公告，以及本公司日期為二零一九年十月三十一日之通函。

Report of the Board of Directors (Cont'd)

董事會報告(續)

(iv) Advertising Agency Framework Agreement

On 29 September 2016, Tong Ren Tang Century Advertising, a wholly-owned subsidiary of the Company, renewed the advertising agency framework agreement with Tong Ren Tang Holdings for the purpose of the provision of advertising agency services by Tong Ren Tang Century Advertising to the Tong Ren Tang Group for a term of three years from 1 January 2017 to 31 December 2019.

Pursuant to the agreement, Tong Ren Tang Holdings entrusted Tong Ren Tang Century Advertising as a non-exclusive advertising agent, to provide advertising agency services to the Tong Ren Tang Group. The fees for the provision of specific services by Tong Ren Tang Century Advertising to the Tong Ren Tang Group under individual implementation agreement shall be negotiated and determined by the parties with reference to the actual quotation offered by the advertiser, which is at discount on the basis of its published price list, plus a reasonable fee for the advertising agency service of Tong Ren Tang Century Advertising, which is generally not higher than 15% of the quotation offered by the advertiser.

For the three years ended 31 December 2019, the annual caps for the continuing connected transactions contemplated under the renewed advertising agency framework agreement shall be RMB50,000,000, RMB52,000,000 and RMB54,000,000, respectively. Please refer to the announcement published by the Company on 29 September 2016 on the websites of the Hong Kong Stock Exchange and the Company for details.

In 2019, total amount paid by the Tong Ren Tang Group to Tong Ren Tang Century Advertising for the continuing connected transactions contemplated under the advertising agency framework agreement was RMB31,997,000, which did not exceed the relevant annual cap.

As the advertising agency framework agreement expired on 31 December 2019, on 28 February 2020, Tong Ren Tang Century Advertising renewed the advertising agency framework agreement with Tong Ren Tang Holdings again for a term of three years from 1 January 2020. The annual caps for the continuing connected transactions contemplated under the renewed advertising agency framework agreement for each of the three years ending 31 December 2022 will be RMB280,000,000. For details, please refer to the announcement of the Company dated 28 February 2020 published by the Company on the websites of the Hong Kong Stock Exchange and the Company.

Tong Ren Tang Holdings is the ultimate holding company of the Company, and thus a connected person of the Company pursuant to the Listing Rules. As such, all the transactions between the Tong Ren Tang Group and Tong Ren Tang Century Advertising under the aforementioned agreements constitute continuing connected transactions of the Company.

Report of the Board of Directors (Cont'd)

董事會報告(續)

(iv) 廣告代理框架協議

二零一六年九月二十九日，本公司之全資子公司同仁堂世紀廣告與集團公司就同仁堂世紀廣告向同仁堂集團提供廣告代理服務續訂廣告代理框架協議，期限自二零一七年一月一日至二零一九年十二月三十一日止，為期三年。

根據協議，集團公司委託同仁堂世紀廣告作為非獨家廣告代理，向同仁堂集團提供廣告代理服務。同仁堂世紀廣告向同仁堂集團就具體執行協議項下所提供的具體服務之費用乃經參考廣告提供商在其廣告刊例價的基礎上給予一定折扣後的實際報價並加上同仁堂世紀廣告的合理服務費用（一般不高於廣告提供商報價的15%）釐定。

續訂的廣告代理框架協議項下擬進行之持續關連交易於截至二零一九年十二月三十一日止三個年度之年度上限分別為人民幣50,000,000元、人民幣52,000,000元及人民幣54,000,000元。詳情請參閱本公司刊發於香港聯交所及本公司網站的日期為二零一六年九月二十九日之公告。

二零一九年同仁堂集團於廣告代理框架協議項下進行之持續關連交易支付予同仁堂世紀廣告之總額為人民幣31,997,000元，介於相關年度上限之內。

由於上述廣告代理框架協議於二零一九年十二月三十一日到期，故於二零二零年二月二十八日，同仁堂世紀廣告與集團公司再次續訂該協議，期限為自二零二零年一月一日起為期三年。續訂的廣告代理框架協議項下擬進行之持續關連交易截至二零二零年十二月三十一日止三個年度之年度上限均為人民幣28,000,000元。詳情請參閱本公司刊發於香港聯交所及本公司網站的日期為二零二零年二月二十八日之公告。

集團公司為本公司之最終控股公司。根據上市規則，集團公司為本公司的關連人士。因此，同仁堂世紀廣告與同仁堂集團於上述協議下進行之交易均構成本公司的持續關連交易。

Report of the Board of Directors (Cont'd)

董事會報告(續)

Continuing Connected Transactions with Tong Ren Tang Chinese Medicine

Exclusive Distributorship Framework Agreements

On 8 November 2017, the Company renewed the exclusive distributorship framework agreement with Tong Ren Tang Chinese Medicine, for a term of three years from 1 January 2018 to 31 December 2020.

Pursuant to the agreement, the Company appoints International Pharm, a wholly-owned subsidiary of Tong Ren Tang Chinese Medicine, as its sole overseas distributor for the purpose of the distribution of the relevant products of the Group (for the purpose of the exclusive distributorship framework agreement, refers to the Company and its subsidiaries and associates, excluding Tong Ren Tang Chinese Medicine and its subsidiaries and associates) outside the PRC. Within the term of the agreement and for the purpose of the overseas distribution of the relevant products of the Group, International Pharm will procure from the Group, and the Group shall supply to International Pharm, the relevant products as agreed by the parties. The price of the relevant products supplied by the Group to International Pharm shall not be higher than the wholesale price of the relevant products sold by the Group to its wholesale customers in the PRC.

The annual caps for the continuing connected transactions contemplated under the renewed exclusive distributorship framework agreements for the three years ending 31 December 2020 shall be RMB49,600,000, RMB64,900,000 and RMB84,200,000, respectively.

On 8 November 2017, Tong Ren Tang Ltd. renewed the Tong Ren Tang exclusive distributorship framework agreement with Tong Ren Tang Chinese Medicine, for a term of three years from 1 January 2018 to 31 December 2020.

Pursuant to the agreement, Tong Ren Tang Ltd. appoints International Pharm as its sole overseas distributor for the purpose of the distribution of the relevant products of Tong Ren Tang Ltd. and its subsidiaries and associates, excluding the Company and its subsidiaries and associates for the purpose of the agreement (the “**Tong Ren Tang Ltd. Group**”) outside the PRC. Within the term of the agreement and for the purpose of the overseas distribution of the relevant products of Tong Ren Tang Ltd. Group, International Pharm will procure from Tong Ren Tang Ltd. Group, and Tong Ren Tang Ltd. Group shall supply to International Pharm, the relevant products as agreed by the parties. The price of the relevant products supplied by Tong Ren Tang Ltd. Group to International Pharm shall not be higher than the wholesale price of the relevant products sold by Tong Ren Tang Ltd. Group to the wholesale customers in the PRC.

The annual caps for the continuing connected transactions contemplated under the renewed Tong Ren Tang exclusive distributorship framework agreements for the three years ending 31 December 2020 shall be RMB74,400,000, RMB97,300,000, and RMB126,300,000, respectively.

In 2019, total amount paid to the Group and Tong Ren Tang Ltd. Group by International Pharm for the continuing connected transactions under the exclusive distributorship framework agreement and Tong Ren Tang exclusive distributorship framework agreement amounted to RMB27,671,000 and RMB50,511,000 respectively, neither of which exceeds the relevant annual caps.

As at 31 December 2019, Tong Ren Tang Ltd. is the immediate controlling shareholder of the Company, which holds 46.85% direct interest in the Company, and 33.62% direct interest in Tong Ren Tang Chinese Medicine which is a non-wholly-owned subsidiary of the Company. According to the Listing Rules, Tong Ren Tang Ltd. and Tong Ren Tang Chinese Medicine are both connected persons of the Company. As such, all the transactions between Tong Ren Tang Chinese Medicine and the Company and all the transactions between Tong Ren Tang Chinese Medicine and Tong Ren Tang Ltd., under the above-mentioned agreements constitute continuing connected transactions of the Company. For details about the above-mentioned transactions, please refer to the relevant announcements of the Company dated 8 November 2017.

The Company has confirmed that the execution and enforcement of the implementation agreements under the continuing connected transactions set out above in the year of 2019 has followed the pricing policies of such continuing connected transactions.

Report of the Board of Directors (Cont'd)

董事會報告(續)

與同仁堂國藥的持續關連交易

獨家經銷框架協議

二零一七年十一月八日，本公司與同仁堂國藥續訂獨家經銷框架協議，期限為自二零一八年一月一日起至二零二零年十二月三十一日止，為期三年。

根據協議，本公司委任國際藥業(同仁堂國藥之全資子公司)作為獨家海外經銷商，以於中國以外銷售本集團(就獨家經銷框架協議而言，本集團指本公司及其子公司及聯繫人，不包括同仁堂國藥及其子公司及聯繫人)相關產品。於協議有效期內及就於中國以外銷售本集團相關產品而言，國際藥業將向本集團採購而本集團將向國際藥業供應相關產品。本集團向國際藥業供應之相關產品之價格將不高於本集團向其中國批發客戶銷售相關產品之批發價格。

續訂之獨家經銷框架協議項下擬進行之持續關連交易於截至二零二零年十二月三十一日止三個年度之年度上限分別為人民幣49,600,000元、人民幣64,900,000元及人民幣84,200,000元。

二零一七年十一月八日，同仁堂股份與同仁堂國藥續訂同仁堂獨家經銷框架協議，期限為自二零一八年一月一日起至二零二零年十二月三十一日止，為期三年。

根據協議，同仁堂股份委任國際藥業作為獨家海外經銷商，以於中國以外銷售同仁堂股份及其子公司及聯營企業(就同仁堂獨家經銷框架協議而言，不包括本公司及其子公司及聯營企業)(「同仁堂股份集團」)相關產品。於協議有效期內及就於中國以外銷售同仁堂股份集團相關產品而言，國際藥業將向同仁堂股份集團採購而同仁堂股份集團將向國際藥業供應相關產品。同仁堂股份集團向國際藥業供應之相關產品之價格將不高於同仁堂股份集團向其中國批發客戶銷售相關產品之批發價格。

續訂之同仁堂獨家經銷框架協議項下擬進行之持續關連交易於截至二零二零年十二月三十一日止三個年度之年度上限分別為人民幣74,400,000元、人民幣97,300,000元及人民幣126,300,000元。

二零一九年國際藥業就獨家經銷框架協議及同仁堂獨家經銷框架協議項下之持續關連交易支付予本集團及同仁堂股份集團之總金額分別為人民幣27,671,000元和人民幣50,511,000元，均未超過相關年度上限。

於二零一九年十二月三十一日，同仁堂股份直接持有本公司46.85%股權，為本公司的直接控股股東，其亦直接持有本公司之非全資子公司同仁堂國藥33.62%股權。根據上市規則，同仁堂股份及同仁堂國藥為本公司之關連人士。因此，本公司與同仁堂國藥及同仁堂股份與同仁堂國藥於上述協議下進行的交易均構成本公司的持續關連交易。上述交易詳情請參閱本公司日期為二零一七年十一月八日之相關公告。

本公司確認上述二零一九年度的持續關連交易項下具體協議的簽訂及執行均已遵循該等持續關連交易的定價原則。

Report of the Board of Directors (Cont'd)

董事會報告(續)

Annual Review of Continuing Connected Transactions

The Company's overseas auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The overseas auditor has issued unqualified letter in accordance with Rule 14A.56 and 14A.57 of the Listing Rules, containing the findings and conclusions in respect of the above non-exempt continuing connected transactions for the year of 2019 as disclosed by the Company:

- (i) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board;
- (ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in any material respect, in accordance with the pricing policies of the Group;
- (iii) nothing has come to their attention that causes them to believe that the transactions were not entered into, in any material respect, in accordance with the relevant agreements governing such transactions; and
- (iv) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to their attention that causes them to believe that the amount of each of the continuing connected transactions has exceeded the annual cap set by the Company.

The independent non-executive Directors has reviewed the above-mentioned continuing connected transactions and confirmed that in the year of 2019:

- (i) these continuing connected transactions were entered into in the ordinary and usual course of business of the Group;
- (ii) these continuing connected transactions were entered into on normal commercial terms;
- (iii) these continuing connected transactions were entered into according to the relevant agreements governing each of these transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and
- (iv) the aggregate amount of each of these transactions did not exceed the annual caps as set out in the relevant announcements of the Company.

Save as disclosed above, there is no related party transaction or continuing related party transaction set out in Note 36 to the financial statements that falls into the category of connected transaction or continuing connected transaction that needs to be disclosed under the Listing Rules. The Company has fully complied with the disclosure requirements under Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions of the Company.

Report of the Board of Directors (Cont'd)

董事會報告(續)

持續關連交易之年度審閱

根據香港會計師公會所頒布的香港鑒證業務準則第3000號(修訂)《歷史財務資料審核或審閱以外之鑒證業務》及參考實務說明第740號《香港上市規則規定的持續關連交易的核數師函件》，本公司境外核數師已受聘對本集團持續關連交易作出報告。根據上市規則第十四A.56條及第十四A.57條，境外核數師已就上述本公司披露的二零一九年度非獲豁免持續關連交易，發出無保留意見的函件，就該等已披露的持續關連交易而言：

- (i) 他們並無注意到任何事項令他們相信該等已披露的持續關連交易未獲本公司董事會批准；
- (ii) 就本集團提供貨品或服務所涉及的交易，他們並無注意到任何事項令他們相信該等交易在各重大方面沒有按照本集團的定價政策進行；
- (iii) 他們並無注意到任何事項令他們相信該等交易在各重大方面沒有根據有關該等交易的協議進行；及
- (iv) 就每項持續關連交易的總金額而言，他們並無注意到任何事項令他們相信該等持續關連交易的金額超逾本公司訂立的全年上限。

本公司獨立非執行董事已對上述持續關連交易進行了審核並已確認，於二零一九年度：

- (i) 該等持續關連交易是在本集團的日常業務中訂立；
- (ii) 該等持續關連交易按照一般商業條款進行；
- (iii) 該等持續關連交易根據有關交易的協議進行，條款公平合理，並符合本公司股東的整體利益；及
- (iv) 該等交易各項之總額並未超出公司於有關公告中所載的年度上限。

除上述披露外，概無其他載列於財務報表附註36的任何關聯方交易或持續關聯方交易屬於上市規則項下須予披露的關連交易或持續關連交易。本公司關連交易和持續關連交易已符合上市規則第十四A章的披露規定。

Report of the Board of Directors (Cont'd)

董事會報告(續)

NON-EXEMPT CONNECTED TRANSACTIONS

On 4 November 2019 and 30 December 2019, the Company entered into an asset transfer agreement and a supplemental asset transfer agreement with Tong Ren Tang Holdings respectively. Pursuant to the agreements, Tong Ren Tang Holdings has agreed to transfer and the Company has agreed to purchase target asset, which is satisfied by way of payment of RMB640,681,910 (tax inclusive) in cash. The target asset was the assets of the Beijing Tong Ren Tang Medicine Processing Base (北京同仁堂中藥加工基地), located in Daxing Biomedicine Industrial Base in Zhongguancun Science Park, Beijing (including land use right and building ownership), with an industrial land area of 114,122.67 square meters and total construction area of 88,753.01 square meters. The above-mentioned transaction was approved by the State-owned Assets Supervision and Administration Commission of the State Council of Beijing Municipality on 12 December 2019 and the independent shareholders at the extraordinary general meeting of the Company held on 17 February 2020.

Tong Ren Tang Holdings is the ultimate controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transaction contemplated under the asset transfer agreement and the supplemental asset transfer agreement constituted a connected transaction of the Company. For details of the above-mentioned transaction, please refer to the announcements of the Company dated 4 November 2019, 30 December 2019 and 17 February 2020 and the circular of the Company dated 31 December 2019.

COMPETING INTERESTS

Competition with Tong Ren Tang Ltd. and Tong Ren Tang Holdings

Both the Company and Tong Ren Tang Ltd. engage in the production and sale of Chinese patent medicines, but the principal products of each of them are different. Tong Ren Tang Ltd. mainly produces Chinese patent medicines in traditional dosage forms such as honeyed pills, powder, ointment and medicinal wines. Tong Ren Tang Ltd.'s main products include Angong Niu Huang Pills (安宮牛黃丸), Tongren Dahuolu Pills (同仁大活絡丸), Tongren Wuji Baifeng Pills (同仁烏雞白鳳丸) and Guogong Wine (國公酒). It also has some minor production lines for the production of granules and water-honeyed pills. These products do not compete with the Group in terms of their curative effects. The Company focuses on manufacturing products in new dosage forms which are more competitive as compared with western medicine. The Company's main products include Liuwei Dihuang Pills (六味地黃丸), Niu Huang Jiedu Tablets (牛黃解毒片), Ganmao Qingre Granules (感冒清熱顆粒) and Jinkui Shenqi Pills (金匱腎氣丸), etc.. Tong Ren Tang Holdings is an investment holding company.

To ensure that the business classification between the Company, Tong Ren Tang Holdings and Tong Ren Tang Ltd. is properly documented and established, Tong Ren Tang Holdings and Tong Ren Tang Ltd. undertake, pursuant to an undertaking dated 19 October 2000 committed by Tong Ren Tang Holdings and Tong Ren Tang Ltd. in favor of the Company (the "**October Undertaking**"), that other than Angong Niu Huang Pills (安宮牛黃丸), Tong Ren Tang Holdings, Tong Ren Tang Ltd. and their respective subsidiaries will not produce in future any products that bear the same names or bear the same names with different dosage forms as those pharmaceutical products produced by the Company, which may compete directly with those pharmaceutical products of the Company.

Save as mentioned above, the Directors confirm that none of the other products of the Company is in direct competition with Tong Ren Tang Ltd. or Tong Ren Tang Holdings.

Report of the Board of Directors (Cont'd)

董事會報告(續)

非獲豁免關連交易

於二零一九年十一月四日及二零一九年十二月三十日，本公司與集團公司分別訂立資產轉讓協議及資產轉讓補充協議。根據協議，集團公司同意轉讓而本公司同意購買目標資產，以現金人民幣640,681,910元(含稅)的方式支付。目標資產為北京同仁堂中藥加工基地之資產(包括土地使用權、房屋建築物所有權)，位於北京市中關村科技園區大興生物醫藥基地，工業用地114,122.67平方米，總建築面積88,753.01平方米。上述交易已於二零一九年十二月十二日獲得北京市人民政府國有資產監督管理委員會批准，並於二零二零年二月十七日召開的本公司股東特別大會上獲獨立股東批准。

集團公司為本公司之最終控股公司。根據上市規則，集團公司為本公司的關連人士。因此，資產轉讓協議及資產轉讓補充協議項下進行之交易構成本公司的關連交易。上述交易詳情請參閱本公司日期為二零一九年十一月四日、二零一九年十二月三十日及二零二零年二月十七日之公告，以及本公司日期為二零一九年十二月三十一日之通函。

競爭利益

與同仁堂股份和集團公司之競爭

本公司及同仁堂股份均從事生產及銷售中成藥業務，但各自之主要產品不同。同仁堂股份主要生產蜜丸、散劑、膏劑及藥酒等傳統劑型的中成藥，其主要產品為安宮牛黃丸、同仁大活絡丸、同仁烏雞白鳳丸及國公酒。其亦擁有較小型之生產線生產顆粒劑及水蜜丸劑，該等產品在藥效方面並無與本集團形成競爭。本公司致力於生產更能與西藥產品競爭抗衡之新劑型產品，主要產品為六味地黃丸、牛黃解毒片、感冒清熱顆粒、金匱腎氣丸等。集團公司為一間投資控股公司。

為確保本公司、集團公司及同仁堂股份之業務劃分獲妥善記錄及制訂，根據集團公司及同仁堂股份於二零二零年十月十九日向本公司作出之承諾(「**十月承諾**」)，除安宮牛黃丸外，集團公司、同仁堂股份及彼等各自之子公司未來不會生產任何與本公司所生產的藥品名稱相同或同名而劑型不同並會直接與本公司藥品競爭之產品。

除上文所述者外，董事確認本公司並無其他產品與同仁堂股份或集團公司存有直接競爭。

Report of the Board of Directors (Cont'd)

董事會報告(續)

Right of First Refusal

To procure that the Company focuses on the development of the four major forms of products (namely granules, water-honeyed pills, tablets and soft capsules), Tong Ren Tang Holdings and Tong Ren Tang Ltd. have granted the Company, pursuant to the October Undertaking, a right of first refusal to manufacture and sell any of the new products which is developed by Tong Ren Tang Holdings, Tong Ren Tang Ltd. or any of their respective subsidiaries and which is one of the four main forms of products of the Company. Upon exercise of the right of first refusal, both Tong Ren Tang Holdings and Tong Ren Tang Ltd. or their respective subsidiaries are not allowed to manufacture any of such new products. In the event that the Company develops any new product based on the existing products of Tong Ren Tang Holdings and Tong Ren Tang Ltd. or their respective subsidiaries, and such new product is one of the major forms of products of the Company, the Company will be entitled to manufacture such new product and none of Tong Ren Tang Holdings and Tong Ren Tang Ltd. or their respective subsidiaries will be allowed to manufacture such new product. The Directors believe that the above undertaking would clarify that both Tong Ren Tang Holdings and Tong Ren Tang Ltd. would support the Company in its development of the four major forms of products in the future.

In the event that the Company refuses the right of first refusal offered by Tong Ren Tang Holdings and Tong Ren Tang Ltd., the terms of the option to be offered to an independent third party should not be more favourable than those originally offered to the Company, failing which the Company should be given an opportunity to reconsider the option under the new terms. The above undertaking would no longer be valid in the event that the direct or indirect aggregate shareholdings of Tong Ren Tang Holdings or Tong Ren Tang Ltd. in the Company fall below 30%.

The Company and the independent non-executive Directors have confirmed upon the review: during the year of 2019, Tong Ren Tang Holdings and Tong Ren Tang Ltd. have provided all information necessary to the independent non-executive Directors for their annual review and report on their fulfillment on the October Undertaking. Tong Ren Tang Holdings and Tong Ren Tang Ltd. have fulfilled their undertakings on the relevant right of first refusal granted to the Company on their existing or future competing businesses. The details of the annual declarations in compliance with the non-competition undertaking which have been made by Tong Ren Tang Holdings and Tong Ren Tang Ltd. are set out below.



Report of the Board of Directors (Cont'd)

董事會報告(續)

優先選擇權

為使本公司專注研製四類主要類型之產品(分別為顆粒劑、水蜜丸劑、片劑及軟膠囊劑)，根據「十月承諾」，集團公司及同仁堂股份已向本公司授出優先選擇製造及銷售彼等或彼等任何子公司所研製且屬本公司四類主要類型之現有產品其中一類之任何新產品之權利。優先選擇權行使後，集團公司及同仁堂股份及或彼等各自之子公司均不許生產任何該等新產品。倘本公司根據集團公司及同仁堂股份或彼等各自之子公司現有產品而研製任何新產品，而該等產品又屬於本公司其中一項主要類型之產品，則本公司有權製造該等新產品，而集團公司及同仁堂股份或彼等各自之子公司將不容許生產該等新產品。董事相信上述承諾將能表明集團公司及同仁堂股份均支持本公司在未來研究該四類主要類型之產品。

倘本公司拒絕集團公司及同仁堂股份提供之優先選擇權，則提供予獨立第三方之選擇權之條款不得優於原本提供予本公司之條款。否則，本公司須獲提供機會，再考慮新條款下之選擇權。倘集團公司及同仁堂股份合共直接或間接於本公司之持股量降至低於30%，則上述承諾不再有效。

本公司及獨立非執行董事經審查確認：二零一九年度，集團公司及同仁堂股份已向獨立非執行董事提供對十月承諾之履行進行年度審查以及報告所需的一切資料；集團公司及同仁堂股份已遵從其提供有關現有或未來競爭業務的優先選擇權的承諾；集團公司及同仁堂股份已作出有關遵守不競爭承諾的年度聲明的詳情如下。

Report of the Board of Directors (Cont'd)

董事會報告(續)

DECLARATION

To: TONG REN TANG TECHNOLOGIES CO. LTD.

No. 20 Nansanhuan Zhonglu
Fengtai District, Beijing, the PRC

Dear Sir or Madam,

In order to ensure the interests of Tong Ren Tang Technologies Co. Ltd. (the "**Company**") and its shareholders as a whole, we, China Beijing Tong Ren Tang Group Co., Ltd. and our subsidiaries (excluding the Company and its subsidiaries) make the following confirmations:

1. On 19 October 2000, the Company and Beijing Tong Ren Tang Company Limited entered into an agreement with us to regulate the non-competition undertaking ("**Non-competition Undertaking**"), which include but not limited to the options, pre-emptive rights or right of first refusal provided by us on our existing or future competing businesses;
2. We have provided to the independent non-executive directors of the Company with all the necessary information in order for them to conduct review on the enforcement of the Non-competition Undertaking;
3. We confirm that we have fully complied with the Non-competition Undertaking for the year 2019;
4. We also agree this confirmation to be disclosed in the Company's 2019 annual report.

We further undertake that if we become aware of any data or information in the future which causes any doubt on the truthfulness, accuracy or completeness of the data or information provided by this confirmation, we will notify the Company in writing on such data or information as soon as possible.

China Beijing Tong Ren Tang Group Co., Ltd.
30 March 2020



Report of the Board of Directors (Cont'd)

董事會報告(續)

聲明書

致：北京同仁堂科技發展股份有限公司
中國北京豐台區南三環中路20號

敬啟者：

為保證北京同仁堂科技發展股份有限公司(「貴公司」)及其股東整體的利益，中國北京同仁堂(集團)有限責任公司(「本公司」)及其子公司(除貴公司及其子公司)向貴公司做出如下聲明：

1. 於二零零零年十月十九日，貴公司和本公司以及北京同仁堂股份有限公司簽訂不競爭承諾(「不競爭承諾」)，包括但不限於本公司就現有或日後的競爭性業務將為貴公司提供選擇權、優先權或優先購買權；
2. 本公司已向貴公司的獨立非執行董事提供一切所需資料，以供獨立非執行董事對不競爭承諾的執行情況進行審查；
3. 本公司確認，於二零一九年內，本公司已完全遵守不競爭承諾；
4. 本公司同意將本聲明刊載於貴公司的二零一九年年報中。

本公司承諾，如日後本公司知悉任何資料或信息將對於本聲明中所提供資料的真實性、準確性或完整性構成懷疑，本公司將盡快以書面形式將該等資料或信息通知貴公司。

中國北京同仁堂(集團)有限責任公司
二零二零年三月三十日

Report of the Board of Directors (Cont'd)

董事會報告(續)

DECLARATION

To: TONG REN TANG TECHNOLOGIES CO. LTD.

No. 20 Nansanhuan Zhonglu
Fengtai District, Beijing, the PRC

Dear Sir or Madam,

In order to ensure the interests of Tong Ren Tang Technologies Co. Ltd. (the "**Company**") and its shareholders as a whole, we, Beijing Tong Ren Tang Company Limited and our subsidiaries (excluding the Company and its subsidiaries), make the following confirmations:

1. On 19 October 2000, the Company and China Beijing Tong Ren Tang Group Co., Ltd. entered into an agreement with us to regulate the non-competition undertaking ("**Non-competition Undertaking**"), which include but not limited to the options, pre-emptive rights or right of first refusal provided by us on our existing or future competing businesses;
2. We have provided to the independent non-executive directors of the Company with all the necessary information in order for them to conduct review on the enforcement of the Non-competition Undertaking;
3. We confirm that we have fully complied with the Non-competition Undertaking for the year 2019;
4. We also agree that this confirmation to be disclosed in the Company's 2019 annual report.

We further undertake that if we become aware of any data or information in the future which causes any doubt on the truthfulness, accuracy or completeness of the data or information provided by this confirmation, we will notify the Company in writing on such data or information as soon as possible.

Beijing Tong Ren Tang Company Limited
30 March 2020



Report of the Board of Directors (Cont'd)

董事會報告(續)

聲明書

致：北京同仁堂科技發展股份有限公司
中國北京豐台區南三環中路20號

敬啟者：

為保證北京同仁堂科技發展股份有限公司(「貴公司」)及其股東整體的利益，北京同仁堂股份有限公司(「本公司」)及其子公司(除貴公司及其子公司)向貴公司做出如下聲明：

1. 於二零零零年十月十九日，貴公司和本公司以及中國北京同仁堂(集團)有限責任公司簽訂不競爭承諾(「不競爭承諾」)，包括但不限於本公司就現有或日後的競爭性業務將為貴公司提供選擇權、優先權或優先購買權；
2. 本公司已向貴公司的獨立非執行董事提供一切所需資料，以供獨立非執行董事對不競爭承諾的執行情況進行審查；
3. 本公司確認，於二零一九年內，本公司已完全遵守不競爭承諾；
4. 本公司同意將本聲明刊載於貴公司的二零一九年年報中。

本公司承諾，如日後本公司知悉任何資料或信息將對於本聲明中所提供資料的真實性、準確性或完整性構成懷疑，本公司將盡快以書面形式將該等資料或信息通知貴公司。

北京同仁堂股份有限公司
二零二零年三月三十日

Report of the Board of Directors (Cont'd)

董事會報告(續)

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Profiles of the Directors, Supervisors and senior management are set out on pages 98 to 103 of this report.

CHANGE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

On 19 March 2019, Mr. Gao Zhen Kun tendered his resignation from the positions as an executive Director, the Chairman of the Board, the chairman of the Nomination Committee and the member of the Remuneration Committee due to work changes. The resignation of Mr. Gao Zhen Kun took effect upon the new executive Director being appointed at the 2018 AGM. On 11 June 2019, Mr. Gu Hai Ou was elected as an executive Director at the 2018 AGM by the shareholders of the Company. On the same day, the Board resolved to appoint Mr. Gu Hai Ou as the Chairman of the Board, the Chairman of the Nomination Committee and the member of the Remuneration Committee. For details of the aforesaid changes, please refer to the announcements of the Company dated 19 March 2019 and 11 June 2019 and the circular of the Company dated 12 April 2019.

On 11 June 2019, the Board appointed Mr. Zhang Feng, Ms. Wang Yue and Mr. Dong Ling Yun as the deputy general managers of the Company, with a term of office commencing from 11 June 2019 up to the date of the 2020 AGM.

Mr. Bai Jian, being the original Party Committee secretary and general auditor of the Company, and Ms. Liu Cun Ying and Ms. Guo Gui Qin, both being the deputy general managers, retired during the year.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors and the Supervisors has entered into a service contract with the Company for a term commencing on their respective appointment dates to the date of the 2020 AGM.

None of the Directors or Supervisors has entered into any service contract with the Company that cannot be terminated by the Company within one year without payment of compensation other than statutory compensation.



Report of the Board of Directors (Cont'd)

董事會報告(續)

董事、監事及高級管理人員簡介

董事、監事及高級管理人員簡介載於本報告中第98頁至第103頁。

董事、監事及高級管理人員變更

於二零一九年三月十九日，由於工作變動，高振坤先生申請辭任執行董事、董事長、提名委員會主席以及薪酬委員會委員。高振坤先生之辭任於二零一八年度股東週年大會上選出新任執行董事起生效。二零一九年六月十一日，於二零一八年度股東週年大會上本公司股東選舉顧海鷗先生為執行董事。同日，董事會選舉顧海鷗先生為本公司董事長、提名委員會主席以及薪酬委員會委員。上述變更詳情請見本公司日期為二零一九年三月十九日及二零一九年六月十一日之公告以及二零一九年四月十二日之通函。

二零一九年六月十一日，董事會聘任張鋒先生、王悅女士及董凌雲先生為本公司副總經理。任期均自二零一九年六月十一日起至二零二零年度股東周年大會之日為止。

本公司原黨委書記、總審計師白建先生、副總經理劉存英女士及郭桂芹女士已於年內退休。

董事及監事的服務合約

董事及監事均已與本公司訂立服務合約，分別由其就任之日起至二零二零年度股東週年大會之日為止。

各董事及監事概無訂立本公司於一年內不可在不予賠償(法定賠償除外)的情況下終止之服務合約。

Report of the Board of Directors (Cont'd)

董事會報告(續)

REMUNERATION OF DIRECTORS AND SUPERVISORS

Directors and Supervisors are subject to the election at the general meeting or the election by employees. The Board is authorized by the general meeting to fix the remuneration of every Director or Supervisor when the general meeting appoints Directors and Supervisors. The Directors or Supervisors who do not hold any management position in the Group will not receive any remuneration from the Group. The Directors or Supervisors who also hold management positions in the Group will receive salaries corresponding to such management functions. The independent non-executive Directors and external Supervisors are paid in line with the prevailing local market rate by the Company.

In 2019, all executive Directors did not receive any remuneration as the Directors. In particular, Mr. Wang Yu Wei and Ms. Fang Jia Zhi, each as an executive Director, received remuneration for the management positions they held in the Company. In addition, Mr. Ting Leung Huel, Stephen, Ms. Chan Ching Har and Eliza, Mr. Zhan Yuan Jing, each as an independent non-executive Director, received directors' fees at the amount of HKD240,000 (tax inclusive), HKD240,000 (tax inclusive) and RMB100,000 (tax inclusive), respectively.

In 2019, Ms. Su Li and Mr. Dong Ke Man, each as a Supervisor, did not receive any remuneration as the Supervisor. In particular, Mr. Dong Ke Man, as a Supervisor, received remunerations for the management positions they held in the Company. In addition, Mr. Wu Yi Gang, as the Supervisor, received supervisor's fee at the amount of RMB100,000 (tax inclusive).

Details of the Directors' and Supervisors' salaries or salaries received corresponding to their management positions in the Group for the years of 2019 and 2018 are set out in Note 32 to the Consolidated Financial Statements.

DIRECTORS' AND SUPERVISORS' INTERESTS IN MATERIAL TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Saved as disclosed in the non-exempt continuing connected transactions and the non-exempt connected transactions as set out in this report, none of the Directors and Supervisors or their connected entities (within the meaning under section 486 of the Company Ordinance) still had or has had any material interest, either directly or indirectly, in any material transactions, arrangements or contracts relating to the business of the Group, to which the Company or any of its subsidiaries was a party, and which was subsisting on the balance sheet date of the year or at any time during the year.

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

As at 31 December 2019, none of the Directors, Supervisors and chief executive of the Company had any interests or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the requirements in the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 to the Listing Rules.

MANAGEMENT CONTRACT

During the Reporting Period, the Company had not entered into nor was there any contract relating to the management and administration of the whole or any substantial part of the business of the Company.

Report of the Board of Directors (Cont'd)

董事會報告(續)

董事及監事薪酬

所有董事及監事均由股東大會或職工民主選舉產生，股東大會在委任董事及監事時，授權董事會釐定每位董事或監事的薪酬。本公司董事或監事如不擔任本集團管理職務，均不在本集團領取薪酬，如擔任本集團管理職務，則依照其在本集團擔任的管理職位領取薪酬。就獨立非執行董事及外部監事而言，本公司為他們提供切合其所在地市場水平的袍金。

二零一九年，所有執行董事擔任董事的薪酬均為零。其中，執行董事王煜煒先生、房家志女士依照其在本公司擔任的管理職位領取薪酬。此外，本公司獨立非執行董事丁良輝先生、陳清霞女士、詹原競先生領取的董事袍金分別為港幣 240,000 元(含稅)、港幣 240,000 元(含稅)及人民幣 100,000 元(含稅)。

二零一九年，監事蘇莉女士及董克滿先生擔任監事的薪酬均為零。其中，監事董克滿先生依照其在本公司擔任的管理職位領取薪酬。此外，本公司監事吳以鋼先生領取的監事袍金為人民幣 100,000 元(含稅)。

二零一九年及二零一八年董事、監事薪酬或依照其在本集團擔任的管理職位領取薪酬詳情載於合併財務報表附註 32。

董事及監事於重要交易、安排或合約中的權益

除本報告所載之非獲豁免持續關連交易及非獲豁免關連交易所披露者外，本公司或其任何子公司概無訂立與本集團業務有關，而董事及監事或與彼等有關連的實體(具有《公司條例》第 486 條給予的涵義)仍然或曾經於其中直接或間接擁有重大權益，且於本年度結算日或於年內任何時間仍然有效之重大交易、安排或合約。

董事、監事及最高行政人員於股份、相關股份及債權證之權益及淡倉

於二零一九年十二月三十一日，董事、監事及本公司最高行政人員概無於本公司及其相聯法團(證券及期貨條例第 XV 部所界定者)之股份、相關股份及債權證中，擁有根據證券及期貨條例第 352 條須予備存的登記冊所記錄，或根據上市規則附錄十《上市發行人董事進行證券交易的標準守則》(「標準守則」)須知會本公司及香港聯交所的權益及淡倉。

管理合約

報告期內，本公司概無簽訂或存在任何與本公司全部或任何重大部分業務的管理及行政有關的合約。

Report of the Board of Directors (Cont'd)

董事會報告(續)

PERMITTED INDEMNITY PROVISION

Subject to the applicable laws and the coverage of the director liability insurance the Company placed for the Directors, every Director shall be entitled to be indemnified against all costs, charges, losses, expenses and liabilities incurred by him or her in the execution and discharge of his or her duties or in relation thereto. Such provisions were in force during the course of the year ended 31 December 2019 and remained in force as of the date of this report.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group had a total of 3,913 employees (31 December 2018: 3,879 employees), of which are 1,931 employees of the Company (31 December 2018: 1,957 employees). Besides, the Company had a total of 106 dispatch staff (31 December 2018: 130). Remunerations of the employees of the Company are determined with reference to the prevailing market level as well as the performance, qualification and experience of individual employee. Discretionary bonuses based on individual performance will be paid to the employees as a recognition of and a reward for their contributions to the Company. Other employee welfares include contributions by the Company to the endowment insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance and housing fund.

EMOLUMENTS OF SENIOR MANAGEMENT

The emoluments before tax paid to the senior management of the Company whose names are listed in this report are set out by band as follows:

RMB0-500,000 人民幣 0-500,000 元
RMB500,001-1,000,000 人民幣 500,001-1,000,000 元
RMB1,000,001-1,500,000 人民幣 1,000,001-1,500,000 元
RMB1,500,001-2,000,000 人民幣 1,500,001-2,000,000 元
RMB2,000,001-2,500,000 人民幣 2,000,001-2,500,000 元

STAFF RETIREMENT SCHEME

Details of staff retirement scheme of the Group are set out in Note 33 to the Consolidated Financial Statements.

Report of the Board of Directors (Cont'd)

董事會報告(續)

獲準許的彌償條文

在適用法律的規限下及在本公司為董事投保的董事責任保險範圍內，本公司董事有權獲彌償其在執行及履行職責時引致或與此有關的所有成本、收費、損失、費用及債務。此等條文於截至二零一九年十二月三十一日止年度期間有效，並於本報告日期亦維持有效。

僱員及薪酬政策

於二零一九年十二月三十一日，本集團共有3,913名僱員(二零一八年十二月三十一日：3,879名僱員)，其中本公司有1,931名僱員(二零一八年十二月三十一日：1,957名僱員)，此外，本公司另有派遣員工106名(二零一八年十二月三十一日：130名)。本公司僱員之薪金參照市場水平及有關僱員之表現、資歷和經驗而釐定，亦會按年內個人表現發放酌情獎金，以獎勵僱員對本公司作出之貢獻，其他僱員福利包括養老保險、醫療保險、失業保險、工傷保險、生育保險及住房公積金。

高級管理人員薪酬

載列於本報告中的本公司高級管理人員稅前薪酬按等級劃分的情況如下：

2019	2018
number of senior management 人數	number of senior management 人數
-	-
8	5
1	2
-	-
1	1

退休金計劃

本集團退休金計劃詳情載於合併財務報表附註33。

Report of the Board of Directors (Cont'd)

董事會報告(續)

STAFF QUARTERS

For the year ended 31 December 2019:

1. the Company did not provide quarters to any of its staff (2018: nil);
2. the Company made annual contributions to the housing fund based on certain percentages of the salaries for employees in compliance with relevant regulations; and
3. the Company provided housing allowance to its staff at an average of RMB80 per person per month (2018: RMB80 per person per month) in compliance with relevant regulations.

INDEPENDENT AUDITORS

The accompanying financial statements of this report were audited by PricewaterhouseCoopers. The Company did not change its independent auditors in any of the past three years. The Audit Committee was satisfied with the work of the independent auditors, their independence and objectivity. PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP were proposed by the Board to be respectively reappointed as the overseas auditor and domestic auditor of the Company for the year of 2020 which is subject to approval at the 2019 AGM.

By the Order of the Board
Tong Ren Tang Technologies Co. Ltd.
Gu Hai Ou
Chairman

Beijing, the PRC
30 March 2020



Report of the Board of Directors (Cont'd)

董事會報告(續)

員工宿舍

本公司於截至二零一九年十二月三十一日止年度：

- 1、 並無向員工提供任何員工宿舍(二零一八年：無)；
- 2、 按規定每年為員工按工資的一定比例向住房公積金計劃供款；及
- 3、 按規定向員工提供住房補貼每人每月平均為人民幣80元(二零一八年：每人每月平均人民幣80元)。

獨立核數師

本報告隨附的財務報表是由羅兵咸永道會計師事務所審核。本公司於過去三年內任何一年均未更換獨立核數師。審核委員會對獨立核數師的工作、其獨立性及客觀性均感滿意。董事會建議分別續聘羅兵咸永道會計師事務所及普華永道中天會計師事務所(特殊普通合伙)為本公司二零二零年度之境外核數師和境內核數師(待二零一九年度股東週年大會批准)。

承董事會命
北京同仁堂科技發展股份有限公司
顧海鷗
董事長

中國北京，
二零二零年三月三十日

Report of the Supervisory Committee

監事會報告

To the shareholders:

The supervisory committee of Tong Ren Tang Technologies (the “**Supervisory Committee**”) has executed its duties and powers earnestly, safeguarded the rights and interests of the shareholders as well as the interests of the Company, complied with the principle of good faith, took the initiative in carrying out its work in a reasonable, cautious and diligent manner pursuant to the provisions of the Company Law of the PRC, relevant laws and regulations of Hong Kong and the Articles of Association.

During the year, the Supervisory Committee reviewed cautiously the operation and development plans of the Company and put forward reasonable suggestions and opinions to the Board. It also strictly and effectively monitored and supervised the significant policies and specific decisions made by the management of the Company to ensure that they were in compliance with the laws and regulations of the PRC and the Articles of Association, and in the interests of the Company’s shareholders.

The Supervisory Committee have reviewed earnestly and approved the report of the Board, audited financial statements and the dividend payment proposal to be presented by the Board at the forthcoming 2019 AGM. We are of the opinion that the Directors, general manager and other senior management of the Company have strictly complied with the principle of good faith, and have worked diligently, exercised their authority faithfully in the best interests of the Company, and executed various tasks pursuant to the Articles of Association so that the Company is operated within the regulatory framework, and the internal control regime is increasingly improving. The transactions between the Company and associated companies were executed on terms in the interests of the shareholders of the Company as a whole and at fair and reasonable prices. Up till now, none of the Directors, general manager or senior management of the Company has been found to have abused their authority, damaged the interests of the Company or infringed upon the interests of the shareholders and employees of the Company, or to have been in breach of any laws or regulations or the Articles of Association.

The Supervisory Committee is satisfied with the various tasks carried out by the Company in 2019 and the economic benefits generated therefrom. It has full confidence in the future development outlook of the Company.

By Order of the Supervisory
Committee

Tong Ren Tang Technologies Co. Ltd.

Su Li

Chairman

Beijing, the PRC
30 March 2020

Report of the Supervisory Committee (Cont'd)

監事會報告(續)

各位股東：

同仁堂科技監事會(「監事會」)遵照《中華人民共和國公司法》、香港有關法律、法規及公司章程的規定，認真履行職權，維護股東權益，維護本公司利益，遵守誠信原則，恪盡職守，合理謹慎、勤勉主動地開展工作。

在本年度內監事會對本公司的經營及發展計劃進行謹慎審核，並向董事會提出合理的建議和意見，對本公司管理層的重大決策及具體決定是否符合國家法律法規以及公司章程是否維護股東利益等，進行了嚴格有效的監督。

監事會認真審閱並同意董事會擬提呈予二零一九年度股東週年大會的董事會報告、經審核的財務報告以及股息派發方案，認為董事會成員、本公司總經理及其他高級管理人員，嚴格遵守誠信原則，工作克勤盡職，真誠地以公司最大利益為出發點行使職權，能夠按照公司章程開展各項工作，運作較為規範，內部控制制度日趨完善。本公司與關連企業交易嚴格按符合本公司股東整體利益之條款及公平合理之價格執行。至今未發現董事、總經理及高級管理人員濫用職權、損害本公司利益及侵犯本公司股東和本公司員工權益之行為，亦未違反法例、規則或公司章程。

監事會對本公司二零一九年度各項工作和取得的經濟效益表示滿意，對公司未來的發展前景充滿信心。

承監事會命
北京同仁堂科技發展股份有限公司
蘇莉
監事長

中國北京，
二零二零年三月三十日

Corporate Governance Report

企業管治報告

The Board believes that a good and steady framework of corporate governance is extremely important for the development of the Company. The Company has adopted the principles and standards contained in the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules as the Company's standards, and combined them with its own experience, aiming to establish a good corporate governance structure.

BOARD OF DIRECTORS

The Company's business and operation are led and authorized to be managed by the Board. Several powers shall be entrusted by the Board to the management, so that the management can formulate and implement the Company's scheme and operational planning, as well as conducting the Company's daily operation. The Board tries its best to monitor the performance of the management, while it is the management's responsibility to conduct the daily operation of the Company.

The Board has established four special committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategy and Planning Committee, to supervise the specific affairs of the Company. According to the requirements of the Listing Rules and other related laws, the Board and the special committees shall discharge their respective duties in accordance with the well-established written terms of reference.

The Board convenes meetings regularly and when significant decision has to be made. The Board convened seven meetings in 2019 to discuss and decide development strategies, major operational matters, financial matters and other matters of the Company as stipulated under the Articles of Association. Unless specifically noted, all of the Directors have attended the Board meetings, committee meetings, general meetings, and conferences between the Chairman and independent non-executive Directors during their tenures of office in the year of 2019. The attendance of Directors to the relevant meetings is set out as below:

Directors

董事

Executive Directors 執行董事

Gu Hai Ou (Chairman) 顧海鷗(董事長)
 Gao Zhen Kun (Original Chairman) 高振坤(原董事長)
 Huang Ning 黃寧
 Wu Le Jun 吳樂軍
 Wu Qian 吳倩
 Wang Yu Wei 王煜煒
 Fang Jia Zhi 房家志

Independent non-executive Directors 獨立非執行董事

Ting Leung Huel, Stephen 丁良輝
 Chan Ching Har 陳清霞
 Zhan Yuan Jing 詹原競

Note 1: All of the Directors attended in person rather than by proxy during the term of office.

Corporate Governance Report (Cont'd)

企業管治報告(續)

董事會認為，良好穩健之企業管治框架對於本公司之發展極其重要。本公司已採納上市規則附錄十四所載《企業管治守則》(「企業管治守則」)之原則及基準作為本公司的標準，同時結合本公司的經驗，旨在構建良好的企業管治架構。

董事會

本公司之業務及事務由董事會領導及授權處理。若干權力需由董事會委託予管理層，讓管理層制訂及實行本公司之策劃及營運計劃，以及進行本公司日常業務。董事會就此盡力監察管理層之表現，但進行本公司日常業務之責任則交由管理層。

董事會已成立四個專門委員會，分別為審核委員會、薪酬委員會、提名委員會及戰略與規劃委員會，以監察本公司特定方面之事務。按照上市規則規定及其他有關法律規定，董事會及專門委員會須根據妥善訂立之書面職權範圍工作。

董事會定期及於需要作出重大決策時召開全體會議。董事會於二零一九年共舉行了七次會議，討論和決定本公司的發展戰略、重大經營事項、財務事項及公司章程規定的其他事項。除特別註明外，各董事於二零一九年內均已出席在其任期內本公司舉行的全部董事會、專門委員會及股東大會，以及董事長與獨立非執行董事會議。各董事參與有關會議的詳情列載如下：

Board meeting 董事會會議	The number of times of attendance/meeting 出席次數/舉行會議次數					General meeting 股東大會	Conference between the Chairman and independent non-executive Directors 董事長與獨立非執行董事會議
	Audit Committee meeting 審核委員會會議	Remuneration Committee meeting 薪酬委員會會議	Nomination Committee meeting 提名委員會會議	Strategy and Planning Committee meeting 戰略與規劃委員會會議			
6/6	-	1/1	-	-	1/1	1/1	
1/1	-	1/1	1/1	-	1/1	1/1	
7/7	-	-	-	-	2/2	-	
7/7	-	-	-	-	2/2	-	
6/7	-	-	-	-	2/2	-	
7/7	-	-	-	-	2/2	-	
7/7	-	-	-	-	2/2	-	
7/7	3/3	2/2	-	-	2/2	2/2	
7/7	3/3	-	1/1	-	2/2	2/2	
7/7	3/3	2/2	1/1	-	2/2	2/2	

註1：每位董事均為親自出席其任期內之會議，未有委託出席會議之情況。

Corporate Governance Report (Cont'd)

企業管治報告(續)

Composition of the Board of Directors

The Directors are elected at the general meetings for a term of office of three years, and can be re-elected when the term expires. The seventh session of the Board was elected at the 2017 AGM and the 2018 AGM with the term of office ending upon the conclusion date of the AGM to be convened in 2021. The Board has formulated the Board Diversity Policy. All appointments of the members of the Board are made on merit, in the context of the talents, skills and experience the Board as a whole requires to be effective. Every member with his/her own strengths are able to coordinate with each other and help strengthen the effectiveness of the Board.

Details about the resume of the Directors are set out on pages 98 to 101 of this report.

The independent non-executive Directors are independent from the management with solid experience in business or finance. They make recommendations to the Board and management on the strategic development of the Company, and provide balancing mechanism to protect the interests of shareholders and the Company as a whole.

All of the one independent non-executive Director has been serving for more than nine years. In a circular dispatched to the shareholders on 25 April 2018 regarding the re-election of the independent non-executive Director, the Company has confirmed the independence of the one person and set out the reason for his re-election pursuant to the provision of the Listing Rules. He was re-elected as the independent non-executive Director at the 2017 AGM by a separate resolution. Please refer to the circular of the Company dated 25 April 2018 and the announcement of the Company dated 12 June 2018 for details.

According to the requirements of the Listing Rules, the Company has received a written confirmation of the independence from each of such independent non-executive Directors for the year of 2019. The Company considers that all independent non-executive Directors are independent from the Company.

During the Reporting Period, the Board had complied with the minimum requirement of the Listing Rules in relation to the appointment of at least three independent non-executive Directors and the number of independent non-executive Directors being at least one-third of the members of the Board of Directors, as well as the requirement of having one independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise.

As is known to the Company, the Directors, Supervisors and senior management of the Company do not have any relationship among themselves in financial, business, family or other material aspects other than working relationship in the Company.



Corporate Governance Report (Cont'd)

企業管治報告(續)

董事會組成

董事由股東大會選舉產生，任期三年，董事任期屆滿，可以連選連任。第七屆董事會由二零一七年度股東週年大會及二零一八年度股東週年大會選舉產生，任期至二零二一年召開的股東週年大會之日止。董事會訂有《董事會成員多元化政策》，董事會成員的所有人均按董事會整體運作所需要的才能、技能及經驗水平而作出，他們各有所長並配合得宜，令董事會發揮成效。

董事的履歷詳情請參見本報告第98頁至第101頁。

獨立非執行董事均獨立於管理層，擁有豐富的業務或財務經驗，為本公司之策略發展向董事會及管理層提供意見，以及提供製衡措施以保障股東及本公司整體利益。

本公司一名獨立非執行董事任職超過九年，根據上市規則的規定，本公司已於二零一八年四月二十五日致股東的通函中就該名獨立非執行董事的重選列明其仍屬獨立人士及應獲重選連任之原因。於二零一七年度股東週年大會上，該人士已經以獨立決議案獲批准續聘為獨立非執行董事。詳情請見本公司日期為二零一八年四月二十五日之通函及二零一八年六月十二日之公告。

根據上市規則規定，本公司已獲得該等獨立非執行董事各自以書面確認其於二零一九年度相對於本公司的獨立性。本公司認為所有獨立非執行董事均獨立於本公司。

報告期內，董事會在任何時間均符合上市規則有關委任最少三名獨立非執行董事的最低規定，而且獨立非執行董事人數至少佔董事會人數的三分之一，同時其中一名獨立非執行董事具備適當專業資格或會計或相關財務管理專長。

就本公司所知，董事、監事及本公司的高級管理人員之間除在本公司的工作關係外，在財務、業務、家屬或其他重大方面無任何關係。

Corporate Governance Report (Cont'd)

企業管治報告(續)

Board Diversity

The Company recognizes and embraces the benefits of having a diverse Board, and sees diversity at the Board level as an essential element in maintaining a competitive advantage. Since 2013, the Company has been complying with the Board Diversity Policy.

A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, gender and other qualities of the members of the Board. In determining the optimum and balanced composition of the Board, the Company will consider the above factors. All appointments are made on merit, in the content of the talents, skills and experience the Board as a whole requires to be effective.

The Nomination Committee of the Company reviews and assesses the composition of the Board and makes recommendations to the Board on appointment of new Directors. In reviewing and assessing the composition of the Board, the Nomination Committee will consider the benefits of all aspects of diversity (including but not limited to the aforementioned) in order to maintain an appropriate range and balance of talents, skills, experience and background on the Board.

Responsibilities of the Board and the Management

According to the requirements of the Articles of Association, the Board is responsible to the general meeting and exercises the following powers:

- to convene general meetings and report its work to the general meeting;
- to implement the resolutions of general meetings;
- to determine the Company's business plans and investment plans;
- to formulate the Company's plans on annual financial budgets and final accounts;
- to formulate the Company's profit distribution plans and plans on making up losses;
- to formulate the plans for increase or decrease of the registered capital of the Company and issue of corporate bonds;
- to formulate plans for merger, division and dissolution of the Company;
- to determine the establishment of the Company's internal management structure;
- to appoint or remove the manager of the Company and to appoint or remove the deputy manager and chief financial officer of the Company based on the nomination by the manager and to determine their remunerations;
- to formulate the basic management system of the Company;
- to formulate proposals for amendment to the Articles of Association; and
- to determine the establishment of specific committees and to appoint and remove the relevant persons in charge.

Corporate Governance Report (Cont'd)

企業管治報告(續)

董事會成員多元化

本公司瞭解及認同具有多元化董事會成員的裨益，並視在董事會層面的多元化為維持競爭優勢的重要元素。二零一三年起，本公司一直遵從《董事會成員多元化政策》。

一個真正多元化的董事會將包括具備不同才能、技能、地區及行業經驗、背景、性別及其他特質的董事會成員，並可加以利用。本公司在設定董事會成員組合時，會從以上多個方面考慮董事會成員多元化，以達致最適合組成和平衡。董事會成員的釐定乃按董事會整體運作所需要的才能、技能及經驗水平而作出。

本公司提名委員會審閱及評估董事會組成，並就委任本公司新董事向董事會作出推薦建議。在審閱及評估董事會組成時，提名委員會將考慮於各方面多元化的裨益(包括但不限於上文所述者)，以維持適當範圍及平衡董事會成員的才能、技能、經驗及背景。

董事會與管理層職責

根據公司章程的規定，董事會對股東大會負責，具有下列職權：

- 負責召集股東大會，並向股東大會報告工作；
- 執行股東大會的決議；
- 決定本公司的經營計劃和投資方案；
- 制定本公司的年度財務預算方案、決算方案；
- 制定本公司的利潤分配和彌補虧損方案；
- 制定本公司增加或者減少註冊資本的方案以及發行公司債的方案；
- 擬定本公司合併、分立、解散的方案；
- 決定本公司內部管理機構的設置；
- 聘任或者解聘本公司經理，根據經理的提名，聘任或者解聘本公司副經理、財務負責人，決定其報酬事項；
- 制定本公司的基本管理制度；
- 制訂公司章程修改方案；及
- 決定專門委員會的設置和任免其有關負責人。

Corporate Governance Report (Cont'd)

企業管治報告(續)

Pursuant to the provisions of the Code, the Board exercises the following powers in respect of corporate governance:

- to formulate and review the principles and policies of the Company's corporate governance;
- to review and monitor the implementation of corporate governance policies by the Company as a whole and to ensure compliance with statutory and regulatory requirements;
- to review the Company's compliance with the Code and other rules applicable;
- to approve the Company's annual corporate governance report and its publication on the websites of the Hong Kong Stock Exchange and the Company;
- to formulate, review and monitor the shareholder communication policy to ensure its effectiveness;
- to review and monitor the training and continuous professional development of the Directors and senior management; and
- to handle other corporate governance issues that the Board shall be responsible for.

According to the requirements of the Articles of Association, the management is the executives of the Company, shall be accountable to the Board and exercises the following powers:

- to lead the Company's production, operation and management, and to organize the implementation of the Board's resolutions;
- to organize the implementation of the Company's annual business plans and investment plans;
- to draft plans for the establishment of the Company's internal management structure;
- to draft the Company's basic management system;
- to formulate the basic rules and regulations of the Company;
- to propose the appointment or dismissal of the Company's deputy manager(s) and chief financial officer;
- to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board; and
- to exercise other powers conferred under the Articles of Association and by the Board.

Corporate Governance Report (Cont'd)

企業管治報告(續)

根據企業管治守則的規定，董事會在企業管治方面具有下列職權：

- 制定和檢討本公司的企業管治原則和政策；
- 檢討和監察本公司整體的企業管治政策落實水平，確保遵守法規和監管要求；
- 檢討本公司遵守企業管治守則及其他相關規則的情況；
- 批准本公司年度企業管治報告，並准予在香港聯交所網站和本公司網站披露；
- 制定、檢討和監察股東通訊政策，確保政策有效；
- 檢討和監察董事和高級管理人員的培訓和持續專業發展；及
- 董事會應負責的其他企業管治事宜。

根據公司章程的規定，管理層是本公司的執行層，對董事會負責，具有下列職責：

- 主持本公司的生產經營管理工作，組織實施董事會決議；
- 組織實施本公司年度經營計劃和投資方案；
- 擬訂本公司內部管理機構設置方案；
- 擬訂本公司的基本管理制度；
- 制定本公司的基本規章；
- 提請聘任或者解聘公司副經理、財務負責人；
- 聘任或者解聘除應由董事會聘任或者解聘以外的負責管理人員；及
- 公司章程和董事會授予的其他職權。

Corporate Governance Report (Cont'd)

企業管治報告(續)

Chairman of the Board and General Manager

Mr. Gu Hai Ou is the Chairman of the Board and Mr. Wang Yu Wei is the general manager of the Company. The Chairman of the Board and the general manager of the Company are two clearly defined positions. The Chairman of the Board is responsible for the operation of the Board while the general manager is in charge of day-to-day operational management. The Board formulated and approved the Terms of Reference of Chairman and General Manager, which sets out their respective duties and powers in written form.

Continuous Professional Development of Directors

The Directors should participate in continuous professional development to develop and update their knowledge and skills in order to ensure that they continue making contributions to the Board in an informed and appropriate manner. The Company is responsible for arranging appropriate training and providing relevant funding with appropriate emphasis on the roles, functions and duties of a director of the Company. During the Reporting Period, all Directors were arranged to learn about the ongoing obligations of the Directors, laws and regulations, ESG regulations, corporate governance and other requirements, and gained a deeper understanding of supervision and standardized operations of listed companies. The Company also published appointment rules and memorandum of duties to all new Directors so as to ensure continuous compliance in their performance of duties. In addition, the Directors also participated in relevant training or studied reading materials according to their actual needs for performance of duties. These materials included information in respect of Communist Party construction, safe production and risk prevention, etc., which effectively facilitated the improvement of duty performance.

Directors' Training

董事培訓情況

Directors

董事

Executive Directors 執行董事

Gu Hai Ou (*Chairman*) 顧海鷗(董事長)
Gao Zhen Kun (*Original Chairman*) 高振坤(原董事長)
Huang Ning 黃寧
Wu Le Jun 吳樂軍
Wu Qian 吳倩
Wang Yu Wei 王煜煒
Fang Jia Zhi 房家志

Independent non-executive Directors 獨立非執行董事

Ting Leung Huel, Stephen 丁良輝
Chan Ching Har 陳清霞
Zhan Yuan Jing 詹原競

Corporate Governance Report (Cont'd)

企業管治報告(續)

FINANCIAL REPORTING

The management provides members of the Board with updated information on a monthly basis, setting out relevant accounts data and financial position of the Company. This is to ensure Directors have sufficient information and knowledge about the Company's affairs to effectively fulfill their responsibilities and obligations.

The Directors acknowledged their responsibility for preparation of financial statements which shall give a true and fair view of the Company's financial situation, business performance and cash flows for the year. In preparing the financial statements for the year, the Directors have:

1. approved the adoption of the International Financial Reporting Standards;
2. selected and applied appropriate accounting policies;
3. made reasonable judgments and estimates; and
4. prepared the financial statements on a going concern basis.

The Board recognizes the importance of good corporate governance, transparency and its accountability to shareholders, and it has presented a balanced, clear and understandable assessment in the annual and interim reports and other financial disclosures of the Company as required under the Listing Rules, and reports to regulators as well as information required to be disclosed pursuant to statutory requirements.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risks the Group is able to take in achieving its strategic goals, so as to ensure that the Group establishes and maintains reasonable and effective risk management and internal control systems, and oversees management in the design, implementation and monitoring of the risk management and internal control systems, and is also responsible for reviewing the effectiveness of the systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Meanwhile, the terms of reference of the Audit Committee cover its duties in respect of risk management, including supervision of relevant risk management system to ensure that the system conforms to the strategies and risk tolerance of the Group.

The Group has established its risk management and internal control system and issued relevant reports with reference to regulations and requirements including the Code of Corporate Governance, Corporate Risk Management Framework, Basic Rules for Enterprise Internal Control, the Guidelines for Corporate Internal Control Assessment, and the Supplementary Guidelines for Corporate Internal Control.

Corporate Governance Report (Cont'd)

企業管治報告(續)

財務匯報

管理層每月向董事會成員提供更新資料，載列有關本公司的賬目資料、財務狀況等，確保董事對本公司事務掌握足夠的資料和知識，以有效履行其職責和義務。

董事確認彼等編製財務報表之責任，財務報表須真實及公平地反映本公司於本年度之財務狀況、經營業績及現金流量。編製本年度之財務報表時，董事已：

1. 批准採納國際財務報告準則；
2. 選定及貫徹應用適當之會計政策；
3. 作出合理之判斷及估計；及
4. 按持續基準編製財務報表。

董事會知悉良好企業管治、透明及向股東負責之重要性，董事會已就本公司年度及中期報告及根據上市規則規定須予披露的其他財務資料、向監管者提交之報告以及根據法律規定須予披露之資料作出平衡、清晰及可理解的評審。

風險管理及內部監控

董事會負責評估及釐定本集團達成策略目標時所能夠接受的風險性質及程度，確保本集團設立及維持合理及有效的風險管理及內部監控系統，監督管理層對風險管理及內部監控系統的設計、實施及監察，並有責任檢討該等制度的有效性。該等系統旨在管理(而非消除)未能達成業務目標的風險，而且只能就不會有重大的失實陳述或損失作出合理而非絕對的保證。同時，審核委員會之職權範圍已涵蓋於風險管理方面的職責，包括監察相關風險管理系統確保該系統符合本集團的戰略及風險承受能力。

本集團參照《企業管治常規守則》、《企業風險管理框架》、《企業內部控制基本規範》、《企業內部控制評價指引》、《企業內部控制配套指引》等規定和要求，以搭建風險管理及內部監控系統及出具相關報告。

Corporate Governance Report (Cont'd)

企業管治報告(續)

The Group has internal audit functions. A dedicated internal audit department will independently review the operation of each department of the Group on a regular basis to identify violation and risk, if any, and propose suggestions therefore to cope with the identified risks. The internal audit department organize comprehensive risk identification and streamline countermeasures within the scope of the Group, updates the Group's risk list and countermeasures on a semiannual basis, evaluates the overall effectiveness of risk management of the Group, suggests solutions accordingly (if necessary) and explains the critical findings and internal audit process and results to the Audit Committee with an independent report.

The Group adopts a three-level risk management and monitoring model comprising risk management, risk supervision and independent review, in order to identify, assess and manage material risks with the following procedures including formulation and implementation of strategy; risk identification, assessment and response; risk monitoring report and early warning; risk treatment; and supervision and evaluation of risk management. In case of material risk or serious internal monitoring omission, relevant units shall immediately report to the internal audit department and members of corporate management, who shall promptly hold a meeting to discuss treatment methods and finally approve the solutions for material risk or serious internal monitoring omission.

The Group has formulated a series of risk management and internal monitoring systems and relevant supporting operation guidelines. For instance, the Company has promulgated the Risk Management System, which institutionalized the operation of risk management system, and regulated and standardized the risk management. The Internal Audit System has been also in place to standardize internal audit work, improve internal control monitoring system, strengthen the mechanism for preventing risks in economic operations and foster the healthy and sustainable development of the Group. The Management System on Internal Supervision Information Feedback has been established to enhance internal control, effectively prevent risks of operation management, encourage employees to actively involve in corporate management and timely carry out supervision, file complaints and provide feedback on the defect or violation in internal operation. The Company enacted the Information Disclosure Management System to regulate the disclosure procedure of inside information and other types of information. With the aforesaid monitoring systems and guidelines, the Group has established a standard and effective risk management and internal monitoring systems so as to safeguard the assets of the Group and interests of shareholders.

MAJOR RISKS AND RESPONSE MEASURES

In 2019, the material risks listed by the Group included policy risk, operational risk and financial risk. For the identified material risks, the Group has taken proactive measures to cope with various risks.

For the contingent risks from the emergencies in relation to "Tong Ren Tang" brand, the Group established a good brand protection emergency mechanism, in which the brand management department will cooperate with all relevant departments in collecting information about the emergencies in relation to the "Tong Ren Tang" brand in a timely manner and set up countermeasures.

Corporate Governance Report (Cont'd)

企業管治報告(續)

本集團具有內部審核功能，由專門的內部審計部門定期獨立檢討本集團之運營，以辨識任何違規活動及風險，並提出相關建議，以應對所識別之風險。內部審計部門在本集團範圍內組織展開全面的風險識別以及應對措施的梳理，每半年更新本集團的風險清單和應對措施，評價本集團整體風險管理有效性，提出相應的處理方案(如需要)，並以獨立報告形式向審核委員會闡釋任何關鍵發現及內部審核過程及結果。

本集團設立風險管理、風險監察、獨立檢討三道風險管理及監控模式，通過以下程序用以辨認、評估及管理重大風險，包括：策略的制定與實施；風險的識別、評估、應對；風險監控報告與預警；風險的處理；風險管理的監督與評價。當發現有重大風險及嚴重的內部監控缺失時，各相關單位將立即向內部審計部門及公司管理層匯報，管理層及時組織召集會議研討解決辦法，最終批准重大風險及嚴重的內部監控缺失的解決方案。

本集團訂有一系列風險管理及內部監控制度及相關配套操作指引，例如，本公司已制定《風險管理制度》，從制度層面規範了風險管理體系的運行，使風險管理工作規範化、常態化；《內部審計制度》，以規範內部審計工作，完善內部控制監督系統，強化經濟運行風險防範機制，促進本集團健康、可持續發展；《內部監督信息反饋管理制度》，加強公司內部控制，有效防範經營管理風險，鼓勵員工主動參與公司管理，及時監督、投訴、反饋公司內部運營缺陷或違規行為；《信息披露管理制度》，以規範發布包括內幕消息在內之各類信息之程序。借助上述監控制度及指引，本集團得以建立規範、有效的風險管理及內部監控體系，保障本集團資產及股東利益。

主要風險及應對措施

二零一九年，本集團所列示的主要風險包括政策風險、經營風險、財務風險。針對已識別出的主要風險，本集團已採取積極措施以應對各類風險。

針對有關「同仁堂」品牌的突發事件而給本集團帶來之不確定風險，本集團制定有品牌保護應急機制，由品牌管理部門聯合各相關單位，及時收集有關「同仁堂」品牌的突發事件，並制定應對措施。

Corporate Governance Report (Cont'd)

企業管治報告(續)

For the risks caused by the large inventory amount, the Group has timely grasped the quantity and costs of various raw material inventories to reasonably arrange the use of funds to prevent tie-up of funds arising from the purchase of raw materials to the extent possible; comprehensively reviewed overall inventory commodity structure, made rational plan for inventory levels, and improved the scientific and refined management of warehouse with the use of information technology; strengthened the communication and coordination between sales department and production department, and timely formulated plans for problems in production and supply to facilitate positive product development, so as to ensure supply while reducing the tie-up of funds through tighter connection between production supply and sales.

For the risks of increase in amount of trade receivables, the Group continued to strengthen customer qualification assessment and credit management, and exerted more efforts to strengthen the management of payment collection from distributors. Meanwhile, the Group stipulated regulation on sales policy, distributor management, contract and agreement management, delivery and return management, etc. from the system level, and constantly stepped up its management on accounts receivable.

For the increase in investment cost arising from safe production management and uncertainty risks due to potential safety hazards and safety accidents, the Group continued to strengthen safety training to enhance safety awareness of all employees, stepped up efforts in elimination of potential hazards and supervision, ensured explicit division of labor and improved the effectiveness of potential hazards management; purchased liability insurance of safe production, so as to ensure both prevention and post-handling.

For the risks such as reduction in harvest of production materials, decline in quality of raw materials and market price fluctuations brought about by significant climate change or extreme disastrous weather, the Group has strengthened identification, assessment and supervision of impacts and risks of significant climate change on different businesses. Meanwhile, the Group pays close attention changes in market conditions and related industrial policies, and has built closer connection between procurement and production and sales, and maintained a reasonable inventory structure and appropriate strategic reserves to ensure maximum supply of required materials and avoid the risk of continual increases in prices brought about by an imbalance between supply and demand.

The Board has reviewed the risk management and internal control system for the period from 1 January 2019 to 31 December 2019 at the Board meeting held on 30 March 2020. The chief auditor, special internal audit department and Audit Committee have reviewed the effectiveness of internal control systems of the Company and its subsidiaries covering financial, operational, compliance and risk management procedures.

In addition, the review of the Directors also took into account the adequacy of resources, staff qualification and experience, and training programs and the relevant budgets of the Group's accounting and financial reporting function. For the year end of 31 December 2019, the Board is satisfied that the risk management and internal control system of the Group are working effectively, adequate and implemented on an ongoing basis. The Group will continue to improve the internal control system and strengthen the risk management function as necessary, so as to continuously optimize the risk management and internal control system.

Corporate Governance Report (Cont'd)

企業管治報告(續)

針對存貨庫存數額較大所帶來之風險，本集團及時掌握各種原料庫存的數量及成本以合理安排資金使用，儘量避免因購入原料而帶來的庫存資金佔壓；對整體庫存商品結構進行全面梳理，合理規劃庫存量，利用信息化技術提升倉儲的科學化、精細化管理水準；強化銷售部門與生產部門間的溝通協調，針對生產供應出現的問題及時制定預案使得品種實現良性發展，通過生產供應與銷售更為緊密的銜接，確保供應的同時減少資金佔壓。

針對應收賬款數額較大之風險，本集團持續加強客戶資質評定、深化信用管理，加強對經銷商回款的管理；同時，從制度層面上對銷售政策、經銷商管理、合同協議管理、發貨退貨管理、回款管理等方面進行規定，持續加強應收賬款管理。

針對安全生產管理投資成本增加及可能存在的安全隱患、安全事故而帶來的不確定性風險，本集團持續強化安全培訓，提高全員安全意識；加大隱患排查、監察力度，確實保障責任落實到人，分工明確，提高隱患治理成效；積極投保安全生產責任保險，實現事前預防和事後處理相結合。

針對重大氣候變化或出現極端災害天氣可能出現的生產物料採收量減少、原材料質量下降、市場價格波動等風險，本集團加強重大氣候變化對各項業務產生的影響及風險識別、評估及監管，同時，時時關注市場行情及相關產業政策變化，強化採購與生產、銷售之間的緊密銜接，保持合理庫存結構和適當的戰略性儲備，最大限度保障所需物料的供應，及避免其價格因供需矛盾失衡而持續上升的風險。

董事會於二零二零年三月三十日舉行的董事會會議上檢討了涵蓋二零一九年一月一日至二零一九年十二月三十一日止期間之風險管理及內部監控系統事宜，透過總審計師、專門的內部審計部門和審核委員會檢討本公司及其子公司內部監控制度之效能，包括財務、營運、合規以及風險管理程序。

此外，董事之審閱亦會考慮本集團會計及財務匯報職能方面的資源、員工資歷及經驗是否足夠，以及培訓課程及有關預算是否充足。於截至二零一九年十二月三十一日止年度，董事會確信本集團風險管理及內部監控系統是有效、足夠而且持續進行，本集團將持續於必要時改善其內部監控制度及強化風險管理功能，以不斷完善風險管理及內部監控系統。

Corporate Governance Report (Cont'd)

企業管治報告(續)

AUDIT COMMITTEE

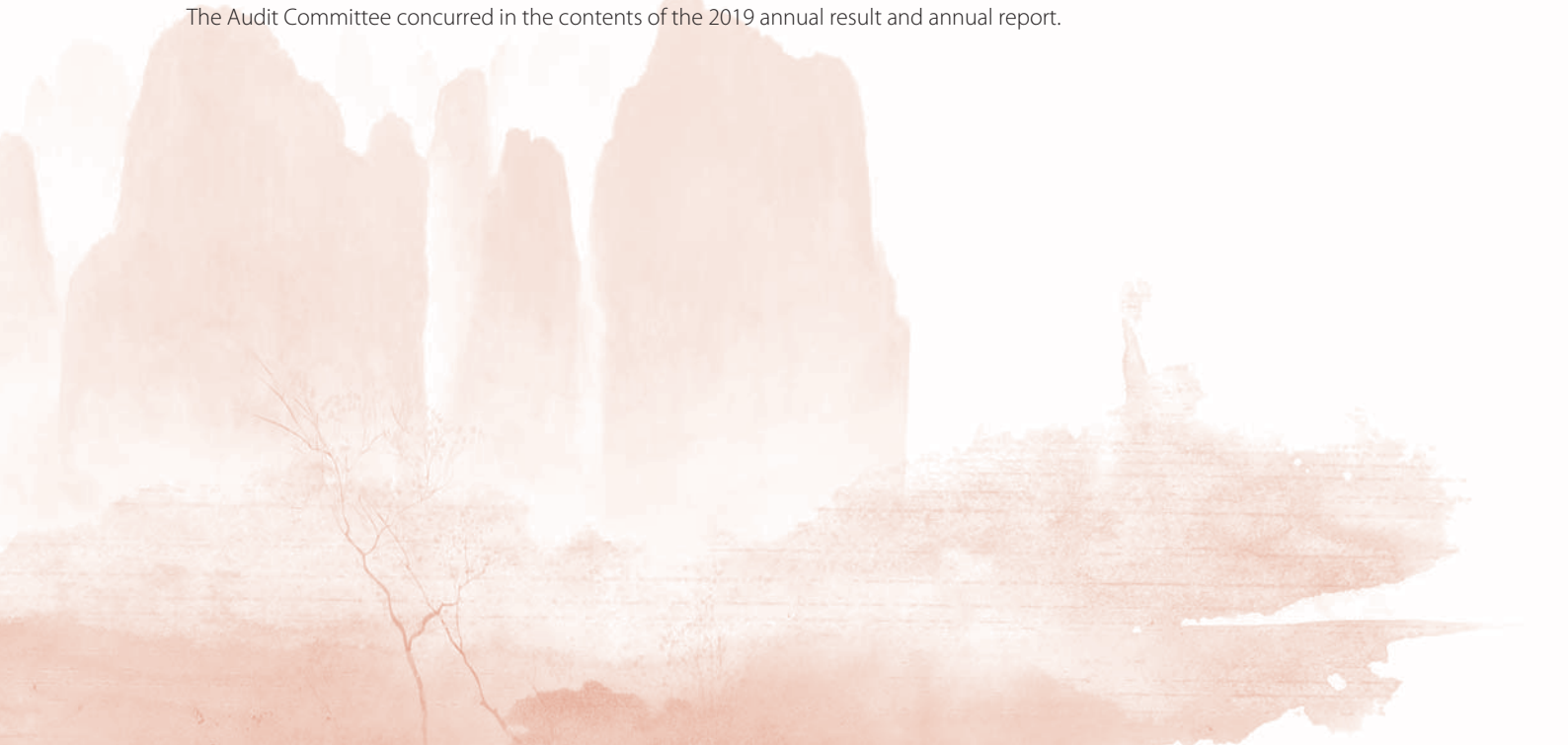
The Company has set up an Audit Committee with specific written terms of reference and duties pursuant to the relevant requirements of the Listing Rules and "A Guide For The Formation of An Audit Committee" complied by the Hong Kong Institute of Certified Public Accountants. Its primary duties are to review and monitor the completeness and effectiveness of the Company's financial information, risk management and internal control system, and review the Company's annual and interim results and other related documents.

The Audit Committee comprises the independent non-executive Directors, being Mr. Ting Leung Huel, Ms. Chan Ching Har, Eliza and Mr. Zhan Yuan Jing, of which Mr. Ting Leung Huel, Stephen, the Chairman of the committee, possesses appropriate professional qualification and financial experience, which is fully complied with the requirements under Rule 3.21 of the Listing Rules.

During the year of 2019, the Audit Committee convened two meetings. The first meeting was held on 18 March 2019 to review and discuss the operating results, financial position and major accounting policies contained in the audited financial statements of the Group for the year ended 31 December 2018 as well as matters in relation to risk management, legal compliance and internal audit, and to listen to the result of audit reported by the auditors. The Audit Committee concluded the meeting with agreement to the contents of the 2018 annual report. The second meeting was held on 20 August 2019 to review and discuss the operating results, financial position and major accounting policies contained in the unaudited financial statements of the Group for the six months ended 30 June 2019 as well as matters in relation to risk management, legal compliance and internal audit. The Audit Committee concluded the meeting with agreement to the contents of the 2019 interim report.

In addition, the Audit Committee reviewed the effectiveness of the Company's financial control, internal control and risk management; made recommendation to the Board on matters relating to the reappointment of the auditors; and held separate meetings with the auditors to discuss matters relating to its audit fees and other issues arising from the audit.

At the meeting held on 20 March 2020, the Audit Committee reviewed and discussed the operating results, financial position and major accounting policies contained in the audited financial statements of the Group for the year ended 31 December 2019, as well as matters in relation to risk management, legal compliance and internal audit, and reviewed the effectiveness of risk management and internal control systems as well as internal audit, and to listened to the results of audit reported by the auditors. The Audit Committee concurred in the contents of the 2019 annual result and annual report.



Corporate Governance Report (Cont'd)

企業管治報告(續)

審核委員會

本公司已根據上市規則有關規定及香港會計師公會編撰之「成立審核委員會指引」成立審核委員會，並書面列示其職權及職責。其主要職責為審閱並監察本公司之財務資料、風險管理及內部監控系統之完整性與有效性；審閱本公司之年度及中期業績等文件。

審核委員會現由獨立非執行董事丁良輝先生、陳清霞女士及詹原競先生組成，其中委員會主席丁良輝先生具備合適的專業資格和財務經驗，符合上市規則第3.21條的要求。

於二零一九年內，審核委員會已舉行了兩次會議。於二零一九年三月十八日舉行的審核委員會第一次會議上審閱及討論本集團截至二零一八年十二月三十一日止年度之經審核財務報表的經營業績及財務狀況、主要會計政策，及有關風險管理、合法合規和內部審計事項，並聽取審計師對本公司審計結果之意見。審核委員會同意二零一八年年報的內容。於二零一九年八月二十日舉行的審核委員會第二次會議上審閱及討論本集團截至二零一九年六月三十日止六個月之未經審核財務報表的經營業績及財務狀況、主要會計政策及有關風險管理、合法合規和內部審計事項，審核委員會同意二零一九年中期報告的內容。

此外，審核委員會檢討了本公司的財務監控、內部監控及風險管理的有效性；就續聘審計師的相關事宜向董事會提供建議；召開與審計師單獨之會議，討論與審核費用有關的事宜以及其他與審計工作相關的事宜。

於二零二零年三月二十日舉行的審核委員會會議上審閱及討論了本集團截至二零一九年十二月三十一日止年度之經審核財務報表的經營業績及財務狀況、主要會計政策，及有關風險管理、合法合規和內部審計事項，同時，檢討了風險管理及內部監控系統以及內部審核功能的有效性，並聽取審計師對本公司審計結果之意見。審核委員會同意二零一九年年度業績及年報的內容。

Corporate Governance Report (Cont'd)

企業管治報告(續)

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee according to the relevant provisions of the Listing Rules with specific written terms of reference and duties. Its primary duties are to make proposals to the Board with respect to the overall remuneration policy and framework for Directors, Supervisors and senior management of the Company and the establishment of formal and transparent procedures for formulating the remuneration policy.

The Remuneration Committee is chaired by Mr. Zhan Yuan Jing, an independent non-executive Director and the members comprise an executive Director, Mr. Gu Hai Ou, and an independent non-executive Director, Mr. Ting Leung Huel, Stephen, which is in compliance with the requirement of the Listing Rules that independent non-executive directors shall form the majority of the remuneration committee.

According to Rule B.1.2 of the Code, the Remuneration Committee of the Company makes proposals to the Board with respect to the remuneration packages for individual executive Directors and senior management, including non-monetary benefits, pension rights and compensation (including the compensation for the loss or termination of office or appointment). The exact amount shall be determined by the Board according to the general meeting's authorisation.

During the year of 2019, two meetings have been held by the Remuneration Committee. At the meeting held on 18 March 2019, the Remuneration Committee reviewed and discussed the matters including the Directors', Supervisors' and senior management's emoluments for the year ended 31 December 2018 as well as the Directors' and Supervisors' relevant service contracts. At the meeting held on 11 June 2019, the Remuneration Committee discussed matters including the remuneration and related services contracts of newly appointed Directors, and made recommendations to the Board.

NOMINATION COMMITTEE

The Company has established the Nomination Committee with specific written terms of reference and duties according to the relevant provisions of the Listing Rules. Its primary duties include (among others):

- i. reviewing the framework, size and composition including skills and professional knowledge of the Board on a regular basis and making proposals to the Board in respect of any proposed change;
- ii. reviewing the Board diversity policy regularly, including but not limited to gender, age, cultural and educational background as well as professional experience, and reviewing any measurable objectives that it has set for implementing the Board diversity policy and progress on achieving those objectives; and
- iii. identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships.

Corporate Governance Report (Cont'd)

企業管治報告(續)

薪酬委員會

本公司已根據上市規則有關規定成立薪酬委員會，並書面列明其職權及職責。其主要職責是就本公司董事、監事及高級管理人員的整體薪酬政策及架構，以及就制訂該等薪酬政策而設立正規而具透明度的程序，向董事會提出建議。

薪酬委員會由獨立非執行董事詹原競先生任主席，成員包括一名執行董事顧海鷗先生及一名獨立非執行董事丁良輝先生，符合上市規則規定薪酬委員會中獨立非執行董事佔大多數的要求。

根據企業管治守則第B.1.2條之規定，本公司由薪酬委員會向董事會建議個別執行董事及高級管理人員的薪酬待遇，包括非金錢利益、退休金權利及賠償金額(包括喪失或終止職務或委任的賠償)，具體數額由董事會根據股東大會的授權確定。

於二零一九年內，薪酬委員會舉行了兩次會議。於二零一九年三月十八日舉行的薪酬委員會會議上，審閱及討論本公司截至二零一八年十二月三十一日止年度之董事、監事及高級管理人員薪酬狀況以及審閱及討論本公司董事及監事的相關服務合約等事宜。於二零一九年六月十一日舉行的薪酬委員會會議上，討論本公司新任董事之薪酬，及相關服務合約等事宜，並向董事會提出建議。

提名委員會

本公司已根據上市規則有關規定成立提名委員會，並書面列明其職權及職責。其主要負責(其中包括)：

- i. 定期檢討董事會結構、規模及組成(包括技能及專業知識)，並就任何變動建議向董事會提出推薦意見；
- ii. 定期檢討董事會多元化，包括(但不限於)性別、年齡、文化及教育背景及專業經驗，檢討為執行董事會多元化政策而定的任何可計量目標及達標的進度；及
- iii. 物色具備合適資格擔任董事會成員之個別人士，並挑選或就挑選提名董事之個別人士向董事會提出推薦意見。

Corporate Governance Report (Cont'd)

企業管治報告(續)

The Nomination Committee is chaired by Mr. Gu Hai Ou, the executive Director and the Chairman of the Board and the members comprise two independent non-executive Directors, namely Ms. Chan Ching Har, Eliza and Mr. Zhan Yuan Jing, which is in compliance with the requirement of the Listing Rules that independent non-executive directors should form the majority of the Nomination Committee.

Factors set out in Rule 3.13 of the Listing Rules shall be considered by the Nomination Committee while assessing the independence of the independent non-executive Directors.

During the year of 2019, one meeting was held by the Nomination Committee. At the meeting held on 18 March 2019, the Nomination Committee reviewed and discussed the structure, size and composition of the Board. The Nomination Committee nominate candidates for Directors to the Board. The Committee nominated Mr. Gu Hai Ou as an executive Director of the Company to the Board for it to consider and make recommendation for election as an executive Director of the Company at the general meeting.

The Nomination Committee recommends candidates for nomination to the Board, which approves the final choice of candidates, and the Board submits to the general meeting of shareholders for approval. The Board has adopted written policy for the nomination of new directors. In evaluating and selecting candidates for directorship, the criteria to be taken into account when considering the suitability of a candidate shall be his or her ability to devote sufficient time and attention to the affairs of the Company and contribute to the diversity of the Board as well as the effective carrying out by the Board of the responsibilities.

In addition, the Nomination Committee assessed the independence of the independent non-executive Directors; and reviewed the adequacy of time devoted by Directors in performing their duties.

The Nomination Committee also attaches importance to the diversity of Board composition, which is believed to be beneficial for the Board as well as the Company. The Company established a policy in respect of the diversity of the Board Composition. In reviewing and evaluating the Board composition and making recommendations to the Board on appointment of new Directors, the Nomination Committee shall take account of the benefits of diversity in various aspects as well as the factors including integrity of relevant persons, their accomplishments and the time they can devote to the Company, in order to maintain an appropriate scope and the balance between expertise, skills, experience and background of the Board members. The Nomination Committee will make discussion to agree upon all the measurable targets to realize the diversity of Board composition each year, including but not limited to genders, ages, culture and educational backgrounds and professional experiences, and propose relevant targets to the Board for adoption.

Corporate Governance Report (Cont'd) 企業管治報告(續)

提名委員會現由執行董事及董事長顧海鷗先生任主席，成員包括兩名獨立非執行董事陳清霞女士及詹原競先生，符合上市規則規定提名委員會中獨立非執行董事佔大多數的要求。

提名委員會在評估獨立非執行董事的獨立性時，會考慮《上市規則》第3.13條所載因素。

於二零一九年內，提名委員會舉行了一次會議。於二零一九年三月十八日舉行的提名委員會會議上，審閱及討論本公司董事會的架構、人數及組成等事宜，並向董事會提名董事候選人，建議董事會選舉顧海鷗先生出任本公司執行董事候選人，以供董事會考慮及向股東推薦於股東大會上選任為本公司之執行董事。

提名委員會向董事會推薦提名候選人，由董事會通過最終人選，並由董事會提交股東大會批准。董事會已採納提名新董事的書面政策。於評估及篩選董事候選人時，用於考慮候選人是否合適的標準，應視乎其能否投入足夠時間專注於本公司事務及對董事會成員多元化作出貢獻，以及使董事會能有效履行其職責等。

此外，提名委員會評估了本公司獨立非執行董事的獨立性；以及檢討董事履職時間是否充足。

提名委員會亦重視董事結構多元化，並相信多元化組成對董事會及本公司十分有利。本公司訂有董事會成員多元化政策。提名委員會在審閱及評估董事會組成，並就委任本公司新董事向董事會作出推薦建議時，會考慮於各方面多元化的裨益，及有關人士的誠信、成就以及其可投入的時間等條件，以維持適當範圍及平衡董事會成員的才能、技能、經驗及背景。提名委員會每年作出討論及協定為達致董事會成員多元化的所有可計量目標，包括(但不限於)性別、年齡、文化及教育背景及專業經驗，並向董事會建議有關目標以供採納。

Corporate Governance Report (Cont'd)

企業管治報告(續)

STRATEGY AND PLANNING COMMITTEE

The Company has set up a Strategy and Planning Committee, with specific written terms of reference and duties. Its primary duties are to conduct research and evaluation on the performance of the strategic planning of the Group's mid-and-long-term development, investment and financing plans, comprehensive budget management, brand protection, legal construction and product safety, and to make recommendations to the Board.

The Strategy and Planning Committee is chaired by Mr. Gu Hai Ou, the executive Director and the Chairman of the Board, and the members comprise one executive Director, namely Mr. Wang Yu Wei, and three independent non-executive Directors, namely Mr. Ting Leung Huel, Stephen, Ms. Chan Ching Har, Eliza and Mr. Zhan Yuan Jing.

During the year of 2019, the Strategy and Planning Committee had not convened any meeting.

COMPLIANCE WITH THE CODE

For the year ended 31 December 2019, the Company had always strictly complied with the code provisions contained in the Code.

During the year of 2019, the Board reviewed the Company's compliance with the Code and other related rules, formulated and revised the rules in respect of the corporate governance, and approved the Company's annual corporate governance report and its publication on the websites of the Hong Kong Stock Exchange and the Company.

DIRECTORS' AND SUPERVISORS' DEALINGS IN SECURITIES

The Company has adopted a Code of Conduct formulated on the basis of the Model Code regarding securities transactions by the Directors and Supervisors on terms no less exacting than the required standards contained in the Model Code. Having made specific enquiry to all the Directors and Supervisors, all of them confirmed that they had strictly complied with the required standards set out in the Model Code and the Code of Conduct of the Company in the year ended 31 December 2019.

INDEPENDENT AUDITOR'S REMUNERATION

PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP were the overseas auditor and domestic auditor of the Company respectively for the year ended 31 December 2019. Other than annual auditing services, they also provided non-audit services for the Company and other members of the Group.

The independent auditors' remuneration in respect of its audit and non-audit services for the year ended 31 December 2019 is set out in Note 27 to the Consolidated Financial Statements.

Corporate Governance Report (Cont'd)

企業管治報告(續)

戰略與規劃委員會

本公司已成立戰略與規劃委員會，並書面列明其職權及職責。其主要職責是對本集團中、長期發展戰略規劃、投融資計劃、全面預算管理、品牌保護、法治建設、產品安全等領域的表現進行研究、評估並向董事會提出建議。

戰略與規劃委員會由執行董事及董事長顧海鷗先生任主席，成員包括一名執行董事王煜煒先生和三名獨立非執行董事丁良輝先生、陳清霞女士及詹原競先生。

二零一九年內，戰略與規劃委員會未召開會議。

遵守企業管治守則

截至二零一九年十二月三十一日止年度，本公司一直嚴格遵守企業管治守則之守則條文。

於二零一九年度，董事會根據企業管治守則的規定檢討本公司遵守企業管治守則及其他相關規則的情況；制定及修訂了有關企業管治規定；批准本公司年度企業管治報告並同意在香港聯交所網站和本公司網站披露。

董事及監事的證券交易

本公司已就董事及監事進行的證券交易，採納了一套根據標準守則而制定的操守守則。本公司現時採納的守則所載條款不低於標準守則的規定。經對全體董事及監事做出詳盡查詢後，彼等確認於截至二零一九年十二月三十一日止年度期間均嚴格遵守標準守則及本公司操守守則的規定。

獨立核數師酬金

羅兵咸永道會計師事務所及普華永道中天會計師事務所(特殊普通合伙)分別為本公司截至二零一九年十二月三十一日止年度之境外核數師和境內核數師。除年度核數外，其亦為本公司及本集團內其他公司提供非核數服務。

截至二零一九年十二月三十一日止年度之獨立核數師核數及非核數酬金載於合併財務報表附註27。

Corporate Governance Report (Cont'd)

企業管治報告(續)

SHAREHOLDER'S RIGHTS AND INVESTOR RELATIONS

The Board and senior management recognize that they represent the interests of all shareholders and that they need to enhance the value of the Company in full force. The major rights enjoyed by shareholders and how to enforce them are highlighted in the chapters of "Shareholders' Rights and Obligations" and "Shareholders' General Meetings" of the Articles of Association.

The Company attaches great importance to the communication with the shareholders and investors. The Company uses a number of channels to account for the performance and operations of the Company to shareholders, particularly our periodical reports such as annual and interim reports. In addition to delivering circulars, announcements and financial reports to our shareholders, the Company also publishes its corporate information on its website (<http://www.tongrentangkj.com>) by electronic means. The general meeting provides a good opportunity for the communication between the Board and Company's shareholders. The Company regards the general meeting as an important event and all Directors, Supervisors, senior management and the Chairmen of the Audit Committee, the Remuneration Committee and the Nomination Committee should make an effort to attend and answer questions raised by the shareholders. The Company made great efforts to hold conferences and/or conference calls, as well as arranged field trips for investors. In the meantime, the Company organized non-trading road shows at least twice a year after releasing the results announcement to answer questions about the results and business development of the Group.

The Company encourages the shareholders to involve in the Company's affairs and to discuss the business and prospects of the Company directly at the AGMs or extraordinary general meetings.

Pursuant to the Articles of Association, two or more shareholders together holding 10% or more of the shares conferring the right to vote at extraordinary general meeting can sign and submit one or more written requests in the same format and content to the Board to request the convening of an extraordinary general meeting, with the issues to be discussed clearly stated. The Board shall convene an extraordinary general meeting as soon as possible upon receiving such written request(s). If the Board fails to issue a convening notice within 30 days after the receipt of such written request(s), the shareholders making the request may convene an extraordinary general meeting on their own within four months after the Board's receipt of such request(s). The procedure for convening the meeting shall be consistent with that for convening shareholder meetings by the Board to the greatest extent possible.

At the AGM convened by the Company, shareholders holding 5% or more of the total voting shares shall have the right to make new proposals to the Company in writing. The Company shall incorporate the issues raised in the proposal that fall within the terms of reference of the general meeting into the meeting agenda.

Enquiries may be made to the Board either by contacting the Company Secretary through office and mailing address (No. 20 Nansanhuan Zhonglu, Fengtai District, Beijing, the PRC) or directly by raising questions at the AGMs or extraordinary general meetings.

Corporate Governance Report (Cont'd)

企業管治報告(續)

股東權利及投資者關係

董事會和高級管理人員知悉其代表全體股東的利益及需竭盡所能提升公司價值。公司章程中「股東的權利和義務」、「股東大會」兩章重點說明了股東所享有的主要權利以及權利實現的方式。

本公司十分重視與股東和投資者的溝通，本公司透過多個渠道向股東交代公司的表現和運營情況，特別是年報、中期報告等定期報告。除向股東派發通函、通告及財務報告外，本公司亦透過公司網站(<http://www.tongrentangkj.com>)，以電子方式發佈公司資料。股東大會亦為董事會和股東溝通良機，本公司視其為一項重要活動，所有董事、監事、高級管理人員以及審核委員會、薪酬委員會、提名委員會主席均盡量出席，並回答股東的提問。本公司盡可能與投資者會面及／或舉行電話會議，並為投資者安排實地參觀。同時，本公司至少每年兩次於發布業績公告後安排非交易路演，回答有關本集團業績及業務發展的提問。

本公司鼓勵股東參與本公司的事務，在股東週年大會或股東特別大會上直接討論本公司的業務和前景。

根據公司章程的規定，合計持有在擬舉行的股東特別大會上有表決權的股份百分之十以上(含百分之十)的兩個或者兩個以上的股東，可以簽署一份或者數份同樣格式內容的書面要求，提請董事會召集股東特別大會，並闡明會議的議題，董事會在收到前述書面要求後應當盡快召集股東特別大會。如果董事會在收到前述書面要求後三十日內沒有發出召集會議的通知，提出該要求的股東可以在董事會收到該要求後四個月內自行召集會議，召集的程序應當盡可能與董事會召集股東會議的程序相同。

本公司召開股東週年大會，持有本公司有表決權的股份總數百分之五以上(含百分之五)的股東，有權以書面形式向公司提出新的議案，本公司應當將提案中屬於股東大會職責範圍內的事項，列入該次會議的議程。

如欲向董事會作出相關查詢，可透過本公司辦公及通訊地址(中國北京市豐台區南三環中路20號)聯絡公司秘書，或於股東週年大會或股東特別大會上直接提問。

Corporate Governance Report (Cont'd)

企業管治報告(續)

Dividend Distribution Policy

The Company has formulated a dividend distribution policy, which aims at providing sustainable and stable dividends to the shareholders of the Company, and sets out the principles and guidelines for the Board of the Company in determining dividends.

The Company may distribute semiannual or annual dividends to shareholders in such form as the Board deemed appropriate (e.g. cash or stocks), and shall maintain the continuity and stability of the dividend distribution policy. At the same time, the following factors of the Company should be taken into account:

- (a) operations and profits;
- (b) actual and expected financial position;
- (c) cash flow;
- (d) capital expenditure;
- (e) future development needs;
- (f) any other conditions or factors that the Board may consider relevant.

Sticking to the principle of sustainable returns to the shareholders, the Company has been distributing cash dividends each year since its listing. As at 31 December 2019, the Company has distributed cash dividends totaling over RMB2 billion. Set out below are the net profits attributable to owners of the Company (as previously stated) and the total amount of cash dividends since the Company's listing.

股息分配政策

本公司制定股息分配政策，旨在向本公司股東提供持續、穩定的股息，並載列本公司董事會釐定股息時的原則和指引。

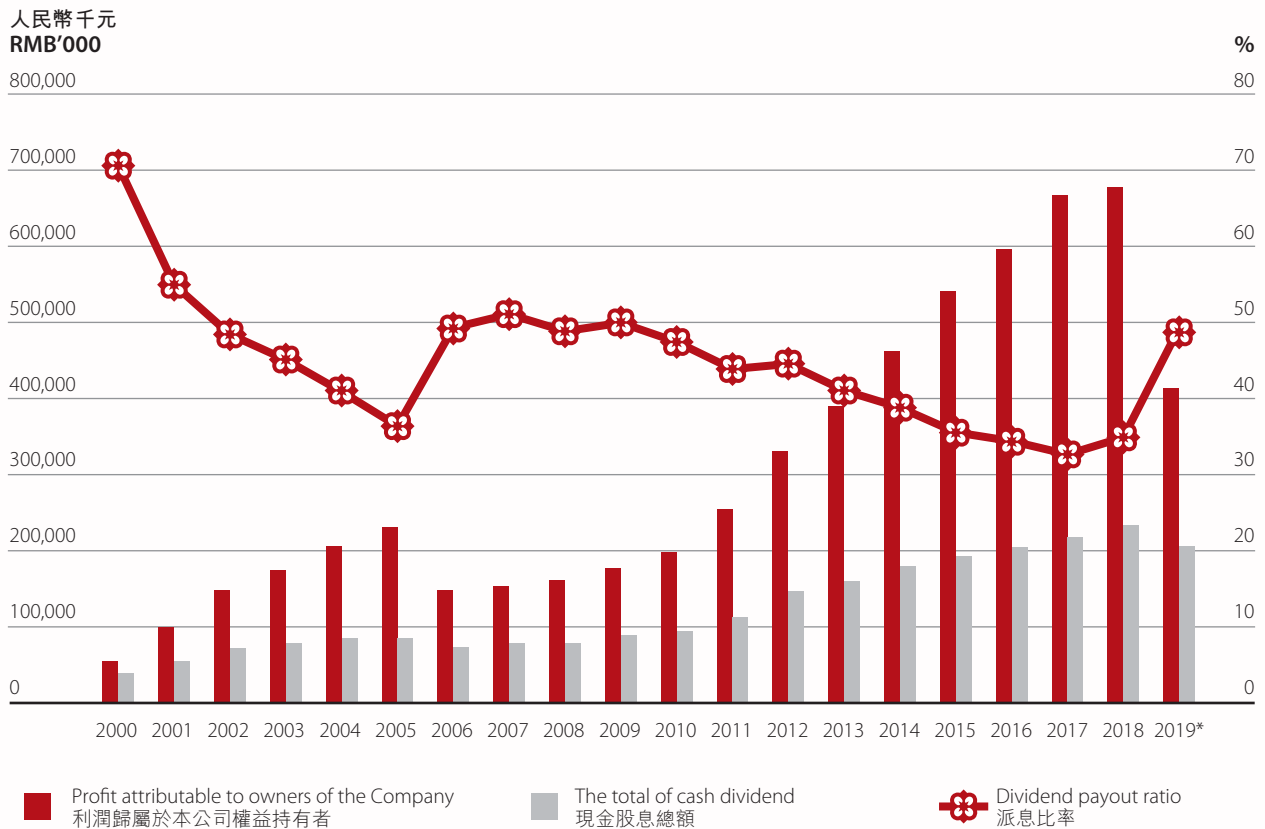
本公司可採取董事會認為合適的方式(如，現金、股票)向股東分配半年度或年度股息，並應當保持股息分配政策的連續性及穩定性。同時應兼顧本公司如下因素：

- (a) 營運及利潤；
- (b) 實際及預期財務狀況；
- (c) 現金流量；
- (d) 資本開支；
- (e) 未來發展需求；
- (f) 董事會可能認為有關的任何其他條件或因素。

自上市以來，本著持續回報股東的原則，本公司每年均派發現金股息，截至二零一九年十二月三十一日止，本公司累計已派發現金股息超過人民幣20億元。下表列示了本公司自上市以來歷年的歸屬於本公司所有者的淨利潤(原呈列)以及現金股息總額。

Corporate Governance Report (Cont'd)

企業管治報告(續)



* The cash dividend for the year 2019 is subject to the shareholders' approval at the 2019 AGM.

* 二零一九年度現金股息尚待二零一九年度股東週年大會批准。

ARTICLES OF ASSOCIATION

During the Reporting Period, the Board of the Company, in accordance with relevant requirements and the actual situation of the Company, amended the Articles of Association. The related amendments were reviewed and approved at the general meeting of the Company held on 17 February 2020. For details, please refer to the announcement dated 4 November 2019 and the Articles of Association of the Company dated 17 February 2020 on the websites of the Hong Kong Stock Exchange and the Company.

公司章程

報告期內，本公司董事會根據相關規定以及本公司實際情況，對公司章程作出修訂，相關修訂已於二零二零年二月十七日舉行之股東特別大會上獲審議批准。具體修訂詳情請參閱本公司刊發於香港聯交所及本公司網站的日期為二零一九年十一月四日之公告及日期為二零二零年二月十七日之公司章程。

Directors, Supervisors and Senior Management

董事、監事及高級管理人員

EXECUTIVE DIRECTORS

Mr. Gu Hai Ou, aged 54, is a licensed pharmacist and a senior engineer with a master's degree in medical science. He was formerly the director of the Company, the vice general manager, the chief engineer, the chairman and director of the Board of Tong Ren Tang Led.. Mr. Gu Hai Ou is currently the vice general manager of Tong Ren Tang Holdings. Mr. Gu was appointed as a Director at the 2018 AGM of the Company.

Mr. Huang Ning, aged 60, is a senior engineer with a bachelor's degree. Mr. Huang formerly served as a deputy director of the technology and quality department, a deputy director of quality and technology development department, a deputy director (leading) of technology and quality department, and the deputy head of the department for management of drugstores in other cities of Tong Ren Tang Ltd., a deputy head of the quality and technology development department and a deputy head (leading) of the quality and technology department of Tong Ren Tang Holdings, a deputy manager of Beijing Tong Ren Tang Commercial Company, and a deputy minister level position of the marketing and commodity price department, a deputy minister of the market management department, the director of information center ,the deputy chief TCM pharmacist and the head of the technology and quality department of Tong Ren Tang Holdings. Mr. Huang was appointed as a Director at the 2017 AGM of the Company.

Mr. Wu Le Jun, aged 45, is a senior political worker with a master's degree. Mr. Wu formerly served as the secretary of the Youth League committee of Tong Ren Tang Ltd., the deputy secretary of the Party branch, deputy head and chairman of the labour union of Tongzhou Branch of Tong Ren Tang Pharma of Tong Ren Tang Ltd., the deputy secretary of the general Party branch, deputy head, chairman of the labour union of the North Branch of Tong Ren Tang Pharma of Tong Ren Tang Ltd., the deputy director of the Party Committee office, deputy head of publicity department, secretary of the Youth League committee and deputy head of the medical management department of Tong Ren Tang Holdings, the secretary of the general Party branch, deputy head and chairman of labour union of the North Branch of Tong Ren Tang Pharma of Tong Ren Tang Ltd., head of Tongzhou Branch of Tong Ren Tang Pharma of Tong Ren Tang Ltd., and head of the department of organisation, personnel and cadres of Tong Ren Tang Holdings. Mr. Wu currently serves as the deputy Party secretary and chairman of the labour union of Beijing Tong Ren Tang Commercial Investment Group Co., Ltd.. Mr. Wu was appointed as a Director at the 2017 AGM of the Company.

Ms. Wu Qian, aged 46, is a pharmacist-incharge and licensed pharmacist with a bachelor's degree. Ms. Wu formerly served as a deputy office director of Beijing Tong Ren Tang Medicinal Materials Co., Ltd., a deputy director of the general office of the Party Committee and a deputy head of the publicity department, a deputy director of the office of labour union of Tong Ren Tang Holdings, the office director, deputy secretary of the general Party Branch at the head office, the secretary of the general Party Branch at the head office of Tong Ren Tang Ltd., the director of the general office of Tong Ren Tang Holdings. Ms. Wu currently serves as the Dean of Beijing Tong Ren Tang Institute of Education (北京同仁堂教育學院), the Party Branch secretary and the Party Committee secretary of China Beijing Tong Ren Tang (Group) Company of the Communist Party of China (中國共產黨中國北京同仁堂(集團)公司). Ms. Wu was appointed as a Director at the 2017 AGM of the Company.

Mr. Wang Yu Wei, aged 53, is a senior engineer with a postgraduate qualification. He formerly served as the deputy officer of the new technology development center and the deputy factory manager of Factory 2 of Beijing Tong Ren Tang Pharma, the assistant to the general manager and the deputy general manager of the Company. He is currently the general manager of the Company, the director of Tong Ren Tang Technologies Tangshan, Tong Ren Tang Tangshan Healthcare and Chinese Medicine Group. He is also a member of the 14th, 15th and 16th NPC of Fengtai District, Beijing. Mr. Wang was appointed as a Director at the 2008 AGM of the Company.

Ms. Fang Jia Zhi, aged 53, is a senior auditor with a university qualification. She formerly served as the deputy head and head of audit department of Tong Ren Tang Holdings, the deputy chief accountant of the Company. She is currently the chief accountant of the Company, the director of Tong Ren Tang Yanbian, Tong Ren Tang Hebei, Tong Ren Tang Xing An Healthcare, Tong Ren Tang Technologies Tangshan and Tong Ren Tang Liaoning. Ms. Fang was appointed as a Director at the 2008 AGM of the Company.

Directors, Supervisors and Senior Management (Cont'd)

董事、監事及高級管理人員(續)

執行董事

顧海鷗先生，54歲，醫學碩士，執業藥師，高級工程師。曾任本公司董事，同仁堂股份副總經理、總工程師、董事長、董事。現任集團公司副總經理。顧先生於二零一八年度股東週年大會上獲委任為董事。

黃寧先生，60歲，本科學歷，高級工程師。曾任同仁堂股份技術質量部副主任、質技開發部副主任、技術質量部副主任(牽頭)、外埠藥店管理部副部長，同仁堂集團質技開發處副處長、質量技術處副處長(牽頭)，北京同仁堂商業公司副經理，同仁堂集團市場物價部副部級崗、市場管理部副部長、信息中心主任、副總中藥師、科技質量部部長。黃先生於本公司二零一七年度股東週年大會上獲委任為董事。

吳樂軍先生，45歲，研究生學歷，高級政工師。曾任同仁堂股份團委書記，同仁堂股份同仁堂製藥廠通州分廠黨支部副書記、副廠長、工會主席，同仁堂股份同仁堂製藥廠北分廠黨總支副書記、副廠長、工會主席，集團公司黨委辦公室副主任，宣傳部副部長、團委書記、醫療管理部副部長，同仁堂股份同仁堂製藥廠北分廠黨總支書記、副廠長、工會主席，同仁堂股份同仁堂製藥廠通州分廠廠長、集團公司組織人事幹部部部長。現任北京同仁堂商業投資集團有限公司黨委副書記、工會主席。吳先生於本公司二零一七年度股東週年大會上獲委任為董事。

吳倩女士，46歲，本科學歷，主管藥師、執業藥師。曾任北京同仁堂藥材有限責任公司辦公室副主任，同仁堂集團黨委綜合辦公室副主任兼宣傳部副部長、工會辦公室副主任，同仁堂股份辦公室主任、本部黨總支副書記、本部黨總支書記，集團公司綜合辦公室主任。現任北京同仁堂教育學院院長、黨支部書記兼中國共產黨中國北京同仁堂(集團)公司委員會黨校黨委書記。吳女士於本公司二零一七年度股東週年大會上獲委任為董事。

王煜煒先生，53歲，研究生學歷，高級工程師。曾任北京同仁堂製藥二廠新技術開發中心副主任、副廠長，本公司總經理助理、副總經理。現任本公司總經理、同仁堂科技唐山、同仁堂唐山保健品及國藥集團董事。彼亦為北京市豐台區第十四屆、十五屆及十六屆人大代表。王先生於本公司二零零八年度股東週年大會上獲委任為董事。

房家志女士，53歲，大學學歷，高級審計師。曾任集團公司審計部副部長、部長，本公司副總會計師。現任本公司總會計師、同仁堂延邊、同仁堂河北、同仁堂興安保健、同仁堂科技唐山及同仁堂遼寧董事。房女士於本公司二零零八年度股東週年大會上獲委任為董事。

Directors, Supervisors and Senior Management (Cont'd)

董事、監事及高級管理人員(續)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ting Leung Huel, Stephen, aged 66, MH, FCCA, FCPA (Practising), ACA, CTA (HK), FHKIoD. He is a non-executive director of Chow Sang Sang Holdings International Limited and an independent non-executive director of other six listed companies namely Tongda Group Holdings Limited, New Silkroad Culturaltainment Limited Company Limited, Computer and Technologies Holdings Limited, Texhong Textile Group Limited, Dongyue Group Limited and China SCE Group Holdings Limited, respectively. Mr. Ting is an accountant in public practice and a partner of Messrs. Ting Ho Kwan & Chan, Certified Public Accountants (Practising). Mr. Ting has been appointed as an independent non-executive Director since 11 October 2000.

Ms. Chan Ching Har, Eliza, aged 63, JP, SBS, LL.D. (Hon), holds the qualifications of Barrister & Solicitor of British Columbia Supreme Court, Canada, Solicitor of the Supreme Court of England and Wales and Solicitor of the High Court of Hong Kong.

Ms. Chan is a member of the National Committee of the Chinese People's Political Consultative Conference ("CPPCC"), a standing member of the CPPCC Tianjin Committee, Foreign Economic Affairs Legal Counsel to the Tianjin Municipal People's Government, an arbitrator of China International Economic and Trade and Arbitration Commission (CIETAC).

Ms. Chan previously served as a member of the Selection Committee for the selection of the First Chief Executive of Hong Kong SAR, and member of the Election Committee for the selections of the Chief Executive of Hong Kong SAR and the Hong Kong SAR delegates to the National People's Congress. She was Chairman of Hong Kong CPPCC (Provincial) Members Association and now serves as Honorary Chairman. She is Vice-president of Hong Kong Friendship Association and Honorary President of Hong Kong China Chamber of Commerce.

She also served at a number of Hong Kong Government appointed positions, notably as a member of the Hong Kong Hospital Authority, member of Hong Kong Public Service Commission, member of the Hong Kong Board of Education, member of Hong Kong Examinations and Assessment Authority, Chairman of Public Complaints Committee, Chairman of Kowloon Hospital, Chairman of Hong Kong Eye Hospital, Chairman of Tseung Kwan O Hospital, member of the governing committee of Queen Elizabeth Hospital, member of the Medical Council of Hong Kong, Chairman of Pensions Appeal Panel, member of Administration Appeals Board, adjudicator of Hong Kong Immigration Tribunal, member of Disciplinary Panel of Institute of Accountants, Council member of The University of Science & Technology and Board member of Hong Kong Science and Technology Park Corporation.

She is Senior Consultant of Yang Chan & Jamison and Senior Advisor of Deloitte Touche Tohmatsu. Ms. Chan currently serves as an independent non-executive director of Cathay International Holdings Ltd, a non-executive director of Tianjin Development Holdings Limited and Bank of Communications (HK) Limited. Ms. Chan was appointed as a Director at the 2017 AGM of the Company.

Mr. Zhan Yuan Jing, aged 76, is a senior engineer. Mr. Zhan previously served as the chairman, general manager, deputy Party Committee of Tianjin Zhongxin Pharmaceutical Group Co., Ltd., vice president of China Association of Traditional Chinese Medicine, vice president of Tianjin Medical Association, vice president of Tianjin Association of Traditional Chinese Medicine; and a visiting professor of Tianjin University. From June 2009 to May 2015, Mr. Zhan served as an independent director of Tong Ren Tang Ltd.. Mr. Zhan was appointed as a Director at the 2017 AGM of the Company.

Directors, Supervisors and Senior Management (Cont'd)

董事、監事及高級管理人員(續)

獨立非執行董事

丁良輝先生，66歲，MH, FCCA, FCPA (Practising)，ACA, CTA (HK)，FHKIoD。現任周生生集團國際有限公司之非執行董事，以及其他六間上市公司之獨立非執行董事，分別為通達集團控股有限公司、新絲路文旅有限公司、科聯繫統集團有限公司、天虹紡織集團有限公司、東岳集團有限公司及中駿集團控股有限公司。丁先生為執業會計師，彼為丁何關陳會計師行合夥人。彼自二零零零年十月十一日獲委任為獨立非執行董事。

陳清霞女士，63歲，太平紳士、銀紫荊星章、榮譽法學博士，持有加拿大英屬哥倫比亞高等法院大律師及律師資格、英國及威爾士高等法院律師以及香港高等法院律師資格。

陳女士是中國人民政治協商會議全國委員會委員、天津市人民政治協商會議常務委員、天津市人民政府對外經濟事務法律顧問、中國國際經濟貿易仲裁委員會仲裁員、中國司法部委託公證人。

陳女士曾任香港特別行政區第一屆政府推選委員會委員、香港特別行政區行政長官選舉委員會委員及全國人民代表大會香港特別行政區代表選舉會議成員。她曾擔任港區省級政協委員聯誼會主席，現為該會榮譽主席。她為香港友好協進會副會長及香港中國商會名譽主席。

多年來，她擔任香港特區政府委任的各項公職，主要包括：香港醫院管理局董事、香港教育委員會成員、香港考試評核局董事、香港公務員敘用委員會委員、醫管局公眾投訴委員會主席、香港九龍醫院主席、香港眼科醫院主席、香港將軍澳醫院主席、伊利沙伯醫院管治委員會成員、香港醫務委員會委員、退休金上訴委員會主席、香港行政上訴委員會委員、香港入境事務審裁庭審裁員、香港會計師公會紀律委員會委員、香港科技大學校董、香港科技園公司董事。

她現任勤信律師事務所高級顧問及德勤·關黃陳方會計師行高級顧問，亦擔任Cathay International Holdings Ltd獨立非執行董事、天津發展控股有限公司非執行董事及交通銀行(香港)有限公司獨立非執行董事。陳女士於本公司二零一七年度股東週年大會上獲委任為董事。

詹原競先生，76歲，正高級工程師。曾任天津中新藥業集團股份有限公司董事長、總經理、黨委副書記，中國中藥協會副會長、天津市醫藥協會副會長、天津市中醫藥協會副會長、天津大學客座教授。二零零九年六月至二零一五年五月，曾任同仁堂股份獨立董事。詹先生於本公司二零一七年度股東週年大會上獲委任為董事。

Directors, Supervisors and Senior Management (Cont'd)

董事、監事及高級管理人員(續)

SUPERVISORS

Ms. Su Li, aged 39, chief supervisor, is an accountant with a bachelor's degree. Ms. Su previously served as the finance supervisor of Tong Ren Tang Holdings. She currently serves as the deputy head of financial management department of Tong Ren Tang Holdings. Ms. Su was appointed as a Supervisor at the 2017 AGM of the Company.

Mr. Wu Yi Gang, aged 61, holding a bachelor degree of law, was admitted as a solicitor in 1984 and started practice in the same year. Mr. Wu founded Wu Luan Zhao Yan Law Firm in Beijing in 1994 and has been the managing partner of the firm since then. He served as one of the arbitrators of the first session of the Beijing Arbitration Commission in 1995. He currently serves as the deputy director of Dedicated Working Committee for Reexamination of Disciplinary Actions Against Members of Beijing Lawyers Association, and member of the First Council of Beijing Club of Non-Party Senior Intellectuals. He was appointed as a Supervisor at the extraordinary general meeting of the Company on 22 October 2003.

Mr. Dong Ke Man, aged 43, is an auditor with a bachelor's degree. Mr. Dong previously served as the financial manager of Zhongtie Jisheng Logistics Co., Ltd. and an externally assigned chief financial officer of China Automobile Trading Co., Ltd. He currently serves as the deputy chief accountant and head of audit department of the Company, the supervisor of Tong Ren Tang Tangshan Healthcare, Tong Ren Tang Second Traditional Chinese Medicine Hospital and Nansanhuan Zhonglu Drugstore. Mr. Dong was elected as a Supervisor in 2018.

SENIOR MANAGEMENT

Mr. Yang De Chun, aged 57, is a Pharmacist-in-charge with a postgraduate qualification. He formerly served as the assistant to the factory manager and the deputy factory manager of Beijing Tong Ren Tang Pharma, the deputy factory manager in charge of production and the deputy manager of southern branch factory, the deputy factory manager, the factory manager and the secretary to the Party Committee of northern branch factory of Tong Ren Tang Ltd, the deputy secretary to the Party Committee, the secretary to the Disciplinary Inspection Committee and the chairman of the labour committee of the Company. He is currently the deputy general manager of the Company.

Mr. Zhang Feng, aged 55, with a university qualification, formerly served as the secretary to the Party Committee and the manager of a logistics distribution center of the Company and the assistant to the general manager of the Company. He currently serves as the deputy general manager of the Company.

Mr. Dong Ling Yun, aged 46, is an engineer with a university qualification. He formerly served as the secretary to the Party Committee and the factory manager of Yi Zhuang branch factory of the Company and the assistant to the general manager of the Company. He currently serves as the deputy general manager of the Company.

Ms. Wang Yue, aged 51, is a senior engineer with a university qualification. She formerly served as the head of the product quality department of the Company, the secretary to the Party Committee and the factory manager of Liujiayao branch factory of the Company and the assistant to the general manager of the Company. She currently serves as the deputy general manager of the Company.

Ms. Zhang Jing Yan, aged 46, is a licensed pharmacist with a master degree in economics. She formerly served as a securities representative of Tong Ren Tang Ltd.. She is currently the secretary to the Board and the Company secretary.

Directors, Supervisors and Senior Management (Cont'd)

董事、監事及高級管理人員(續)

監事

蘇莉女士，39歲，本公司監事長，本科學歷，會計師。曾任同仁堂集團財務主管。現任同仁堂集團財務管理部副部長。蘇女士於本公司二零一七年度股東週年大會上獲委任為監事。

吳以綱先生，61歲，法律學士，一九八四年取得律師資格，同年開始執業。一九九四年創建北京市吳樂趙閻律師事務所並擔任主任至今，一九九五年擔任首屆北京仲裁委員會仲裁員。現任北京市律師協會會員處分複查專門工作委員會副主任、北京市黨外高級知識分子聯誼會第一屆理事會理事。吳先生於二零零三年十月二十二日召開的本公司臨時股東大會獲委任為監事。

董克滿先生，43歲，本科學歷，審計師。曾任中鐵吉盛物流有限公司財務經理、中國進口汽車貿易有限公司外派財務總監。現任本公司副總會計師兼審計部部長，同仁堂唐山保健品、同仁堂第二中醫醫院、南三環中路藥店及同仁堂行唐監事。董先生於二零一八年獲委任為本公司監事。

高級管理人員

楊德春先生，57歲，研究生學歷，主管藥師。曾任同仁堂製藥廠廠長助理、副廠長，同仁堂股份南分廠生產副廠長、副廠長，北分廠副廠長、廠長、黨總支書記，本公司黨委副書記、紀委書記、工會主席。現任本公司副總經理。

張鋒先生，55歲，大學學歷。曾任本公司物流配送中心黨總支書記、經理，本公司經營公司總經理，本公司行銷分公司總經理，本公司總經理助理。現任本公司副總經理。

董凌雲先生，46歲，大學學歷，工程師。曾任本公司亦莊分廠黨總支書記、廠長，本公司總經理助理。現任本公司副總經理。

王悅女士，51歲，大學學歷，高級工程師。曾任本公司產品品質部部長，本公司劉家窯分廠黨總支書記、廠長，本公司總經理助理。現任本公司副總經理。

張京彥女士，46歲，經濟學碩士，執業藥師。曾任同仁堂股份證券事務代表。現任本公司董事會秘書及公司秘書。

Independent Auditor's Report

獨立核數師報告



羅兵咸永道

To the Shareholders of Tong Ren Tang Technologies Co. Ltd.

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

OPINION

What we have audited

The consolidated financial statements of Tong Ren Tang Technologies Co. Ltd. (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 112 to 240, which comprise:

- the consolidated balance sheet as at 31 December 2019;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“**IFRSs**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (“**ISAs**”). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report (Cont'd) 獨立核數師報告(續)



羅兵咸永道

致北京同仁堂科技發展股份有限公司股東
(於中華人民共和國註冊成立的有限公司)

意見

我們已審計的內容

北京同仁堂科技發展股份有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)列載於第112至240頁的合併財務報表，包括：

- 於二零一九年十二月三十一日的合併資產負債表；
- 截至該日止年度的合併利潤表；
- 截至該日止年度的合併綜合收益表；
- 截至該日止年度的合併權益變動表；
- 截至該日止年度的合併現金流量表；及
- 合併財務報表附註，包括主要會計政策概要。

我們的意見

我們認為，該等合併財務報表已根據《國際財務報告準則》真實而中肯地反映了貴集團於二零一九年十二月三十一日的合併財務狀況及其截至該日止年度的合併財務表現及合併現金流量，並已遵照香港《公司條例》的披露規定妥為擬備。

意見的基礎

我們已根據《國際審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計合併財務報表承擔的責任」部分中作進一步闡述。

我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

Independent Auditor's Report (Cont'd)

獨立核數師報告(續)

BASIS FOR OPINION (CONT'D)

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

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

Key audit matter identified in our audit is related to realisability of inventories:

Key Audit Matter

Realisability of Inventories

Refer to Note 2.14 "Summary of Significant Accounting Policies — Inventories" and Note 4 "Critical Accounting Estimates and Judgements" to the consolidated financial statements.

At 31 December 2019, the Group held inventories of RMB2,321,784,000. Inventories are stated at the lower of cost and net realisable value, and the latter is the estimated selling price in the ordinary course of business less estimated costs to completion and those necessary to make the sale.

We focused on this area given the significance of inventories at 31 December 2019 and that management applies judgements in determining the appropriate level of provisions for inventories based on inspections and analyses of degree of obsolescence on various categories and types of inventories, pricing plans for different products, etc.

How our audit addressed the Key Audit Matter

We obtained evidence over the appropriateness of management's assumptions in determining the net realisable value of inventories by:

- evaluating and testing the Group's monitoring controls on analysing slow-moving indicators of raw materials and finished goods such as turnover ratios and aging structures on monthly basis as well as comparing sales budget with production plan,
- checking the effectiveness of inventory controls operating across the Group including inspection of materials and products by quality officers as well as notification for products near expiries with follow-up actions,
- attending physical observations at production premises and warehouses to identify any potential obsolescence and damages on the Group's inventories,
- assessing the appropriateness and consistency of management's judgements and assumptions applied in estimating the provisions, and
- comparing the net realisable values, to the carrying cost of inventories to check for adequacy and calculation of provisions.

Based on the above, we found that the assumptions and judgements applied by management on their assessment of the realisability of inventories were supported by the evidence we obtained.

Independent Auditor's Report (Cont'd)

獨立核數師報告(續)

意見的基礎(續)

獨立性

根據國際會計師職業道德準則理事會頒佈的《國際會計師職業道德守則(包含國際獨立性標準)》(以下簡稱「道德守則」)，我們獨立於貴集團，並已履行道德守則中的其他職業道德責任。

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期合併財務報表的審計最為重要的事項。這些事項是在我們審計整體合併財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

我們在審計中識別的關鍵審計事項與存貨可變現能力有關：

關鍵審計事項

存貨可變現能力

參見合併財務報表附註2.14「重要會計政策摘要—存貨」和附註4「關鍵會計估計與判斷」。

於二零一九年十二月三十一日，貴集團存貨賬面價值人民幣2,321,784千元。存貨按成本及可變現淨值兩者的較低者列賬，後者乃按其於日常業務過程中的估計售價，抵減估計至完成及銷售的必要成本。

我們關注此領域是由於在二零一九年十二月三十一日存貨金額重大，且管理層運用基於檢查和分析各種類別和類型存貨的過時程度、不同產品的定價計劃等判斷來決定存貨計價準備的適當水平。

我們的審計如何處理關鍵審計事項

我們通過以下程式獲取管理層決定存貨可變現淨值所採用假設適當性的證據：

- 評價和測試貴集團月度監控原材料和產成品滯銷跡象的分析指標如周轉率和庫齡結構以及對比銷售預算和生產計劃的控制，
- 複核存貨控制包括質量管理人員對材料和產品的檢查以及臨近效期產品的提示和跟進行動在集團運行的有效性，
- 在生產車間和倉庫進行實物監盤以識別貴集團的存貨有否存在潛在陳舊和損壞，
- 評估管理層用於估計準備的判斷和假設的適當性和一致性，及
- 比較可變現淨值與存貨成本，檢查準備的充分性和計算。

基於以上所述，我們發現管理層對其存貨可變現能力的評估所採用的假設和判斷能夠由我們獲得的證據所支持。

Independent Auditor's Report (Cont'd)

獨立核數師報告(續)

OTHER INFORMATION

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

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

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

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

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report (Cont'd)

獨立核數師報告(續)

其他信息

貴公司董事須對其他信息負責。其他信息包括年報內的所有信息，但不包括合併財務報表及我們的核數師報告。

我們對合併財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

結合我們對合併財務報表的審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與合併財務報表或我們在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事及審核委員會就合併財務報表須承擔的責任

貴公司董事須負責根據《國際財務報告準則》及香港《公司條例》的披露規定擬備真實而中肯的合併財務報表，並對其認為為使合併財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備合併財務報表時，董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會須負責監督貴集團的財務報告過程。

核數師就審計合併財務報表承擔的責任

我們的目標，是對合併財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅向閣下(作為整體)報告我們的意見，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水平的保證，但不能保證按照《國際審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或匯總起來可能影響合併財務報表使用者依賴合併財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

Independent Auditor's Report (Cont'd)

獨立核數師報告(續)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ng Hiu Tung.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 March 2020

Independent Auditor's Report (Cont'd)

獨立核數師報告(續)

核數師就審計合併財務報表承擔的責任(續)

在根據《國際審計準則》進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致合併財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意合併財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價合併財務報表的整體列報方式、結構和內容，包括披露，以及合併財務報表是否中肯反映交易和事項。
- 就貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對合併財務報表發表意見。我們負責貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

除其他事項外，我們與審核委員會溝通了計畫的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

我們還向審核委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。

從與審核委員會溝通的事項中，我們確定哪些事項對本期合併財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審計項目合夥人是吳曉彤。

羅兵咸永道會計師事務所
執業會計師

香港，二零二零年三月三十日

Consolidated Balance Sheet

合併資產負債表

As at 31 December 2019 於二零一九年十二月三十一日

		As at 31 December 於十二月三十一日	
		2019	2018
		RMB'000 人民幣千元	RMB'000 人民幣千元
	Notes 附註		
Assets 資產			
Non-current assets 非流動資產			
Leasehold land and land use rights 租賃土地及土地使用權	6	–	164,370
Property, plant and equipment 房屋及建築物、廠房及設備	7	2,301,261	2,029,183
Right-of-use assets 使用權資產	8	403,999	–
Intangible assets 無形資產	9	66,152	73,990
Investments accounted for using the equity method 按權益法入賬的投資	11	25,678	26,469
Financial assets at fair value through other comprehensive income 以公允價值計量且其變動計入其他綜合收益的金融資產	13(a)	9,839	13,553
Prepayments for purchase of non-current assets 非流動資產預付款		41,973	33,038
Deferred income tax assets 遞延所得稅資產	17	40,771	37,585
		2,889,673	2,378,188
Current assets 流動資產			
Inventories 存貨	16	2,321,784	2,361,161
Trade and bills receivables 應收賬款及票據	15	961,680	1,048,988
Amounts due from related parties 應收關聯公司款項	36(e)	254,279	214,778
Other financial assets at amortised cost 以攤餘成本計量的其他金融資產		25,755	53,273
Prepayments and other current assets 預付款及其他流動資產		107,709	100,490
Financial assets at fair value through profit or loss 以公允價值計量且其變動計入損益的金融資產	14	31,680	29,000
Financial assets at fair value through other comprehensive income 以公允價值計量且其變動計入其他綜合收益的金融資產	13(b)	27,311	141,827
Short-term bank deposits 短期銀行存款	35(b)	859,454	1,538,125
Cash and cash equivalents 現金及現金等價物	35(b)	2,990,645	1,904,036
		7,580,297	7,391,678
Total assets 資產總計		10,469,970	9,769,866
Equity and liabilities 權益及負債			
Equity attributable to owners of the Company 歸屬於本公司所有者			
Share capital 股本	18	1,280,784	1,280,784
Reserves 儲備	19	4,246,471	4,035,868
		5,527,255	5,316,652
Non-controlling interests 非控制性權益		1,887,319	1,960,197
Total equity 權益合計		7,414,574	7,276,849

Consolidated Balance Sheet (Cont'd)

合併資產負債表(續)

As at 31 December 2019 於二零一九年十二月三十一日

	Notes 附註	As at 31 December 於十二月三十一日	
		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Liabilities 負債			
Non-current liabilities 非流動負債			
Borrowings 借款	21	1,223,571	911,331
Lease liabilities 租賃負債	8	59,649	-
Deferred income tax liabilities 遞延所得稅負債	17	6,022	5,679
Deferred income – government grants 遞延收入 – 政府補助	20	76,492	83,680
		1,365,734	1,000,690
Current liabilities 流動負債			
Trade and bills payables 應付賬款及票據	22	630,693	665,038
Salary and welfare payables 應付工資及福利費	24	63,283	92,970
Contract liabilities 合同負債	25	1,934	4,324
Amounts due to related parties 應付關聯公司款項	36(e)	100,549	154,678
Current income tax liabilities 當期所得稅負債		132,600	50,282
Other payables 其他應付款	23	580,083	324,889
Borrowings 借款	21	140,198	200,146
Lease liabilities 租賃負債	8	40,322	-
		1,689,662	1,492,327
Total liabilities 負債合計		3,055,396	2,493,017
Total equity and liabilities 權益及負債總計		10,469,970	9,769,866

The notes on pages 120 to 240 are an integral part of these financial statements.

第120至240頁的附註為合併財務報表的整體部分。

The financial statements on pages 112 to 240 were approved by the Board of Directors on 30 March 2020 and were signed on its behalf.

第112至240頁的財務報表已由董事會於二零二零年三月三十日批准，並代表董事會簽署。

Gu Hai Ou
顧海鷗
Chairman
董事長

Fang Jia Zhi
房家志
Director
董事

Consolidated Income Statement

合併利潤表

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

		2019	2018
	Notes 附註	RMB'000 人民幣千元	RMB'000 人民幣千元
Revenue 收入	25	4,476,449	5,059,638
Cost of sales 銷售成本	27	(2,421,954)	(2,631,659)
Gross profit 毛利		2,054,495	2,427,979
Distribution expenses 銷售費用	27	(718,684)	(866,651)
Administrative expenses 管理費用	27	(397,551)	(364,248)
Net impairment losses on financial assets 金融資產淨減值損失	27	(20,113)	(6,055)
Operating profit 營業利潤		918,147	1,191,025
Finance income 財務收益	26	47,839	32,031
Finance costs 財務費用	26	(41,025)	(14,964)
Finance income, net 財務收益，淨額	26	6,814	17,067
Share of losses of investments accounted for using the equity method 享有按權益法入賬的投資的虧損份額	11	(1,456)	(138)
Other income and gains/(losses), net 其他收益及利得/(損失)，淨額		-	(884)
Profit before income tax 除所得稅前利潤		923,505	1,207,070
Income tax expense 所得稅費用	29	(182,115)	(201,217)
Profit for the year 年度利潤		741,390	1,005,853
Profit attributable to: 利潤歸屬於:			
Owners of the Company 本公司所有者		417,650	677,815
Non-controlling interests 非控制性權益		323,740	328,038
		741,390	1,005,853
Earnings per share for profit attributable to owners of the Company during the year 年內的每股收益歸屬於本公司所有者			
— Basic and diluted 基本及攤薄每股收益	30	RMB0.33	RMB0.53

The notes on pages 120 to 240 are an integral part of these consolidated financial statements.

第120至240頁的附註為合併財務報表的整體部分。

Consolidated Statement of Comprehensive Income

合併綜合收益表

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

	2019	2018
Note 附註	RMB'000 人民幣千元	RMB'000 人民幣千元
Profit for the year 年度利潤	741,390	1,005,853
Other comprehensive income 其他綜合收益		
<i>Items that may be reclassified to profit or loss</i> 其後可能被重分類至損益的項目		
Foreign currency translation differences 外幣折算差額		
— Group 集團	59,344	104,859
— Joint ventures and associates 合營及聯營企業	(181)	2,179
<i>Items that will not be reclassified to profit or loss</i> 其後不能被重分類至損益的項目		
Change in fair value of financial assets at fair value through other comprehensive income 以公允價值計量且其變動計入其他綜合收益的金融資產的價值變動	(3,947)	127
13		
Other comprehensive income for the year, net of tax 本年度其他綜合收益，扣除稅項	55,216	107,165
Total comprehensive income for the year 本年度總綜合收益	796,606	1,113,018
Attributable to: 歸屬於:		
Owners of the Company 本公司所有者	441,144	717,121
Non-controlling interests 非控制性權益	355,462	395,897
Total comprehensive income for the year 本年度總綜合收益	796,606	1,113,018

The notes on pages 120 to 240 are an integral part of these consolidated financial statements.

第120至240頁的附註為合併財務報表的整體部分。

Consolidated Statement of Changes In Equity

合併權益變動表

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

	Attributable to owners of the Company 歸屬於本公司所有者									Non-controlling interests 非控制性權益	Total Equity 權益合計	
	Share Capital 股本 (Note 18) (附註 18) RMB'000 人民幣千元	Capital Reserve 資本儲備 (Note 19(a)) (附註 19(a)) RMB'000 人民幣千元	Statutory surplus reserve fund 法定盈餘公積金 (Note 19(b)) (附註 19(b)) RMB'000 人民幣千元	Statutory public welfare fund 法定公益金 (Note 19(b)) (附註 19(b)) RMB'000 人民幣千元	Tax reserve 免稅基金 (Note 19(c)) (附註 19(c)) RMB'000 人民幣千元	Foreign currency translation differences 外幣折算差額 (Note 19(d)) (附註 19(d)) RMB'000 人民幣千元	Financial assets at FVOCI reserve 金融資產重估儲備 RMB'000 人民幣千元	Other reserve 其他儲備 (Note 19(e)) (附註 19(e)) RMB'000 人民幣千元	Retained earnings 未分配利潤 RMB'000 人民幣千元			Total 合計 RMB'000 人民幣千元
Balance as at 1 January 2018 於二零一八年一月一日餘額	1,280,784	411,601	440,904	45,455	102,043	(6,568)	498	156,851	2,385,052	4,816,620	1,642,922	6,459,542
Comprehensive income 綜合收益												
Profit for the year 年度利潤	-	-	-	-	-	-	-	-	677,815	677,815	328,038	1,005,853
Change in fair value of financial assets at fair value through other comprehensive income ("FVOCI") 以公允價值計量且其變動計入其他綜合收益的金融資產的公允價值變動	-	-	-	-	-	-	48	-	-	48	79	127
Foreign currency translation differences 外幣折算差額												
— Group 集團	-	-	-	-	-	38,429	-	-	-	38,429	66,430	104,859
— Joint ventures and associates 合營及聯營企業	-	-	-	-	-	829	-	-	-	829	1,350	2,179
Transactions with owners in their capacity as owners 與權益所有者以其所有者的身份進行的交易												
Appropriation from retained earnings 提取盈餘公積	-	-	51,208	-	-	-	-	-	(51,208)	-	-	-
2017 dividends paid to shareholders of the Company 支付本公司股東二零一七年度股息	-	-	-	-	-	-	-	-	(217,733)	(217,733)	-	(217,733)
2017 dividends paid to non-controlling interests 支付非控制性權益二零一七年度股息	-	-	-	-	-	-	-	-	-	-	(103,219)	(103,219)
Purchase of non-controlling interests of a subsidiary 購買子公司非控制性權益	-	644	-	-	-	-	-	-	-	644	(2,592)	(1,948)
Capital injection from non-controlling interests 非控制性權益出資	-	-	-	-	-	-	-	-	-	-	27,548	27,548
Others 其他	-	-	-	-	-	-	-	-	-	-	(359)	(359)
Balance as at 31 December 2018 於二零一八年十二月三十一日餘額	1,280,784	412,245	492,112	45,455	102,043	32,690	546	156,851	2,793,926	5,316,652	1,960,197	7,276,849

Consolidated Statement of Changes In Equity (Cont'd)

合併權益變動表(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

	Attributable to owners of the Company 歸屬於本公司所有者										Non- controlling interests 非控制 性權益	Total Equity 權益合計
	Share Capital	Capital Reserve	Statutory surplus reserve fund 法定盈餘 公積金	Statutory public welfare fund 法定公益金	Tax reserve 免稅基金	Foreign currency translation differences 外幣折算差額	Financial assets at FVOCI reserve 金融資產 重估儲備	Other reserve 其他儲備	Retained earnings 未分配利潤	Total		
	(Note 18) RMB'000 人民幣千元	(Note 19(a)) RMB'000 人民幣千元	(Note 19(b)) RMB'000 人民幣千元	(Note 19(b)) RMB'000 人民幣千元	(Note 19(c)) RMB'000 人民幣千元	(Note 19(d)) RMB'000 人民幣千元	(Note 19(d)) RMB'000 人民幣千元	(Note 19(e)) RMB'000 人民幣千元	(Note 19(e)) RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Balance as at 1 January 2019 於二零一九年一月一日餘額	1,280,784	412,245	492,112	45,455	102,043	32,690	546	156,851	2,793,926	5,316,652	1,960,197	7,276,849
Comprehensive income 綜合收益												
Profit for the year 年度利潤	-	-	-	-	-	-	-	-	417,650	417,650	323,740	741,390
Change in fair value of financial assets at FVOCI 以公允價值計量且其變動計入其他綜合收益的金融資產的 公允價值變動	-	-	-	-	-	-	(1,502)	-	-	(1,502)	(2,445)	(3,947)
Foreign currency translation differences 外幣折算差額												
— Group 集團	-	-	-	-	-	25,065	-	-	-	25,065	34,279	59,344
— Joint ventures and associates 合營及聯營企業	-	-	-	-	-	(69)	-	-	-	(69)	(112)	(181)
Transactions with owners in their capacity as owners 與權益所有者以其所有者的身份進行的交易												
Appropriation from retained earnings 提取盈餘公積	-	-	55,246	-	-	-	-	-	(55,246)	-	-	-
2018 dividends paid to shareholders of the Company 支付本公司股東二零一八年度股息	-	-	-	-	-	-	-	-	(230,541)	(230,541)	-	(230,541)
2018 dividends paid to non-controlling interests 支付非控制性權益二零一八年度股息	-	-	-	-	-	-	-	-	-	-	(470,970)	(470,970)
Capital injection from non-controlling interests 非控制性權益出資	-	-	-	-	-	-	-	-	-	-	42,630	42,630
Balance as at 31 December 2019 於二零一九年十二月三十一日餘額	1,280,784	412,245	547,358	45,455	102,043	57,686	(956)	156,851	2,925,789	5,527,255	1,887,319	7,414,574

The notes on pages 120 to 240 are an integral part of these consolidated financial statements.

第120至240頁的附註為合併財務報表的整體部分。

Consolidated Statement of Cash Flows

合併現金流量表

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

		2019	2018
	Note 附註	RMB'000 人民幣千元	RMB'000 人民幣千元
Cash flows from operating activities: 經營活動產生的現金流量：			
Cash generated from operations 經營活動收到的現金	35(a)	1,194,049	1,229,906
Interest paid 支付的利息		(44,224)	(34,431)
Income tax paid 支付的所得稅		(98,050)	(210,239)
Net cash generated from operating activities 經營活動收到的現金流量淨額		1,051,775	985,236
Cash flows from investing activities: 投資活動產生的現金流量：			
Purchase of property, plant and equipment 購買房屋及建築物、廠房及設備		(210,423)	(356,787)
Purchase of land use rights 購買土地使用權		(58,136)	(15,803)
Purchase of other long-term assets 購買其他長期資產		(7,395)	(6,842)
Proceeds from government grants relating to property, plant and equipment 收到與房屋及建築物、廠房及設備相關的政府補助		5,669	6,972
Proceeds from disposals of property, plant and equipment and other long-term assets 處置房屋及建築物、廠房及設備和其他長期資產所收到的現金		153	201
Proceeds from disposals of land use rights 處置土地使用權所收到的現金		-	460
Increase in short-term bank deposits 短期銀行存款增加所支付的現金		(859,454)	(1,534,407)
Decrease in short-term bank deposits 短期銀行存款減少所收到的現金		1,534,407	1,010,328
Proceeds from wealth management products 銀行理財產品現金流入		466,290	152,800
Increase in wealth management products 銀行理財產品現金流出		(468,970)	(181,800)
Dividends received 收到的股息		171	140
Interest received 收到的利息		54,590	26,919
Proceeds from disposal of associates 處置聯營企業收到的現金		-	1,969
Others 其他		-	15,377
Net cash generated from/(used in) investing activities 投資活動收到/(支付)的現金流量淨額		456,902	(880,473)

Consolidated Statement of Cash Flows (Cont'd)

合併現金流量表(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

		2019	2018
Note 附註		RMB'000 人民幣千元	RMB'000 人民幣千元
Cash flows from financing activities: 籌資活動產生的現金流量：			
Proceeds from borrowings 借款所收到的現金		435,000	195,991
Repayments of borrowings 償還借款所支付的現金		(200,146)	(210,242)
Principal elements of lease payments 租賃付款額的本金部分		(45,343)	-
Capital injection from non-controlling interests 非控制性權益出資		42,630	27,548
Dividends paid to shareholders of the Company 向本公司股東支付股息		(230,541)	(217,733)
Dividends paid to non-controlling interests 向非控制性權益支付股息		(467,710)	(104,240)
Purchase of non-controlling interests of a subsidiary 購買子公司非控制性權益		-	(1,948)
Payment to non-controlling interests upon liquidation of a subsidiary 附屬公司清算而向非控制性權益付款		-	(371)
Net cash used in financing activities 籌資活動支付的現金流量淨額		(466,110)	(310,995)
Net increase/(decrease) in cash and cash equivalents 現金及現金等價物淨增加/(減少)			
		1,042,567	(206,232)
Cash and cash equivalents at beginning of the year 現金及現金等價物的年初餘額		1,904,036	2,023,561
Exchange gains on cash and cash equivalents 現金及現金等價物匯兌利得		44,042	86,707
Cash and cash equivalents at end of the year			
現金及現金等價物的年末餘額		2,990,645	1,904,036
35(b)			

The notes on pages 120 to 240 are an integral part of these consolidated financial statements.

第120至240頁的附註為合併財務報表的整體部分。

Notes to the Consolidated Financial Statements

合併財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

1. GENERAL INFORMATION

Tong Ren Tang Technologies Co. Ltd. (the “**Company**”) was incorporated as a joint stock limited company in Beijing, the People’s Republic of China (the “**PRC**”) on 22 March 2000. The address of its registered office is No. 16 Tongji Beilu, Beijing Economic and Technological Development Zone, Beijing, the PRC.

The Company and its subsidiaries are hereafter collectively referred to as the “**Group**”. The Group is principally engaged in the production and distribution of Chinese medicine and primarily operates in Mainland China and Hong Kong.

The directors of the Company (the “**Directors**”) consider China Beijing Tong Ren Tang Group Co., Ltd., a limited liability company incorporated in Beijing, the PRC, as the ultimate holding company.

The Company’s shares have been listed on the Growth Enterprise Market (the “**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 31 October 2000. On 9 July 2010, the Company transferred the listing from GEM to the Main Board (the “**MB**”) of the Stock Exchange.

These financial statements are presented in RMB unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors on 30 March 2020.

1. 一般資料

北京同仁堂科技發展股份有限公司(「**本公司**」)，是於二零零零年三月二十二日在中華人民共和國(「**中國**」)北京成立的股份有限公司。本公司的註冊地址為中國北京市北京經濟技術開發區同濟北路16號。

本公司及其子公司以下統稱為「**本集團**」。本集團主要業務為中藥製造和銷售，主要經營地為中國內地及香港。

本公司董事(「**董事**」)認為，在中國北京成立的中國北京同仁堂(集團)有限責任公司，為最終控股公司。

本公司自二零零零年十月三十一日於香港聯合交易所有限公司(「**聯交所**」)創業板上市。於二零一零年七月九日，本公司由聯交所創業板轉至主板上市。

本財務報表以人民幣列示(除非另有說明)。

合併財務報表已於二零二零年三月三十日經董事會批准刊發。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

1. GENERAL INFORMATION (CONT'D)

The following is a list of principal subsidiaries as at 31 December 2018 and 2019:

1. 一般資料(續)

下文載列於二零一八年及二零一九年十二月三十一日的主要子公司：

Name	Place/date of incorporation/kind of legal entity	Percentage of equity interest held	Issued/registered and paid-up capital	Principal activities/ place of operation
公司名稱	成立地點、日期及法人類別	持有股權百分比	已發行/註冊及實收資本	主營業務和經營地
		2019	2018	
Subsidiaries:				
子公司：				
Beijing Tong Ren Tang Henan Technological development of Chinese Medicinal Raw Materials Co., Limited (Tong Ren Tang Henan) 北京同仁堂河南中藥材技術開發有限公司 (「同仁堂河南」)	Henan, PRC 24 October 2001 Limited liability company 中國河南 2001年10月24日 有限責任公司	51%*	51%* RMB4,000,000 人民幣4,000,000元	Cultivating, selling and technological development of Chinese medicinal raw materials Henan, PRC 中藥材種植、銷售、中藥材技術開發 中國河南
Beijing Tong Ren Tang Hubei Chinese Medicinal Raw Materials Co., Limited (Tong Ren Tang Hubei) 北京同仁堂湖北中藥材有限公司 (「同仁堂湖北」)	Hubei, PRC 26 October 2001 Limited liability company 中國湖北 2001年10月26日 有限責任公司	51%*	51%* RMB3,000,000 人民幣3,000,000元	Cultivating, purchasing and selling of Chinese medicinal raw materials Hubei, PRC 中藥材種植、收購、銷售 中國湖北
Beijing Tong Ren Tang Zhejiang Chinese Medicinal Raw Materials Co., Limited (Tong Ren Tang Zhejiang) 北京同仁堂浙江中藥材有限公司 (「同仁堂浙江」)	Zhejiang, PRC 31 October 2001 Limited liability company 中國浙江 2001年10月31日 有限責任公司	51%*	51%* RMB10,000,000 人民幣10,000,000元	Cultivating, purchasing and selling of Chinese medicinal raw materials Zhejiang, PRC 中藥材種植、收購、銷售 中國浙江
Beijing Tong Ren Tang Hebei Chinese Medicinal Raw Materials Technologies Co., Limited (Tong Ren Tang Hebei) 北京同仁堂河北中藥材科技開發有限公司 (「同仁堂河北」)	Hebei, PRC 19 November 2001 Limited liability company 中國河北 2001年11月19日 有限責任公司	51%*	51%* RMB48,000,000 人民幣48,000,000元	Cultivating, purchasing and selling of Chinese medicinal raw materials Hebei, PRC 中藥材種植、收購、銷售 中國河北

* Equity interests directly held by the Company

* 股份由本公司直接持有

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

1. GENERAL INFORMATION (CONT'D)

1. 一般資料(續)

Name 公司名稱	Place/date of incorporation/kind of legal entity 成立地點、日期 及法人類別	Percentage of equity interest held 持有股權百分比		Issued/registered and paid-up capital 已發行/註冊 及實收資本	Principal activities/ place of operation 主營業務和經營地
		2019	2018		
Subsidiaries: (Cont'd) 子公司:(續)					
Beijing Tong Ren Tang Tongke Pharmaceutical Company Limited ("Tong Ren Tang Tongke") 北京同仁堂通科藥業 有限責任公司 (「同仁堂通科」)	Beijing, PRC 4 November 2003 Limited liability company 中國北京 2003年11月4日 有限責任公司	95%*	95%*	RMB75,000,000 人民幣75,000,000元	Production of ointment, medical research and development Beijing, PRC 製造膏劑、醫藥技術開發 中國北京
Beijing Tong Ren Tang Technologies (Tangshan) Co., Ltd ("Tong Ren Tang Technologies Tangshan") 北京同仁堂科技發展(唐山) 有限公司 (「同仁堂科技唐山」)	Hebei, PRC 17 June 2015 Limited liability company 中國河北 2015年6月17日 有限責任公司	100%*	100%*	RMB850,000,000 人民幣850,000,000元	Production (including extraction) of Chinese medicine, food and healthcare products Hebei, PRC 生產製造中成藥(含中藥提取)、 食品及保健品 中國河北
Beijing Tong Ren Tang Technologies Chengdu Co., Ltd ("Tong Ren Tang Chengdu") 北京同仁堂科技發展成都 有限公司 (「同仁堂成都」)	Sichuan, PRC 26 February 2003 Limited liability company 中國四川 2003年2月26日 有限責任公司	51%*	51%*	RMB53,061,200 人民幣53,061,200元	Production and processing of biochemical products and Chinese medicine, extraction and processing of plants Sichuan, PRC 生產、加工生化製品和中藥 制劑及天然植物 加工與提取 中國四川
Beijing Tong Ren Tang Second Traditional Chinese Medicine Hospital Co., Ltd ("Tong Ren Tang Second Traditional Chinese Medicine Hospital") 北京同仁堂第二中醫醫院 有限責任公司 (「同仁堂第二中醫醫院」)	Beijing, PRC 12 September 2000 Limited liability company 中國北京 2000年9月12日 有限責任公司	100%*	100%*	RMB10,492,914 人民幣10,492,914元	Internal and external surgery, medical examination, traditional Chinese medicine department and hospital management Beijing, PRC 內外科、醫學檢驗、中醫科 以及醫院管理 中國北京

* Equity interests directly held by the Company

* 股份由本公司直接持有

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

1. GENERAL INFORMATION (CONT'D)

1. 一般資料(續)

Name 公司名稱	Place/date of incorporation/kind of legal entity 成立地點、日期 及法人類別	Percentage of equity interest held		Issued/registered and paid-up capital 已發行/註冊 及實收資本	Principal activities/ place of operation 主營業務和經營地
		2019	2018		
Subsidiaries: (Cont'd) 子公司：(續)					
Beijing Tong Ren Tang Chinese Medicine Company Limited ⁽¹⁾ ("Tong Ren Tang Chinese Medicine") 北京同仁堂國藥有限公司 ⁽¹⁾ (「同仁堂國藥」)	Hong Kong, PRC 18 March 2004 Limited liability company 中國香港 2004年3月18日 有限責任公司	38.05%*	38.05%*	HKD938,789,000 港幣 938,789,000 元	Manufacturing, retail and wholesale of Chinese medicine products and healthcare products and provision of Chinese medical consultation and treatments Hong Kong, PRC 中藥產品和保健品的生產、 零售及批發並提供中醫診療 中國香港
Beijing Tong Ren Tang Nanshan Zhonglu Drugstore Co., Limited ("Nanshan Zhonglu Drugstore") 北京同仁堂南三環中路藥店 有限公司 (「南三環中路藥店」)	Beijing, PRC 28 April 2004 Limited liability company 中國北京 2004年4月28日 有限責任公司	100%*	100%*	RMB500,000 人民幣 500,000 元	Sales of medicinal products Beijing, PRC 藥品銷售 中國北京
Beijing Tong Ren Tang Yanbian Chinese Medicinal Raw Materials Co., Limited ("Tong Ren Tang Yanbian") 北京同仁堂延邊中藥材基地 有限公司 (「同仁堂延邊」)	Jilin, PRC 24 September 2004 Limited liability company 中國吉林 2004年9月24日 有限責任公司	51%*	51%*	RMB4,000,000 人民幣 4,000,000 元	Cultivating and selling of Chinese medicinal raw materials Jilin, PRC 中藥材種植、銷售 中國吉林
Beijing Tong Ren Tang Anhui Chinese Medicinal Raw Materials Co., Limited ("Tong Ren Tang Anhui") 北京同仁堂安徽中藥材 有限公司 (「同仁堂安徽」)	Anhui, PRC 18 October 2004 Limited liability company 中國安徽 2004年10月18日 有限責任公司	51%*	51%*	RMB24,000,000 人民幣 24,000,000 元	Cultivating, purchasing and selling of Chinese medicinal raw materials Anhui, PRC 中藥材種植、收購、銷售 中國安徽

* Equity interests directly held by the Company

* 股份由本公司直接持有

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

1. GENERAL INFORMATION (CONT'D)

1. 一般資料(續)

Name	Place/date of incorporation/kind of legal entity 成立地點、日期及法人類別	Percentage of equity interest held 持有股權百分比	Issued/registered and paid-up capital 已發行/註冊及實收資本	Principal activities/ place of operation 主營業務和經營地
		2019	2018	
Subsidiaries: (Cont'd) 子公司:(續)				
Beijing Tong Ren Tang WM Dianorm Biotech Co., Limited ("Tong Ren Tang WM") 北京同仁堂麥爾海生物技術有限公司 (「同仁堂麥爾海」)	Beijing, PRC 20 February 2001 Sino-foreign equity joint venture 中國北京 2001年2月20日 中外合資企業	60%*	60%*	USD3,000,000 美元3,000,000元 Technological development and sales of biological products, Chinese and western medicines, cosmetics and healthcare products Beijing, PRC 生物製品、中西藥、化妝品和保健食品的技術開發及銷售 中國北京
Beijing Tong Ren Tang Chinese Medicine (Hong Kong) Group Co., Ltd. ("Chinese Medicine Group") 北京同仁堂國藥(香港)集團有限公司 (「國藥集團」)	Hong Kong, PRC 1 March 2012 Limited liability company 中國香港 2012年3月1日 有限責任公司	53.09%*	53.09%*	HKD75,000,000 港幣75,000,000元 Investment holding Hong Kong, PRC 投資控股 中國香港
Beijing Tong Ren Tang Xing An Healthcare Technologies Co., Limited ("Tong Ren Tang Xing An Healthcare") 北京同仁堂興安保健科技有限責任公司 (「同仁堂興安保健」)	Beijing, PRC 14 April 2004 Limited liability company 中國北京 2004年4月14日 有限責任公司	51%*	51%*	RMB69,000,000 人民幣69,000,000元 Cultivating, purchasing and selling of Chinese medicinal raw materials, production and selling of tea drinks product series and foot care product series Beijing, PRC 中藥材種植、收購、銷售; 茶類產品及足浴類產品生產、銷售 中國北京
Beijing Tong Ren Tang Century Advertising Co., Limited ("Tong Ren Tang Century Advertising") 北京同仁堂世紀廣告有限公司 (「同仁堂世紀廣告」)	Beijing, PRC 25 September 2013 Limited liability company 中國北京 2013年9月25日 有限責任公司	100%*	100%*	RMB1,000,000 人民幣1,000,000元 Advertisement services Beijing, PRC 廣告策劃服務 中國北京

* Equity interests directly held by the Company

* 股份由本公司直接持有

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

1. GENERAL INFORMATION (CONT'D)

1. 一般資料(續)

Name	Place/date of incorporation/kind of legal entity	Percentage of equity interest held	Issued/registered and paid-up capital	Principal activities/ place of operation
公司名稱	成立地點、日期及法人類別	持有股權百分比	已發行/註冊及實收資本	主營業務和經營地
		2019	2018	
Subsidiaries: (Cont'd)				
子公司：(續)				
Beijing Tong Ren Tang (Tangshan) Nutrition and Healthcare Co., Ltd (Tong Ren Tang Tangshan Healthcare) 北京同仁堂(唐山)營養保健品有限公司 (「同仁堂唐山保健品」)	Hebei, PRC 13 September 2010 Limited liability company 中國河北 2010年9月13日 有限責任公司	74%*	74%* RMB170,000,000 人民幣170,000,000元	Production and sales of healthcare products and Chinese medicine Hebei, PRC 保健品及中藥生產及銷售 中國河北
Beijing Tong Ren Tang Technologies (Liaoning) Pharmaceutical Company Limited (Tong Ren Tang Liaoning) 北京同仁堂(遼寧)科技藥業有限公司 (「同仁堂遼寧」)	Liaoning, PRC 25 July 2018 Limited liability company 中國遼寧 2018年7月25日 有限責任公司	51%*	51%* RMB136,000,000 人民幣136,000,000元	Production and sales of deer series Chinese medicine and healthcare food Liaoning, PRC 鹿系列中成藥及保健食品 生產及銷售 中國遼寧
Beijing Tong Ren Tang Technologies (Xingtang) Donkey Industry Company Limited (Tong Ren Tang Xingtang) 北京同仁堂科技發展(行唐)驢業有限公司 (「同仁堂行唐」)	Hebei, PRC 15 March 2019 Limited liability company 中國河北 2019年3月15日 有限責任公司	51%*	- RMB66,000,000 人民幣66,000,000元	Cultivation technology development, production and sales of food Hebei, PRC 養殖技術開發、食品加工及銷售 中國河北
Beijing Tong Ren Tang International Natural-Pharm Co., Ltd. (Tong Ren Tang International Natural-Pharm) 北京同仁堂國際藥業有限公司 (「同仁堂國際藥業」)	Beijing, PRC 6 March 2006 Limited liability company 中國北京 2006年3月6日 有限責任公司	100%**	100%** HKD10,000,000 港幣10,000,000元	Sales and distribution of Chinese medicine products and healthcare products Beijing, PRC 銷售及分銷中藥產品與保健品 中國北京

* Equity interests directly held by the Company
** Equity interests directly held by Tong Ren Tang Chinese Medicine

* 股份由本公司直接持有
** 股份由同仁堂國藥直接持有

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

1. GENERAL INFORMATION (CONT'D)

1. 一般資料(續)

Name 公司名稱	Place/date of incorporation/kind of legal entity 成立地點、日期 及法人類別	Percentage of equity interest held 持有股權百分比		Issued/registered and paid-up capital 已發行/註冊 及實收資本	Principal activities/ place of operation 主營業務和經營地
		2019	2018		
Subsidiaries: (Cont'd) 子公司:(續)					
Beijing Tong Ren Tang Australia Pty. Ltd. ("Tong Ren Tang Australia") 北京同仁堂(澳大利亞) 有限公司 (「同仁堂澳大利亞」)	Sydney, Australia 20 May 2004 Limited liability company 澳大利亞悉尼 2004年5月20日 有限責任公司	75%**	75%**	AUD1,000,000 澳大利亞元1,000,000元	Wholesale and retail of Chinese medicine products and healthcare products and provision of Chinese medical consultation and treatments Sydney, Australia 批發及零售中藥產品與 保健品以及提供中醫診療服務 澳大利亞悉尼
Beijing Tong Ren Tang Science Arts (Singapore) Co., Pte. Ltd. ("Tong Ren Tang Singapore") 北京同仁堂新加坡(科藝)私人 有限公司 (「同仁堂新加坡」)	Singapore 1 December 2003 Limited liability company 新加坡 2003年12月1日 有限責任公司	51%**	51%**	SGD857,000 新加坡元857,000元	Wholesale and retail of Chinese medicine products and healthcare products and provision of Chinese medical consultation and treatments Singapore 批發及零售中藥產品與 保健品以及提供中醫診療服務 新加坡
Beijing Tong Ren Tang (Toronto) Inc. ("Tong Ren Tang Toronto") 北京同仁堂(多倫多)有限公司 (「同仁堂多倫多」)	Toronto, Canada 24 June 2010 Limited liability company 加拿大多倫多 2010年6月24日 有限責任公司	51%**	51%**	CAD497,300 加拿大元497,300元	Retail of Chinese medicine products and healthcare products and provision of Chinese medical consultation and treatments Toronto, Canada 零售中藥產品與保健品以及 提供中醫診療服務 加拿大多倫多

** Equity interests directly held by Tong Ren Tang Chinese Medicine

** 股份由同仁堂國藥直接持有

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

1. GENERAL INFORMATION (CONT'D)

1. 一般資料(續)

Name	Place/date of incorporation/kind of legal entity	Percentage of equity interest held	Issued/registered and paid-up capital	Principal activities/ place of operation
公司名稱	成立地點、日期及法人類別	持有股權百分比	已發行/註冊及實收資本	主營業務和經營地
		2019	2018	
Subsidiaries: (Cont'd)				
子公司:(續)				
Beijing Tong Ren Tang (Macau) Company Limited ("Tong Ren Tang Macau") 北京同仁堂(澳門)有限公司 (「同仁堂澳門」)	Macau, PRC 28 October 2002 Limited liability company 中國澳門 2002年10月28日 有限責任公司	51%**	51%** MOP1,000,000 澳門元1,000,000元	Wholesale and retail of Chinese medicine products and healthcare products and provision of Chinese medical consultation and treatments Macau, PRC 批發及零售中藥產品與保健品以及提供中醫診療服務 中國澳門
Beijing Tong Ren Tang Gulf FZ-LLC ("Tong Ren Tang Gulf") 北京同仁堂海灣有限公司 (「同仁堂海灣」)	Dubai, United Arab Emirates 8 June 2011 Limited liability company 阿拉伯聯合酋長國迪拜 2011年6月8日 有限責任公司	51%**	51%** AED1,920,000 阿聯酋迪拉姆1,920,000元	Retail of Chinese medicine products and healthcare products and provision of Chinese medical consultation and treatments Dubai, United Arab Emirates 零售中藥產品與保健品以及提供中醫診療服務 阿拉伯聯合酋長國迪拜
Beijing Tong Ren Tang Poland sp.zo.o. ("Tong Ren Tang Poland") 北京同仁堂(波蘭)有限公司 (「同仁堂波蘭」)	Warsaw, Poland 26 July 2012, Limited liability company 波蘭華沙 2012年7月26日 有限責任公司	100%**	100%** Zloty130,000 波蘭茲羅提130,000元	Retail of Chinese medicine products and healthcare products and provision of Chinese healthcare treatments Warsaw, Poland 零售中藥產品與保健品以及提供中醫診療服務 波蘭華沙

** Equity interests directly held by Tong Ren Tang Chinese Medicine

** 股份由同仁堂國藥直接持有

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

1. GENERAL INFORMATION (CONT'D)

1. 一般資料(續)

Name 公司名稱	Place/date of incorporation/kind of legal entity 成立地點、日期 及法人類別	Percentage of equity interest held 持有股權百分比		Issued/registered and paid-up capital 已發行/註冊 及實收資本	Principal activities/ place of operation 主營業務和經營地
		2019	2018		
Subsidiaries: (Cont'd) 子公司:(續)					
Beijing Tong Ren Tang Canada Co. Ltd. ("Tong Ren Tang Canada") 北京同仁堂(加拿大)有限公司 (「同仁堂加拿大」)	Vancouver, Canada 11 January 2002 Limited liability company 加拿大溫哥華 2002年1月11日 有限責任公司	51%**	51%**	CAD1,000,000 加拿大元1,000,000元	Retail of Chinese medicine products and healthcare products and provision of Chinese medical consultation and treatments Vancouver, Canada 零售中藥產品與保健品以及 提供中醫診療服務 加拿大溫哥華
Beijing Tong Ren Tang (Seoul) Company Limited ("Tong Ren Tang Seoul") 北京同仁堂(首爾)株式會社 (「同仁堂首爾」)	Seoul, South Korea 10 March 2014 Limited liability company 韓國首爾 2014年3月10日 有限責任公司	51%**	51%**	WON1,052,000,000 韓元1,052,000,000元	Wholesale of Chinese medicine products and healthcare products Seoul, South Korea 批發中藥產品與保健品 韓國首爾
Beijing Tong Ren Tang (Auckland) Company Limited ("Tong Ren Tang Auckland") 北京同仁堂(奧克蘭)有限公司 (「同仁堂奧克蘭」)	Auckland, New Zealand 2 May 2014 Limited liability company 新西蘭奧克蘭 2014年5月2日 有限責任公司	51%**	51%**	NZD2,000,000 新西蘭元2,000,000元	Retail of Chinese medicine products and healthcare products and provision of Chinese medical consultation and treatments Auckland, New Zealand 零售中藥產品與保健品以及 提供中醫診療服務 新西蘭奧克蘭
Beijing Tong Ren Tang Tong Xin Tong Le Company Limited ("Tong Ren Tang Tong Xin Tong Le") 北京同仁堂同心同樂有限公司 (「同仁堂同心同樂」)	Hong Kong, PRC 19 May 2014 Limited liability company 中國香港 2014年5月19日 有限責任公司	100%**	100%**	HKD10,000 港幣10,000元	Retail of Chinese medicine products and healthcare products and provision of Chinese medical consultation and treatments Hong Kong, PRC 零售中藥產品與保健品 以及提供中醫診療服務 中國香港

** Equity interests directly held by Tong Ren Tang Chinese Medicine

** 股份由同仁堂國藥直接持有

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

1. GENERAL INFORMATION (CONT'D)

1. 一般資料(續)

Name 公司名稱	Place/date of incorporation/kind of legal entity 成立地點、日期 及法人類別	Percentage of equity interest held 持有股權百分比	Issued/registered and paid-up capital 已發行/註冊 及實收資本		Principal activities/ place of operation 主營業務和經營地
			2019	2018	
Subsidiaries: (Cont'd) 子公司：(續)					
Honour Essence Trading Limited ("Honour Essence") 大宏貿易有限公司 (「大宏貿易」)	Hong Kong, PRC 10 March 1997 Limited liability company 中國香港 1997年3月10日 有限責任公司	51%**	51%**	HKD2,000 港幣2,000元	Wholesale of Chinese medicine products and healthcare products Hong Kong, PRC 批發中藥產品與保健品 中國香港
Beijing Tong Ren Tang Vancouver Healthcare Center Co., Ltd ("Tong Ren Tang Vancouver") 北京同仁堂溫哥華養生 中心有限公司 (「同仁堂溫哥華」)	Vancouver, Canada 19 January 2016 Limited liability company 加拿大溫哥華 2016年1月19日 有限責任公司	51%**	51%**	CAD750,000 加拿大元750,000元	Retail of Chinese medicine products and healthcare products and provision of Chinese medical consultation and treatments Vancouver, Canada 零售中藥產品與保健品以及 提供中醫診療服務 加拿大溫哥華
Beijing Tong Ren Tang Melbourne Pty. Limited ("Tong Ren Tang Melbourne") 北京同仁堂(墨爾本)有限公司 (「同仁堂墨爾本」)	Melbourne, Australia 9 April 2014 Limited liability company 澳大利亞墨爾本 2014年4月9日 有限責任公司	38%***	38%***	AUD100,000 澳大利亞元100,000元	Retail of Chinese medicine products and healthcare products and provision of Chinese medical consultation and treatments Melbourne, Australia 零售中藥產品與保健品以及 提供中醫診療服務 澳大利亞墨爾本
Beijing Tong Ren Tang Pudu Health Centre B.V. ("Tong Ren Tang Pudu") 北京同仁堂普度健康中心 有限公司 (「同仁堂普度」)	Den Haag, the Netherlands 17 August 2015 Limited liability Company 荷蘭海牙 2015年8月17日 有限責任公司	45%***	45%***	Euro650,000 歐元650,000元	Retail of Chinese medicine products and healthcare products and provision of Chinese medical consultation and treatments Den Haag, the Netherlands 零售中藥產品與保健品以及 提供中醫診療服務 荷蘭海牙

** Equity interests directly held by Tong Ren Tang Chinese Medicine
*** Equity interests indirectly held by Tong Ren Tang Chinese Medicine

** 股份由同仁堂國藥直接持有
*** 股份由同仁堂國藥間接持有

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

1. GENERAL INFORMATION (CONT'D)

1. 一般資料(續)

Name 公司名稱	Place/date of incorporation/kind of legal entity 成立地點、日期 及法人類別	Percentage of equity interest held 持有股權百分比		Issued/registered and paid-up capital 已發行/註冊 及實收資本	Principal activities/ place of operation 主營業務和經營地
		2019	2018		
Subsidiaries: (Cont'd) 子公司:(續)					
Beijing Tong Ren Tang Czech Republic SE ("Tong Ren Tang Czech") 北京同仁堂(捷克)有限公司 (「同仁堂捷克」)	Prague, the Czech Republic 11 December 2015 Limited liability company 捷克布拉格 2015年12月11日 有限責任公司	45%***	45%***	CZK3,296,400 捷克克朗3,296,400元	Retail of Chinese medicine products and healthcare products and provision of Chinese medical consultation and treatments Prague, the Czech Republic 零售中藥產品與保健品以及 提供中醫診療服務 捷克布拉格
Beijing Tong Ren Tang Sweden AB ("Tong Ren Tang Sweden") 北京同仁堂(瑞典)有限公司 (「同仁堂瑞典」)	Stockholm, Sweden 9 September 2015 Limited liability company 瑞典斯德哥爾摩 2015年9月9日 有限責任公司	45%***	45%***	SEK50,000 瑞典克朗50,000元	Retail of Chinese medicine products and healthcare products and provision of Chinese medical consultation and treatments Stockholm, Sweden 零售中藥產品與保健品以及 提供中醫診療服務 瑞典斯德哥爾摩
Beijing Tong Ren Tang Los Angeles Healthcare Centre LLC ("Tong Ren Tang Los Angeles") 北京同仁堂洛杉磯醫療 中心有限公司 (「同仁堂洛杉磯」)	Los Angeles, United States 18 November 2015 Limited liability company 美國洛杉磯 2015年11月18日 有限責任公司	51%***	51%***	USD600,000 美元600,000元	Retail of Chinese medicine products and healthcare products and provision of Chinese medical consultation and treatments Los Angeles, United States 零售中藥產品與保健品以及 提供中醫診療服務 美國洛杉磯

*** Equity interests indirectly held by Tong Ren Tang Chinese Medicine

*** 股份由同仁堂國藥間接持有

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

1. GENERAL INFORMATION (CONT'D)

1. 一般資料(續)

Name 公司名稱	Place/date of incorporation/kind of legal entity 成立地點、日期 及法人類別	Percentage of equity interest held		Issued/registered and paid-up capital 已發行/註冊 及實收資本	Principal activities/ place of operation 主營業務和經營地
		2019	2018		
Subsidiaries: (Cont'd) 子公司：(續)					
Beijing Tong Ren Tang Concord New York LLC ("Tong Ren Tang Concord") 北京同仁堂協和紐約有限公司 (「同仁堂協和」)	New York, United States 13 June 2016 Limited liability company 美國紐約 2016年6月13日 有限責任公司	51%***	51%***	USD800,000 美元800,000元	Wholesale and retail of Chinese medicine products and healthcare products and provision of Chinese medical consultation and treatments New York, United States 批發及零售中藥產品與 保健品以及提供 中醫診療服務 美國紐約
Beijing Tong Ren Tang Ming Qi Group, LLC ("Tong Ren Tang Mingqi") 北京同仁堂鳴岐有限公司 (「同仁堂鳴岐」)	New York, United States 22 April 2005 Limited liability company 美國紐約 2005年4月22日 有限責任公司	60%***	60%***	USD200,000 美元200,000元	Wholesale and retail of Chinese medicine products and healthcare products New York, United States 批發及零售中藥產品與保健品 美國紐約
Beijing Tong Ren Tang Swiss SA ("Tong Ren Tang Swiss") 北京同仁堂瑞士股份有限公司 (「同仁堂瑞士」)	Geneva, Switzerland 8 September 2017 Limited liability company 瑞士日內瓦 2017年9月8日 有限責任公司	45%***	45%***	CHF500,000 瑞士法郎500,000元	Provision of Chinese medical consultation and treatments Geneva, Switzerland 提供中醫診療服務 瑞士日內瓦

*** Equity interests indirectly held by Tong Ren Tang Chinese Medicine

*** 股份由同仁堂國藥間接持有

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

1. GENERAL INFORMATION (CONT'D)

1. 一般資料(續)

Name 公司名稱	Place/date of incorporation/kind of legal entity 成立地點、日期 及法人類別	Percentage of equity interest held 持有股權百分比		Issued/registered and paid-up capital 已發行/註冊 及實收資本	Principal activities/ place of operation 主營業務和經營地
		2019	2018		
Subsidiaries: (Cont'd) 子公司:(續)					
Beijing Tong Ren Tang (San Gabriel CA) LLC ("Tong Ren Tang San Gabriel CA") 北京同仁堂(聖蓋博加州)有限公司 (「同仁堂聖蓋博加州」)	Los Angeles, United States 15 June 2017 limited liability company 美國洛杉磯 2017年6月15日 有限責任公司	51%***	51%***	USD600,000 美元600,000元	Wholesale and retail of Chinese medicine products and healthcare products and provision of Chinese medical consultation and treatments Los Angeles, United States 批發及零售中藥產品與保健品 以及提供中醫診療服務 美國·洛杉磯

*** Equity interests indirectly held by Tong Ren Tang Chinese Medicine

*** 股份由同仁堂國藥間接持有

⁽¹⁾ Tong Ren Tang Chinese Medicine (stock code: 3613.HK) was incorporated in Hong Kong in 2004, listed on the GEM of the Stock Exchange in May 2013, and transferred to the MB of the Stock Exchange in May 2018. Although the Group owns less than half of the equity interest, it is able to gain 71.67% of the voting rights of Tong Ren Tang Chinese Medicine by virtue of an agreement with Beijing Tong Ren Tang Company Limited ("Parent Company"). Consequently, the Group consolidates Tong Ren Tang Chinese Medicine.

⁽¹⁾ 同仁堂國藥(股票代碼: 3613.HK)於二零零四年在中國香港註冊成立,於二零一三年五月在聯交所創業板掛牌上市,並於二零一八年五月轉至聯交所主板上市。雖然本集團所持股份小於50%,但是本集團與北京同仁堂股份有限公司(「母公司」)已簽署協議有能力取得71.67%的表決權,所以本集團將同仁堂國藥合併入賬。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

1. GENERAL INFORMATION (CONT'D)

The following is a list of principal joint ventures and associates as at 31 December 2018 and 2019:

1. 一般資料(續)

下文載列於二零一八年及二零一九年十二月三十一日的主要合營企業和聯營企業：

Name 公司名稱	Place/date of incorporation/kind of legal entity 成立地點、日期 及法人類別	Percentage of equity interest held 持有股權百分比		Issued/registered and paid-up capital 已發行/註冊 及實收資本	Principal activities 主營業務
		2019	2018		
Joint ventures: 合營企業：					
Peking Tongrentang (M) SDN. BHD. ^[2] ("Tong Ren Tang Malaysia") 北京同仁堂(馬來西亞) 有限公司 ^[2] (「同仁堂馬來西亞」)	Kuala Lumpur, Malaysia 19 January 2001 Limited liability company 馬來西亞吉隆坡 2001年1月19日 有限責任公司	60%**	60%**	MYR1,900,000 馬來西亞 林吉特 1,900,000 元	Retail of Chinese medicine products and healthcare products and provision of Chinese medical consultation and treatments 零售中藥產品與保健品以及 提供中醫診療服務
Beijing Tong Ren Tang (Thailand) Co., Ltd. ^[2] ("Tong Ren Tang Thailand") 北京同仁堂(泰國)有限公司 ^[2] (「同仁堂泰國」)	Bangkok, Thailand 23 March 2000 Limited liability company 泰國曼谷 2000年3月23日 有限責任公司	49%**	49%**	THB38,000,000 泰銖 38,000,000 元	Wholesale and retail of Chinese medicine products and healthcare products and provision of Chinese medical consultation and treatments 批發及零售中藥產品與保健品 以及提供中醫診療服務
Union Health International Limited ("Tong Ren Tang Fook Ming Tang") 耀康國際有限公司 (「同仁堂福明堂」)	Hong Kong, PRC 3 May 2004 Limited liability company 中國香港 2004年5月3日 有限責任公司	50%**	50%**	HKD10,000 港幣 10,000 元	Retail of Chinese medicine products and healthcare products and provision of Chinese medical consultation and treatments 零售中藥產品與保健品以及 提供中醫診療服務

** Equity interests directly held by Tong Ren Tang Chinese Medicine

** 股份由同仁堂國藥直接持有

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

1. GENERAL INFORMATION (CONT'D)

1. 一般資料(續)

Name 公司名稱	Place/date of incorporation/kind of legal entity 成立地點、日期 及法人類別	Percentage of equity interest held 持有股權百分比		Issued/registered and paid-up capital 已發行/註冊 及實收資本	Principal activities 主營業務
		2019	2018		
Associates: 聯營企業：					
Tong Ren Tang Shanxi Sheye Co., Ltd. ("Tong Ren Tang Sheye") 北京同仁堂陝西麝業有限公司 (「同仁堂麝業」)	Shanxi, PRC 14 December 2015 Limited liability company 中國陝西 2015年12月14日 有限責任公司	29%*	29%*	RMB30,000,000 人民幣30,000,000元	Manufacturing and breed of musk, production and sales of related products 林麝養殖、繁育及相關產品 生產銷售

* Equity interests directly held by the Company

* 股份由本公司直接持有

^[2] Although the Company owns more or less than 50% of the equity interests in these entities, the directors of the Company consider that these entities are joint ventures of the Company because decisions about their operating, investing and financing activities are jointly controlled by the Company and the joint venture partners in accordance with the joint venture agreements rather than under the unilateral control or significant influence of the Company.

^[2] 儘管本公司持有該等實體多於或少於50%股權，惟由於根據合營協議，該等實體的經營、投資及融資活動決定均由本公司及合營夥伴共同控制，而非由本公司單方面控制或發揮重大影響，故本公司董事認為該等實體乃本公司合營企業。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements of Tong Ren Tang Technologies Co. Ltd. have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at FVOCI and financial assets at fair value through profit or loss ("FVPL").

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2. 重要會計政策摘要

編製本合併財務報表採用的主要會計政策載於下文。除另有說明外，此等政策在所列報的所有年度內貫徹應用。

2.1 編製基準

北京同仁堂科技發展股份有限公司的合併財務報表是根據國際財務報告準則和香港《公司條例》的披露規定編製。合併財務報表按照歷史成本法編製，並已就以公允價值計量且其變動計入其他綜合收益的金融資產和以公允價值計量且其變動計入損益的金融資產的重估作出修訂。

編製符合國際財務報告準則的財務報表需要使用若干關鍵會計估計。這亦需要管理層在應用本集團的會計政策過程中行使其判斷。涉及高度的判斷或高度複雜性，或涉及對合併財務報表作出重大假設和估計的範疇，在附註4中披露。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

2.1.1 Changes in accounting policies and disclosures

2.1.1.1 Adoption of new standards, interpretations and amendments to standards

The Group has adopted the following new standards, interpretations and amendments to standards which are mandatory for the financial year beginning on January 2019:

Amendments to IAS 12 國際會計準則第12號(修改)	Income Taxes 所得稅
Amendments to IAS 19 國際會計準則第19號(修改)	Plan Amendment, Curtailment or Settlement 計劃的修改、削減或結算
Amendments to IAS 23 國際會計準則第23號(修改)	Borrowing Costs 借款成本
Amendments to IAS 28 國際會計準則第28號(修改)	Long-term Interests in Associates and Joint Ventures 對聯營或合營的長期權益
Amendments to IFRS 9 國際財務報告準則第9號(修改)	Prepayment Features with Negative Compensation 具有反向賠償的提前還款特徵
IFRS 16 國際財務報告準則第16號	Leases 租賃
Amendments to IFRS 11 國際財務報告準則第11號(修改)	Joint Arrangements 聯合協議
IFRIC 23 國際財務報告準則解釋第23號	Uncertainty over Income Tax Treatments 所得稅會計處理的不確定性

(a) Impact of adopting IFRS 16 "Leases"

The Group has adopted IFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in Note 2.28.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4%–6%.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

2.1.1 會計政策和披露的變動

2.1.1.1 已採納的新訂準則、新解釋及準則之修訂

本集團所採納於二零一九年一月一日開始之財政年度須強制採用的新訂準則、新解釋及準則之修訂如下：

(a) 採納國際財務報告準則第16號「租賃」的影響

本集團自二零一九年一月一日起追溯適用國際財務報告準則第16號租賃，但是根據準則所包含的具體過渡規定，並未對二零一八報告期間的比較數字進行重述。因此，因採用新租賃準則而作出的重分類及調整在二零一九年一月一日期初資產負債表內確認。關於新會計政策的披露，詳見附註2.28。

因採用國際財務報告準則第16號，本集團為前期根據國際會計準則第17號「租賃」的原則歸入「經營租賃」分類的租賃確認租賃負債。該等租賃負債以剩餘租賃付款額按二零一九年一月一日的承租人增量借款利率折現的現值計量。二零一九年一月一日，該等租賃負債適用的承租人加權平均增量借款利率為4%–6%。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

2.1.1 Changes in accounting policies and disclosures (Cont'd)

2.1.1.1 Adoption of new standards, interpretations and amendments to standards (Cont'd)

(a) Impact of adopting IFRS 16 "Leases" (Cont'd)

(i) Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review — there were no onerous contracts as at 1 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

2. 重要會計政策摘要 (續)

2.1 編製基準(續)

2.1.1 會計政策和披露的變動(續)

2.1.1.1 已採納的新訂準則、新解釋及準則之修訂(續)

(a) 採納國際財務報告準則第16號「租賃」的影響(續)

(i) 所採用的實務簡易處理方法

在首次採用國際財務報告準則第16號的過程中，本集團使用了該準則允許採用的下列實務簡易處理方法：

- 對具有合理相似特徵的租賃組合採用單一折現率
- 依賴前期關於租賃是否為虧損合同的評估，來替代減值測試 — 二零一九年一月一日不存在虧損合同
- 於二零一九年一月一日剩餘租賃期短於12個月的經營租賃作為短期租賃核算
- 首次採用日計量使用權時扣除初始直接費用，以及
- 如果合同包含續租或終止租賃的選擇權，則可在確定租賃期時使用後見之明。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

2.1.1 Changes in accounting policies and disclosures (Cont'd)

2.1.1.1 Adoption of new standards, interpretations and amendments to standards (Cont'd)

(a) Impact of adopting IFRS 16 "Leases" (Cont'd)

(ii) Measurement of lease liabilities

2. 重要會計政策摘要(續)

2.1 編製基準(續)

2.1.1 會計政策和披露的變動(續)

2.1.1.1 已採納的新訂準則、新解釋及準則之修訂(續)

(a) 採納國際財務報告準則第16號「租賃」的影響(續)

(ii) 租賃負債的計量

	2019
	RMB'000 人民幣千元
Operating lease commitments disclosed as at 31 December 2018 二零一八年十二月三十一日披露的經營租賃承諾	126,841
Discounted using the lessee's incremental borrowing rate of at the date of initial application 首次採用日使用承租人的增量借款利率進行折現	110,328
(Less): short-term leases not recognised as a liability (減): 短期租賃不確認為一項負債	(18,121)
(Less): contracts reassessed as service agreements (減): 被重新評估為服務協議的租賃合同	(581)
Add: adjustments as a result of a different treatment of extension options 加: 因對續租選擇權採用不同的會計處理而進行的調整	31,442
Lease liability recognised as at 1 January 2019 二零一九年一月一日確認的租賃負債	123,068
Of which are: 其中包括:	
Current lease liabilities 流動租賃負債	40,260
Non-current lease liabilities 非流動租賃負債	82,808
	123,068

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

2.1.1 Changes in accounting policies and disclosures (Cont'd)

2.1.1.1 Adoption of new standards, interpretations and amendments to standards (Cont'd)

(a) Impact of adopting IFRS 16 "Leases" (Cont'd)

(iii) Measurement of right-of-use assets

Upon the initial application of IFRS 16 as of 1 January 2019, prepaid lease payment in respect of the land use right in the PRC, leasehold land and leasehold land under finance lease in Hong Kong is reclassified from leasehold land and land use right, property, plant and equipment to right-of-use assets.

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

(iv) Adjustments recognised in the balance sheet on 1 January 2019

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Right-of-use assets — increase by RMB363,035,000
- Leasehold land and land use rights — decrease by RMB164,370,000
- Property, plant and equipment — decrease by RMB74,777,000
- Deferred income tax assets — increase by RMB24,619,000
- Prepayments and other current assets — decrease by RMB1,442,000
- Lease liabilities — increase by RMB123,068,000
- Deferred income tax liabilities — increase by RMB24,619,000
- Other payables — decrease by RMB622,000

2. 重要會計政策摘要(續)

2.1 編製基準(續)

2.1.1 會計政策和披露的變動(續)

2.1.1.1 已採納的新訂準則、新解釋及準則之修訂(續)

(a) 採納國際財務報告準則第16號「租賃」的影響(續)

(iii) 使用權資產的計量

於二零一九年一月一日首次採用國際財務報告準則第16號時，就中國土地使用權、香港租賃土地及融資租賃土地相關的預付租賃款項已由租賃土地及土地使用權和房屋及建築物、廠房及設備重新分類為使用權資產。

使用權資產根據與租賃負債相等的金額計量，並按照二零一八年十二月三十一日資產負債表內確認的與該租賃相關的預付或計提的租賃付款額予以調整。本集團的租賃合同均為非虧損合同，不需要在首次採用日對使用權資產進行調整。

(iv) 於二零一九年一月一日資產負債表調整

會計政策變更影響二零一九年一月一日資產負債表的下列項目：

- 使用權資產 — 增加人民幣363,035,000元
- 租賃土地及土地使用權 — 減少人民幣164,370,000元
- 房屋及建築物、廠房及設備 — 減少人民幣74,777,000元
- 遞延所得稅資產 — 增加人民幣24,619,000元
- 預付款及其他流動資產 — 減少人民幣1,442,000元
- 租賃負債 — 增加人民幣123,068,000元
- 遞延所得稅負債 — 增加人民幣24,619,000元
- 其他應付款 — 減少人民幣622,000元

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

2.1.1 Changes in accounting policies and disclosures (Cont'd)

2.1.1.1 Adoption of new standards, interpretations and amendments to standards (Cont'd)

(a) Impact of adopting IFRS 16 "Leases" (Cont'd)

(v) Lessor accounting

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of IFRS 16.

The other standards did not have material impact on the Group's accounting policies and did not require retrospective adjustments.

2.1.1.2 Standards, interpretations and amendments which are not yet effective

The following are new/revised standards, interpretations and amendments to existing standards that have been published and are relevant and mandatory for the Group's accounting periods beginning on or after 1 January 2020, but have not been early adopted by the Group.

Amendments to IAS 1 and IAS 8 國際會計準則第1號和第8號(修改)	Definition of Material ⁽¹⁾ 重大的定義 ⁽¹⁾
Conceptual Framework for Financial Reporting 財務報導之觀念性架構	Revised Conceptual Framework for Financial Reporting ⁽¹⁾ 財務報導之觀念性架構 ⁽¹⁾
Amendments to IAS 1 國際會計準則第1號(修改)	Classification of Liabilities as Current/Non-current ⁽³⁾ 流動/非流動負債的分類 ⁽³⁾
Amendments to IFRS 3 國際財務報告準則第3號(修改)	Definition of a Business ⁽¹⁾ 企業的定義 ⁽¹⁾
IFRS 10 and IAS 28 (Amendments) 國際財務報告準則第10號及 國際會計準則第28號(修改)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽⁴⁾ 投資者及其聯營或合營企業的資產出售或投入 ⁽⁴⁾
IFRS 17 國際財務報告準則第17號	Insurance Contracts ⁽²⁾ 保險合同 ⁽²⁾

2. 重要會計政策摘要(續)

2.1 編製基準(續)

2.1.1 會計政策和披露的變動(續)

2.1.1.1 已採納的新訂準則、新解釋及準則之修訂(續)

(a) 採納國際財務報告準則第16號「租賃」的影響(續)

(v) 出租人會計政策

由於採納國際財務報告準則第16號，本集團無需對經營租賃項下作為出租人持有的資產進行會計處理的任何調整。

其他準則對本集團的會計政策沒有重大影響，不需要追溯調整。

2.1.1.2 尚未生效的準則、解釋及修訂

下列已頒佈新訂/經修訂準則、解釋及現有準則之修訂與本集團於二零二零年一月一日或之後開始的會計期間有關且強制實行，惟本集團並無提早採納。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

2.1.1 Changes in accounting policies and disclosures (Cont'd)

2.1.1.2 Standards, interpretations and amendments which are not yet effective (Cont'd)

- (1) Effective for the accounting period beginning on or after 1 January 2020
- (2) Effective for the accounting period beginning on or after 1 January 2021 (likely to be extended to 1 January 2022)
- (3) Effective for the accounting period beginning on or after 1 January 2022
- (4) Effective date to be determined

These new standards, interpretations or amendments to existing standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

2.1.1 會計政策和披露的變動(續)

2.1.1.2 尚未生效的準則、解釋及修訂(續)

- (1) 於二零二零年一月一日或之後開始的會計期間生效
- (2) 於二零二一年一月一日或之後開始的會計期間生效(可能會延長到二零二二年一月一日)
- (3) 於二零二二年一月一日或之後開始的會計期間生效
- (4) 生效日期待定

新訂準則、解釋及準則之修訂預期不會對本集團在當前或未來報告期內以及對可預見的未來交易產生重大影響。

2.2 子公司

2.2.1 合併賬目

子公司指本集團對其具有控制權的所有主體(包括結構性主體)。當本集團因為參與該主體而承擔可變回報的風險或享有可變回報的權益，並有能力透過其對該主體的權力影響此等回報時，本集團即控制該主體。

子公司在控制權轉移至本集團之日全面合併入賬。子公司在控制權終止之日起停止合併入賬。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Subsidiaries (Cont'd)

2.2.1 Consolidation (Cont'd)

(a) Merger accounting for common control combinations

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statements include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the control of the controlling party, whichever is shorter.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the year in which it is incurred.

2. 重要會計政策摘要(續)

2.2 子公司(續)

2.2.1 合併賬目(續)

(a) 同一控制下合併的合併會計法

合併財務報表包括同一控制下合併的合併實體或業務的財務報表，視同自該等合併實體或業務首次受控制方控制當日起已經合併。

對控制方而言，合併實體或業務的資產淨值按現有賬面值進行合併。在同一控制下合併時不會就商譽或被收購公司的可識別資產、負債及或有負債的公允淨值高出成本的部分確認任何金額，並以控制方持續擁有的權益為限。

合併利潤表包括自最早呈列日期起或自該等合併實體或業務首次受最終控股公司控制日期起以期限較短者為準的業績。

與採用合併會計法入賬之同一控制下合併有關的交易成本(包括專業費用、註冊費、向股東提供數據的成本、為合併原獨立運營之業務所產生的成本或虧損等)於產生年度確認為支出。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Subsidiaries (Cont'd)

2.2.1 Consolidation (Cont'd)

(b) Acquisition method for business combinations other than common control combinations

The Group applies the acquisition method to account for business combinations other than common control combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

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

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in through profit or loss.

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

2. 重要會計政策摘要 (續)

2.2 子公司(續)

2.2.1 合併賬目(續)

(b) 非同一控制下業務合併購買法

本集團利用購買法將非同一控制下業務合併入賬。購買一子公司所轉讓的對價，為所轉讓資產、對被收購方的前所有人產生的負債，及本集團發行的股本權益的公允價值。所轉讓的對價包括或有對價安排所產生的任何資產和負債的公允價值。在業務合併中所購買可辨認的資產以及所承擔的負債及或有負債，首先以彼等於購買日期的公允價值計量。

本集團按個別收購基準，確認在被購買方的任何非控制性權益。被購買方的非控制性權益為現時的擁有所有權權益，並賦予持有人一旦清盤時按比例應佔主體的淨資產，可按公允價值或按現時擁有所有權權益應佔被收購方可識別淨資產的確認金額比例而計量。非控制性權益的所有其他組成部分按收購日期的公允價值計量，除非國際財務報告準則規定必須以其他計量基準計算。

購買相關成本在產生時支銷。

如業務合併分階段進行，收購方之前在被收購方持有權益於收購日期的賬面值，按收購日期的公允價值重新計量，重新計量產生的任何盈虧在損益中確認。

所轉讓對價、被收購方的任何非控制性權益數額，及在被收購方之前任何權益在收購日期的公允價值，超過購入可辨認淨資產公允價值的數額記錄為商譽。如所轉讓對價、確認的任何非控制性權益及之前持有的權益計量，低於購入子公司淨資產的公允價值，即將該數額直接在利潤表中確認。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Subsidiaries (Cont'd)

2.2.1 Consolidation (Cont'd)

(b) Acquisition method for business combinations other than common control combinations (Cont'd)

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

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

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

2.2.2 Separate financial statements

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

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

2. 重要會計政策摘要(續)

2.2 子公司(續)

2.2.1 合併賬目(續)

(b) 非同一控制下業務合併購買法(續)

集團內公司之間的交易、結餘及交易的未變現利得予以對銷。未變現損失亦予以對銷，除非交易提供所轉撥資產的減值證據。子公司報告的數額已按需要作出改變，以確保與本集團採用的政策一致。

(c) 不導致失去控制權的子公司所有權變動

本集團將其與非控制性權益進行、不導致失去控制權的交易入賬為權益交易 — 即與子公司所有者以其作為所有者身份進行的交易。所支付任何對價的公允價值與相關應佔所收購子公司淨資產賬面值的差額記錄為權益。非控制性權益的處置的盈虧亦記錄在權益中。

2.2.2 獨立財務報表

子公司投資按成本扣除減值列賬。成本包括投資的直接歸屬成本。子公司的業績由本公司按已收及應收股息入賬。

如股息超過宣派股息期內子公司的總綜合收益，或如在獨立財務報表的投資賬面值超過合併財務報表中被投資公司淨資產(包括商譽)的賬面值，則必須對子公司投資作減值測試。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

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

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit/loss of investments accounted for using the equity method" in the income statement.

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

2. 重要會計政策摘要(續)

2.3 聯營企業

聯營企業指所有本集團對其有重大影響力而無控制權的主體，通常附帶有20%–50%投票權的股權。聯營企業投資以權益法入賬。根據權益法，投資初始以成本確認，而賬面值被增加或減少以確認投資者享有被投資者在收購日期後的損益份額。本集團於聯營企業的投資包括購買時已辨認的商譽。在購買聯營企業的所有權時，購買成本與本集團享有的對聯營企業可辨認資產和負債的公允價值淨額的差額確認為商譽。

如聯營企業的所有權持有被削減但仍保留重大影響力，只有按比例將之前在其他綜合收益中確認的數額重分類至損益(如適當)。

本集團應佔聯營企業購買後利潤或虧損於利潤表內確認，而應佔其購買後的其他綜合收益變動則於其他綜合收益內確認，並相應調整投資賬面值。如本集團應佔一家聯營企業的虧損等於或超過其在該聯營企業的權益，包括任何其他無抵押應收款，本集團不會確認進一步虧損，除非本集團對聯營企業已產生法律或推定債務或已代聯營企業作出付款。

本集團在每個報告日期釐定是否有客觀證據證明聯營企業投資已減值。如投資已減值，本集團計算減值，數額為聯營企業投資可收回數額與其賬面值的差額，並在利潤表中確認於「享有按權益法入賬的投資的收益／虧損」旁。

本集團與其聯營企業之間的上流和下流交易的利潤和虧損，在集團的財務報表中確認，但僅限於無關連投資者在聯營企業權益的數額。除非交易提供證據顯示所轉讓資產已減值，否則未實現虧損亦予以對銷。聯營企業的會計政策已按需要作出改變，以確保與本集團採用的政策一致。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Associates (Cont'd)

Gain or losses on dilution of equity interest in associates are recognised in the income statement.

In the balance sheet of the Company, its investments in associates are stated at cost less provision for any impairment losses. Income from associates is recognised by the Company on the basis of dividends received and receivable.

In the balance sheet of the Company, impairment testing of the investments in associates is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the associates in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.4 Joint arrangements

The Group has applied IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

2. 重要會計政策摘要(續)

2.3 聯營企業(續)

在聯營企業股權稀釋所產生的利得或損失於利潤表確認。

在本公司的資產負債表中，於聯營公司的投資按成本減任何減值虧損撥備列賬。本公司按已收及應收股息確認來自聯營公司的收益。

在本公司的資產負債表中，如投資聯營企業收取之股息超過宣派股息期內聯營公司的綜合收益總額，或獨立財務報表的投資賬面值超過合併財務報表被投資公司資產淨值(包括商譽)的賬面值，則必須對聯營公司投資作減值測試。

2.4 合營安排

本集團已對所有合營安排應用國際財務報告準則第11號。根據國際財務報告準則第11號，在合營安排的投資分類為共同經營或合營企業，視乎每個投資者的合同權益和義務而定。本集團已評估其合營安排的性質並釐定為合營企業。合營企業按權益法入賬。

根據權益法，合營企業權益初步以成本確認，其後經調整以確認本集團享有的收購後利潤或虧損以及其他綜合收益變動的份額。本集團對合營企業的投資包括在購買時已辨認的商譽。在購買合營企業的所有權時，購買成本與本集團享有的對合營企業可辨認資產和負債的公允價值淨額的差額確認為商譽。當集團享有某一合營企業的虧損超過或相等於在該合營企業的權益(包括任何實質上構成集團在該合營淨投資的長期權益)，則集團不確認進一步虧損，除非集團已產生義務或已代合營企業付款。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Joint arrangements (Cont'd)

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, its investments in joint ventures are stated at cost less provision for any impairment losses. Income from joint ventures is recognised by the Company on the basis of dividends received and receivable.

In the Company's balance sheet, impairment testing of the investments in joint ventures is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the joint venture in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Directors in the Board of Directors that makes strategic decisions.

2. 重要會計政策摘要 (續)

2.4 合營安排(續)

集團與其合營企業之間的未變現交易利得按集團在該等合營企業的權益予以對銷。未變現虧損也予以對銷，除非交易提供證據證明所轉讓的資產出現減值。合營企業的會計政策如有需要已改變以符合集團採納的政策。

在本公司的資產負債表上，對合營企業的投資以成本扣除減值後的淨額列示，本公司按已收及應收股息確認合營企業的收益。

在本公司的資產負債表中，如果宣告發放的股息超過股息宣告發放當期合營企業綜合收益總額，或者該投資在獨立財務報表上的賬面價值超過包括商譽在內的被投資者的淨資產在合併財務報表上的賬面價值，則需要對合營企業的投資進行減值測試。

2.5 分部報告

經營分部按照向董事會提供的內部報告相一致的方式報告。主要經營決策者負責分配資源和評估經營分部的表現，被認為作出策略性決定的董事會董事。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and financial assets that are held for cash management purposes are presented in the income statement within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within "Other income and gains/losses, net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on non-monetary financial assets, such as equities classified as FVOCI, are included in other comprehensive income.

2. 重要會計政策摘要(續)

2.6 外幣折算

(a) 功能和列報貨幣

本集團每個主體的財務報表所列項目均以該主體經營所在的主要經濟環境的貨幣計量(「功能貨幣」)。合併財務報表以人民幣列報，人民幣為本公司的功能貨幣及本集團的列報貨幣。

(b) 交易及結餘

外幣交易採用交易日期或項目重新計量的估值日期的匯率換算為功能貨幣。除了符合在其他綜合收益中遞延入賬的現金流量套期和淨投資套期外，結算此等交易產生的匯兌利得和損失以及將外幣計值的貨幣資產和負債以年終匯率折算產生的匯兌利得和損失在利潤表確認。

與借款及出於現金管理目的而持有的金融資產有關的匯兌利得和損失在利潤表內的財務費用中列報。所有其他匯兌利得和損失在利潤表內的「其他收益及利得／損失，淨額」核算。

以公允價值計量的外幣非貨幣性項目，採用公允價值確定日的匯率折算。非貨幣性金融資產(例如分類為以公允價值計量且其變動計入其他綜合收益的權益)的折算差額包括在其他綜合收益中。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Foreign currency translation (Cont'd)

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

2.7 Leasehold land and land use rights — accounting policies applied until 31 December 2018

Leasehold land and land use rights are stated at cost less accumulated amortisation and impairment losses. Cost represents consideration paid for the rights to use the land for periods varying from 10 to 50 years. Amortisation of leasehold land and land use rights are calculated on a straight-line basis over the period of the leasehold land and land use rights. For adjustment recognised on adoption of IFRS 16 on 1 January 2019, please refer to Note 2.1.1.1.

2. 重要會計政策摘要(續)

2.6 外幣折算(續)

(c) 集團公司

其功能貨幣與本集團的列報貨幣不同的所有集團內的主體(當中沒有惡性通貨膨脹經濟的貨幣)的業績和財務狀況按如下方法換算為列報貨幣：

- 每份列報的資產負債表內的資產和負債按該資產負債表日期的收市匯率換算；
- 每份利潤表內的收益和費用按平均匯率換算(除非此匯率並不代表交易日期匯率的累計影響的合理約數；在此情況下，收支項目按交易日期的匯率換算)；及
- 所有由此產生的匯兌差額在其他綜合收益中確認。

購買境外主體產生的商譽及公允價值調整視為該境外主體的資產和負債，並按期末匯率換算。產生的匯兌差額在其他綜合收益中入賬。

2.7 租賃土地和土地使用權 — 截至二零一八年十二月三十一日前採用的會計政策

租賃土地和土地使用權按成本減累計攤銷及減值損失列示。成本指為了取得土地的使用權而支付的代價，使用期限從10年至50年不等。租賃土地和土地使用權按租賃土地和土地使用權的期限以直線法攤銷。因2019年1月1日採用國際財務報告準則第16號 — 租賃而確認的調整，請參見附註2.1.1.1。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Property, plant and equipment

Land and buildings comprise mainly factories and offices. Leasehold land held under finance lease and all other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	8–50 years
Equipment and machinery	3–15 years
Motor vehicles	4–10 years
Office equipment	2.5–15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.11).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Construction in progress ("CIP") represents property, plant and equipment in the course of construction or pending installation and is stated at cost less any recognised impairment losses. Cost includes the costs of construction of property, plant and equipment, and interest charges arising from borrowings used to these assets during the period of construction or installation and testing. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

2. 重要會計政策摘要(續)

2.8 房屋及建築物、廠房及設備

土地及樓宇主要包括廠房和辦公室。分類為融資租賃的租賃土地與所有其他房屋及建築物、廠房及設備按歷史成本減折舊列賬。歷史成本包括購買該等項目直接應佔的開支。

後續成本只有在很可能為本集團帶來與該項目有關的未來經濟利益，而該項目的成本能可靠計量時，才包括在資產的賬面值或確認為一項單獨資產(按適用)。已更換零件的賬面值已被終止確認。所有其他維修費用在產生的財務期間內於利潤表支銷。

折舊以直線法計算，以於估計可使用年期將其成本分配至剩餘價值，有關估計可使用年期如下：

樓宇	8–50年
機器設備	3–15年
運輸工具	4–10年
辦公設備	2.5–15年

資產的剩餘價值及可使用年期在每個資產負債表日進行測試，及在適當時調整。

若資產的賬面值高於其估計可收回價值，其賬面值即時撇減至可收回金額(附註2.11)。

處置的利得和損失按所得款與賬面值的差額釐定，並在利潤表內中確認。

在建工程指興建中的房屋及建築物、廠房及安裝測試中的設備，按成本減累計減值後列賬。成本包括房屋及建築物的建造成本、廠房及設備成本，以及建造或安裝及測試期間為此等資產提供資金的借款所產生的利息支出。在建工程竣工並可投入使用後，有關成本轉為固定資產的相關類別並按上述固定資產折舊的會計政策計算折舊。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Research and development costs

Research expenditure is recognised as an expense as incurred. Costs incurred in development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be successful considering its commercial and technical feasibility and its costs can be measured reliably. Other development expenditures that do not meet these criteria are expensed as incurred. Development costs previously recognised as expenses are not recognised as assets in subsequent periods. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years; and tested for impairment according to Note 2.11.

2.10 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2. 重要會計政策摘要 (續)

2.9 研究和開發費用

研究費支出於發生時作為費用列支。開發項目(與新產品或改進產品相關的設計和測試)成本在考慮其產品能夠產生未來的商業效益,獲證實技術上可行且能準確計量時,可被記為無形資產。其他不具備上述條件的開發費用支出於發生時作為費用列支。以前會計期間已經列支為費用的部分不得再予以資本化。被資本化的開發成本記為無形資產,在其可投入使用後以直線法攤銷。攤銷期不超過五年。無形資產的減值測試依照附註2.11中披露的方法進行。

2.10 無形資產

(a) 商譽

商譽產生自收購子公司,並相當於所轉讓對價,被收購方的非控制性權益金額以及享有的被收購方過往的權益在收購日的公允價值超過本集團獲得的被收購方的可辨認淨資產公允價值的數額。

就減值測試而言,在業務合併中購入的商譽會分配至每個現金產出單元或現金產出單元組(預期可從合併中獲取協同利益)。商譽被分配的每個單元或單元組指在主體內商譽被監控作內部管理用途的最底層次。商譽在經營分部層次進行監控。

對商譽的減值測試每年進行,或如事件或情況轉變顯示可能存在減值,則更頻密地測試。包含商譽的現金產出單元的賬面值與可收回數額(使用價值與公允價值減處置成本較高者)比較。任何減值須實時確認及不得在之後期間撥回。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Intangible assets (Cont'd)

(b) Contractual customer relationships and other intangible assets

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method by ten years over the expected life of the contractual customer relationships.

There are two types of other intangible assets: management contract and exclusive supply contract. These intangible assets acquired have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over their expected useful lives.

(c) Patented technology, trademark licence and computer software

Costs associated with maintaining patented technology, trademark licence and computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique patented technology, trademark licence and software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- the expenditure attributable to the product during its development can be reliably measured.

2. 重要會計政策摘要(續)

2.10 無形資產(續)

(b) 客戶合同關係及其他無形資產

在業務合併中購入的客戶合同關係按購買日的公允價值列賬。客戶合同關係有限定的可使用年期，並按成本減累計攤銷列賬。攤銷是按客戶合同關係的十年預計可使用年期利用直線法分攤計算。

其他無形資產中，管理合同及獨家供貨合同均有限定的可使用年期，並按成本減累計攤銷列賬。攤銷是按其預計可使用年期利用直線法分攤計算。

(c) 專利技術、商標權和計算機軟件

與維護專利技術、商標權和計算機軟件程序有關的成本在產生時確認為費用。如符合下列條件，由本集團控制的可辨認和獨有專利技術、商標權和軟件產品在設計和測試中的直接應佔開發成本，可確認為無形資產：

- 完成該產品以致其可供使用在技術上是可行的；
- 管理層有意完成該產品並使用或出售；
- 有能力使用或出售該產品；
- 可證實該產品如何產生很可能出現的未來經濟利益；
- 有足夠的技術、財務和其他資源完成開發並使用或出售該產品；及
- 該產品在開發期內應佔的支出能可靠地計量。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Intangible assets (Cont'd)

(c) Patented technology, trademark licence and computer software (Cont'd)

Directly attributable costs that are capitalised as part of the patented technology, trademark licence and software product include the development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Patented technology, trademark licence and computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed ten years.

2.11 Impairment of non-financial assets

Assets that have an indefinite useful life — for example, goodwill or intangible assets not ready to use — are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2. 重要會計政策摘要 (續)

2.10 無形資產 (續)

(c) 專利技術、商標權和計算機軟件 (續)

可資本化成為專利技術、商標權和軟件產品部分成本的直接應佔成本包括軟件開發的職工成本和相關生產費用的適當部分。

不符合以上條件的其他開發支出在產生時確認為費用。以往確認為費用的開發成本不會在往後期間確認為資產。

確認為資產的專利技術、商標權和計算機軟件開發成本按估計可使用年期(不超過十年)攤銷。

2.11 非金融資產的減值

使用壽命不確定的資產 — 例如商譽或尚未可供使用的無形資產 — 無需攤銷，但每年須就減值進行測試。須作攤銷的各項資產，當有事件出現或情況改變顯示賬面值可能無法收回時就進行減值測試。減值虧損按資產的賬面值超出其可收回金額的差額確認。可收回金額以資產的公允價值扣除銷售成本或使用價值兩者之間較高者為準。於評估減值時，資產按可分開辨認現金流量的最低層次組合(現金產出單元)分組。除商譽外，已蒙受減值的非金融資產在每個報告日期均就減值是否可以轉回進行測試。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2. 重要會計政策摘要(續)

2.12 金融資產

(a) 分類

本集團按以下計量類別對金融資產進行分類：

- 其後以公允價值計量(且其變動計入其他綜合收益或損益)的金融資產，及
- 以攤餘成本計量的金融資產。

該分類取決於主體管理金融資產的業務模式以及該資產的合同現金流量特徵。

對於以公允價值計量的金融資產，其利得和損失計入損益或其他綜合收益。對於非交易性的權益工具投資，其利得和損失的計量將取決於本集團在初始確認時是否作出不可撤銷的選擇而將其指定為以公允價值計量且其變動計入其他綜合收益。

僅當該資產的業務模式發生變化時，本集團才對債權投資進行重分類。

(b) 確認和終止確認

常規方式購買及出售的金融資產於交易日確認。交易日是指本集團承諾購買或出售資產的日期。當收取金融資產現金流量的權利已到期或已轉讓，且本集團已經轉移了金融資產所有權上幾乎所有的風險和報酬，金融資產即終止確認。

(c) 計量

對於不被分類為以公允價值計量且其變動計入損益的金融資產，本集團以其公允價值加上可直接歸屬於獲得該項金融資產的交易費用進行初始確認。與以公允價值計量且其變動計入損益的金融資產相關的交易費用計入損益。

對於包含嵌入式衍生工具的金融資產，本集團對整個合同考慮其現金流量是否僅代表對本金和利息的支付。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial assets (Cont'd)

(c) Measurement (Cont'd)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "Other income and gains/losses, net". Impairment losses are presented as separate line item in the income statement.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Impairment losses are presented as separate line item in the income statement.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

2. 重要會計政策摘要(續)

2.12 金融資產(續)

(c) 計量(續)

債務工具投資

債務工具投資的後續計量取決於本集團管理該資產的業務模式以及該資產的合同現金流量特徵。本集團將債務工具投資分為以下三種計量類別：

- 以攤餘成本計量：對於持有以收取合同現金流量的資產，如果合同現金流量僅代表對本金和利息的支付，則該資產以攤餘成本計量。該等金融資產的利息收入以實際利率法計算，計入財務收入。終止確認時產生的利得或損失直接計入損益，列示在「其他收益及利得／損失，淨額」中。減值損失作為單獨的科目在利潤表中列報。
- 以公允價值計量且其變動計入其他綜合收益：對於持有以收取合同現金流量及出售的金融資產，如果該資產的合同現金流量僅代表對本金和利息的支付，則該資產被分類為以公允價值計量且其變動計入其他綜合收益。除減值利得或損失、利息收入以及匯兌利得和損失計入損益外，賬面值的變動計入其他綜合收益。該等金融資產終止確認時，之前計入其他綜合收益的累計利得或損失從權益重分類至損益中。該等金融資產的利息收入用實際利率法計算，計入財務收入。減值損失作為單獨的科目在利潤表中列報。
- 以公允價值計量且其變動計入損益：不符合以攤餘成本計量或以公允價值計量且其變動計入其他綜合收益標準的金融資產，被分類為以公允價值計量且其變動計入損益。對於後續以公允價值計量且其變動計入損益的債務工具投資，其利得或損失於產生期間計入損益。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial assets (Cont'd)

(c) Measurement (Cont'd)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other gains when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The details of impairment methodology refer to Note 3.1(b).

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2. 重要會計政策摘要(續)

2.12 金融資產(續)

(c) 計量(續)

權益工具投資

本集團以公允價值對所有權益工具投資進行後續計量。如果本集團管理層選擇將權益工具投資的公允價值利得和損失計入其他綜合收益，則當終止確認該項投資時，不會將累計的公允價值利得和損失重分類至損益。對於股利，當本集團已確立收取股利的權利時，該等投資的股利才作為其他利得而計入損益。

對於以公允價值計量且其變動計入損益的金融資產，其公允價值變動計入損益。對於以公允價值計量且其變動計入其他綜合收益的權益工具投資，其減值損失(以及減值損失轉回)不在其他公允價值變動外單獨列示。

(d) 減值

對於以攤餘成本計量和以公允價值計量且其變動計入其他綜合收益的債務工具投資，本集團就其預期信用損失做出前瞻性評估。減值方法取決於其信用風險是否顯著增加。減值方法詳見附註3.1(b)。

2.13 抵銷金融工具

當有法定可執行權力可抵銷已確認金額，並有意圖按淨額基準結算或同時變現資產和結算負債時，金融資產與負債可互相抵銷，並在資產負債表報告其淨額。法定可執行權利必須不得依賴未來事件而定，而在一般業務過程中以及倘公司或對手方一旦出現違約、無償債能力或破產時，這也必須具有約束力。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost to completion and applicable variable selling expenses.

2.15 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 120 days and therefore all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 3.1(b) for a description of the Group's impairment policies.

2.16 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.18 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2. 重要會計政策摘要(續)

2.14 存貨

存貨按成本及可變現淨值兩者的較低者列賬。成本利用加權平均法釐定。產成品及在產品的成本包括原材料、直接勞工、其他直接成本和相關的間接生產費用(依據正常營運能力)。這不包括借款成本。可變現淨值為在日常經營活動中的估計銷售價，減估計完成的成本及適用的變動銷售費用。

2.15 應收賬款

應收賬款為在日常經營活動中就商品銷售或服務執行而應收客戶的款項。應收賬款通常於120日內結算，因此所有應收賬款均分類為流動資產。

應收賬款按可無條件獲得的對價金額進行初始確認，但當其包含重大融資成分時，按公允價值進行初始確認。本集團持有應收賬款的目的是收取合同現金流量，因此後續使用實際利率法按攤餘成本計量應收賬款。關於本集團的減值政策，請參見附註3.1(b)。

2.16 現金及現金等價物

在合併現金流量表中，現金及現金等價物包括手頭現金、銀行通知存款及原到期為三個月或以下的其他短期高流動性投資。

2.17 股本

普通股被分類為權益。直接歸屬於發行新股的新增成本在權益中列為所得款的減少(扣除稅項)。

2.18 應付賬款

應付賬款為在日常經營活動中從供應商購買商品或服務而應支付的債務。如應付賬款的支付日期在一年或以內(如仍在正常經營周期中，則可更長時間)，其被分類為流動負債；否則分類為非流動負債。

應付賬款以公允價值為初始確認，其後利用實際利率法按攤銷成本計量。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

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

2.20 Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2.21 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2. 重要會計政策摘要(續)

2.19 借款

借款按公允價值並扣除產生的交易費用為初始確認。借款其後按攤銷成本列賬；所得款(扣除交易成本)與贖回價值的任何差額利用實際利率法於借款期間內在利潤表確認。

除非本集團可無條件將負債的結算遞延至結算日後最少12個月，否則借款分類為流動負債。

2.20 借款成本

直接歸屬於收購、興建或生產合資格資產(指必須經一段長時間處理以作其預定用途或銷售的資產)的一般及指定借款成本，加入該等資產的成本內，直至資產大致上備妥供其預定用途或銷售為止。

就特定借款，因有待合資格資產的支出而臨時投資賺取的投資收入，應自合資格資本化的借款成本中扣除。

所有其他借款成本在產生期內的損益中確認。

2.21 當期及遞延所得稅

本期間的稅項支出包括當期和遞延稅項。稅項在利潤表中確認，但與在其他綜合收益中或直接在權益中確認的項目有關者則除外。在該情況下，稅項亦分別在其他綜合收益或直接在權益中確認。

(a) 當期所得稅

當期所得稅支出根據本公司及其子公司、合營及聯營企業經營及產生應課稅收入的國家於資產負債表日已頒佈或實質上已頒佈的稅務法例計算。管理層就適用稅務法例解釋所規限的情況定期評估報稅表的狀況，並在適用情況下根據預期須向稅務機關支付的稅款設定準備。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Current and deferred income tax (Cont'd)

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and where the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. 重要會計政策摘要(續)

2.21 當期及遞延所得稅(續)

(b) 遞延所得稅

內在差異

遞延所得稅利用負債法確認資產和負債的稅基與資產和負債在合併財務報表的賬面值的差額而產生的暫時性差異。然而，若遞延所得稅負債來自對商譽的初始確認，以及若遞延所得稅來自在交易(不包括業務合併)中對資產或負債的初始確認，而在交易時不影響會計損益或應課稅利潤或損失，則不作記賬。遞延所得稅採用在資產負債表日前已頒佈或實質上已頒佈，並在有關的遞延所得稅資產實現或遞延所得稅負債結算時預期將會適用的稅率(及法例)而釐定。

遞延所得稅資產是就很可能有未來應課稅利潤而就此可使用暫時性差異而確認。

外在差異

就子公司、聯營和合營投資產生的應課稅暫時性差異確認遞延所得稅負債，但不包括本集團可以控制暫時性差異的轉回時間以及暫時性差異在可預見將來很可能不會轉回的遞延所得稅負債。

就子公司、聯營和合營投資產生的可扣減暫時性差異確認遞延所得稅資產，但只限於暫時性差異很可能在將來轉回，並有充足的應課稅利潤抵銷可用的暫時性差異。

(c) 抵銷

當有法定可執行權力將當期稅項資產與當期稅務負債抵銷，且遞延所得稅資產和負債涉及由同一稅務機關對應課稅主體或不同應課稅主體但有意向以淨額基準結算所得稅結餘時，則可將遞延所得稅資產與負債互相抵銷。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Employee benefits

(a) Short-term compensation

Short-term compensation includes salaries, bonuses, allowances and subsidies, staff welfare etc. When an employee has rendered service to the Group during the reporting period, the Group shall recognise the short-term compensation actually incurred as a liability and charge to the cost of an asset or to profit or loss in the same period.

(b) Pension obligations

The Group participates in a number of defined contribution plans in the PRC and Hong Kong. The pension plans are generally funded by payments from employees and relevant group companies. The Group pays contributions to the pension plans which are calculated as a certain percentage of the employees' salaries.

The Group has no legal or constructive obligations to make further payments once the required contributions have been paid, even if the plans do not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) Other employee benefits

Other employee benefits include termination benefits which are payable whenever an employee accepts voluntary redundancy in exchange for these benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2. 重要會計政策摘要(續)

2.22 職工福利

(a) 短期薪酬

短期薪酬包括工資、獎金、津貼和補貼、職工福利費等。本集團在職工提供服務的報告期內，將實際發生的短期薪酬確認為負債，並計入相關資產成本或當期損益。

(b) 退休金債務

本集團參與中國內地和香港的多個供款計劃。退休金計劃中的資金主要由公司職工和集團內各相關公司提供。本集團向該計劃的供款按照職工工資的一定比例計算。

本集團根據供款計劃支付供款後，即使該些計劃並無持有足夠資產向所有職工就其在當期及以往期間的服務支付福利，本集團亦無法定或推定債務支付進一步供款。供款在應付時確認為職工福利費用。預付供款按照現金退款或可減少未來付款而確認為資產。

(c) 其他職工福利

其他職工福利包括離崗職工福利，即職工接受自願離崗而換取的福利。在鼓勵職工自願離崗的要約情況下，按預期接受要約的職工數目計算，在報告期末後超過12個月支付的福利應折現為現值。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Provision

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.24 Revenue recognition

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

(a) Sale of goods — wholesale

The Group manufactures and sells a range of healthcare products and Chinese medicines to wholesalers. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract, net of the estimated discounts. And revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

2. 重要會計政策摘要 (續)

2.23 準備

當本集團因已發生的事件而產生現有的法律或推定債務；很可能需要資源的流出以結算債務；及金額已被可靠估計時，當確認準備。但本集團不會就未來經營虧損確認準備。

如有多項類似債務，其需要在結算中有資源流出的可能性，則可根據債務的類別整體考慮。即使在同一債務類別所包含的任何一個項目相關的資源流出的可能性極低，仍須確認準備。

準備採用稅前利率按照預期需結算有關債務的支出現值計量，該利率反映當時市場對貨幣時間值和有關債務固有風險的評估。隨著時間過去而增加的準備確認為利息支出。

2.24 收入確認

本集團在商品或服務的控制權被轉移至客戶，履約義務得以滿足時確認收入。

(a) 貨物銷售 — 批發

本集團生產中藥產品和保健品並銷售與經銷商。當產品控制權已轉移，產品已交付予批發商，批發商對銷售產品的渠道和價格擁有完全決定權，且不存在可能影響批發商對產品接收的未履行債務時，本集團即確認產品銷售收入。當產品已運至指定地點，過時和損失風險已轉讓予批發商，而批發商已根據銷售合同接收產品、或所有接收條款已作廢，或本集團有客觀證據顯示所有接收條款已經履行後，才算滿足貨品已交付的條件。

銷售收入是根據合同約定的價格扣除估計的折扣後確認。並且僅當極可能不會發生重大轉回時才確認收入。

本集團在貨品交付時確認應收款，因為此時收回對價的權利是無條件的，本集團僅需等待客戶付款。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Revenue recognition (Cont'd)

(b) Sale of goods — retail

The Group also sells products to individual customers through its retail outlets. Revenue from the sale of goods is recognised when a group entity sells a product to the customer.

For retail sales, the Group operates a chain of retail outlets for selling products. Sales of goods are recognised when a group entity sells a product to the customer. Payment of the transaction price is due immediately. Retail sales are usually in cash or by credit card.

(c) Advertising service

Revenue from providing advertising services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. This is determined based on the stage of completion of service according to contractual agreement or by the reference to the percentage of completion method. Under this method, the percentage of completion is identified with proportion of incurred contract costs to estimated total cost. Advertising services have been completed within the reporting period.

(d) Service income

The Group provides Chinese medical consultation and treatments in retail outlets. Service income is recognised over-time in which the service is provided to the customer and it is settled in cash or by credit card.

(e) Royalty fee income

Royalty fee income is based on pre-determined rates on the total turnover of overseas entities for them to use the "Tong Ren Tang" brand name. Royalty fee is recognised on an accrual basis upon sales recognised by the overseas entities.

(f) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

2. 重要會計政策摘要(續)

2.24 收入確認(續)

(b) 貨物銷售 — 零售

本集團還透過連鎖零售商舖銷售產品予個人消費者。集團實體在產品出售給客戶時確認產品銷售收入。

零售方面，本集團透過連鎖零售商舖銷售產品。銷售貨品於集團實體向客戶銷售產品時確認，並應立即支付交易價款。零售通常以現金或信用卡結付。

(c) 廣告服務

提供廣告服務的收入於提供服務的會計期間內確認。對於固定價格合同，由於客戶接受服務的同時亦使用服務，本集團按截至報告期末實際提供的服務所佔將提供的全部服務的比例確認收入。該比例是基於合同約定的完成服務的階段或參照完工百分比(根據已發生成本費用佔預計總成本費用的比例來確定完工進度)來確定。廣告服務均已在報告期內完成。

(d) 服務收入

本集團於其零售商舖提供中醫診療。服務收益於向客戶提供服務的會計期間確認，以現金或信用卡結付。

(e) 品牌使用費收入

品牌使用費收入乃就海外實體使用「同仁堂」品牌，根據其營業額按預定費率收取，品牌使用費於海外實體確認銷售時按應付基準確認收入。

(f) 融資因素

本集團預計合同中承諾向客戶交付貨品或提供服務的時間與客戶付款的時間間隔不會超過一年。因此，本集團不因貨幣時間價值而調整任何交易價格。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.26 Dividend income

Dividends are received from financial assets measured at FVPL and at FVOCI. Dividends are recognised as other income and gains, net in profit or loss when the right to receive payment is established.

2.27 Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in profit or loss as part of finance income, net. Any other interest income is included in other income and gains, net.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2. 重要會計政策摘要 (續)

2.25 每股收益

(a) 基本每股收益

基本每股收益計算根據：

- 歸屬於本公司所有者的利潤，不包括普通股以外的其他服務權益成本
- 除以扣除庫存股後並包含本年因兌現獎勵的當年發行在外的普通股的加權平均數。

(b) 攤薄每股收益

攤薄每股收益考慮下列因素調整基本每股收益計算依據：

- 與攤薄潛在普通股相關的稅後利息和其他財務成本，以及
- 假定攤薄潛在普通股轉換為已發行普通股而增加的普通股股數的加權平均數之和。

2.26 股利收入

股利源自以公允價值計量且其變動計入損益的金融資產以及以公允價值計量且其變動計入其他綜合收益的金融資產。當本集團已確立收取股利的權利時，股利才作為其他收益及利得一淨額而計入損益。

2.27 利息收入

按實際利率法計算的以攤餘成本計量的金融資產利息收益於損益中確認為財務收入一淨額的一部分。所有其他利息收益計入其他收益／利得一淨額。

除後續會發生信用減值的金融資產外，按金融資產的賬面餘額和實際利率計算利息收益。對已發生信用減值的金融資產，按照其扣除減值準備的賬面餘額和實際利率計算利息收益。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.28 Leases

As explained in Note 2.1.1.1(a) above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described below and the impact of the change in Note 2.1.1.1(a).

Until 31 December 2018, leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases (Note 38). Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

2. 重要會計政策摘要(續)

2.28 租賃

如上文附註2.1.1.1(a)所述，本集團已變更作為承租人的租賃會計政策。新的會計政策詳見下文所述，關於此項會計政策變更的影響參見附註2.1.1.1(a)。

截至二零一八年十二月三十一日，與所有權有關的風險和報酬中的很大比例未轉移至本集團(作為承租人)的租賃被分類為經營租賃(附註38)。經營租賃付款額(扣除自出租人收取的任何激勵措施後)在租賃期內按直線法計入損益。

自二零一九年一月一日起，本集團在租賃資產可供其使用的當日將租賃確認為使用權資產和相應的負債。

合同可能包含租賃組成部分和非租賃組成部分。本集團基於各租賃組成部分與非租賃組成部分的單獨價格相對比例分攤合同對價。不過，對於本集團作為承租人的房地產租賃，本集團已選擇不拆分租賃組成部分與非租賃組成部分，而是將其作為一項單一的租賃組成部分進行會計處理。

租賃產生的資產和負債在現值基礎上進行初始計量。租賃負債包括下列租賃付款額的淨現值：

- 固定付款額(包括實質固定付款額)，扣除任何應收的租賃激勵
- 基於指數或比率確定的可變租賃付款額，採用租賃期開始日的指數或比率進行初始計量
- 本集團根據餘值擔保預計應付的金額
- 本集團合理確定將行使的購買選擇權的行權價格；以及
- 在租賃期反映出本集團將行使選擇權的情況下終止租賃的罰款金額。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.28 Leases (Cont'd)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

2. 重要會計政策摘要(續)

2.28 租賃(續)

當本集團合理確定將行使續租選擇權時，租賃付款額也納入負債的計量中。

租賃付款額按照租賃內含利率折現。本集團的租賃內含利率通常無法直接確定，在此情況下，則應採用承租人的增量借款利率，即承租人為在類似經濟環境下獲得與使用權資產價值相近的資產，在類似期間以類似抵押條件借入資金而必須支付的利率。

為確定增量借款利率，本集團：

- 在可能的情況下，以承租人最近收到的第三方融資為起點，並進行調整以反映融資條件自收到第三方融資後的變化
- 對於近期末獲得第三方融資的本集團持有的租賃，採用以無風險利率為起點的累加法，並按照租賃的信用風險進行調整；並
- 針對租賃做出特定調整，例如租賃期、國家、貨幣及抵押。

本集團未來可能會面臨基於指數或利率確定的可變租賃付款額增加的風險，這部分可變租賃付款額在實際發生時納入租賃負債。當基於指數或利率對租賃付款額進行調整時，租賃負債應予以重估並根據使用權資產調整。

租賃付款額在本金和財務費用之間進行分攤。財務費用在租賃期限內計入損益，以按照固定的周期性利率對各期間負債餘額計算利息。

使用權資產按照成本計量，包括：

- 租賃負債初始計量金額
- 在租賃期開始日或之前支付的租賃付款額，扣除收到的租賃激勵
- 任何初始直接費用，以及
- 復原成本。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.28 Leases (Cont'd)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2.29 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.30 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 income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income — government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

2. 重要會計政策摘要(續)

2.28 租賃(續)

使用權資產一般在資產的使用壽命與租賃期兩者孰短的期間內按直線法計提折舊。如本集團合理確定會行使購買權，則在標的資產的使用壽命期間內對使用權資產計提折舊。本集團對列報為不動產、廠房及設備的土地和建築物的價值進行重估，但未選擇重估所持有的使用權建築物的價值。

與短期租賃和低價值資產租賃相關的付款額按照直線法確認為費用，計入損益。短期租賃是指租賃期限為12個月或不足12個月的租賃。

本集團作為出租人的經營租賃收入在租賃期內按直線法確認為收入。為獲得經營租賃而發生的初始直接費用計入標的資產的賬面金額，並在租賃期內按照與租賃收入相同的基礎確認為費用。租賃資產按其性質在資產負債表中列示。本集團採用了新的租賃準則，因而無需對作為出租人持有的資產的會計處理做出任何調整。

2.29 股息分派

在報告期末尚未分派且已宣告發放並經過適當授權不再由實體決定的股息需在報告期末或之前予以計提。

2.30 政府補助

當能夠合理地保證政府補助將可收取，而本集團將會符合所有附帶條件時，將政府提供的補助按其公允價值確認入賬。

與成本有關之政府補助遞延入賬，並按擬補償之成本配合其所需期間在利潤表中確認。

與購買房屋及建築物、廠房及設備有關之政府補助列入非流動負債作為遞延收入 — 政府補助，並按有關資產之預計年期以直線法在利潤表確認。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by management of each individual entity within the Group.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and foreign exchange risk arises from commercial transactions, recognised assets and liabilities and net investments in foreign operations, primarily with respect to the Hong Kong dollar ("HKD").

The Group currently does not have a foreign currency hedging policy. The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates.

The foreign exchange is mainly as a result of foreign exchange gains/losses on translation of Hong Kong dollar-denominated financial instruments held by PRC entities whose functional currency is Renminbi and translation of Renminbi-denominated financial instruments held by Hong Kong entities whose functional currency is Hong Kong dollar. If the respective functional currency of the Group's entities had strengthened/weakened by 5% against the relevant foreign currencies, with all other variables held constant, the profit before income tax for the year ended 31 December 2019 and 2018 would increase/decrease as follows:

3. 財務風險管理

3.1 財務風險因素

本集團的活動承受著多種的財務風險：市場風險(包括外匯風險及利率風險)、信用風險及流動性風險。本集團的整體風險管理計劃專注於財務市場的不可預測性，並尋求盡量減低對本集團財務表現的潛在不利影響。風險管理由本集團內每個實體的管理層實施。

(a) 市場風險

(i) 外匯風險

本集團在全球範圍內開展業務活動，外匯風險來自貿易業務、已確認的資產和負債以及境外經營淨投資，主要涉及港幣。

本集團現時並無任何外幣對沖政策。本集團主要通過密切關注匯率變動來應對外匯風險。

外匯風險主要是由於換算中國大陸公司(其功能貨幣為人民幣)所持港幣計價的金融工具及香港公司(其功能貨幣為港幣)所持人民幣計價的金融工具的外匯收益/損失所致。倘本集團實體各自的功能貨幣兌有關外幣升值/貶值5%，而所有其他變量保持不變，則截至二零一九年十二月三十一日及二零一八年十二月三十一日止年度的除所得稅前利潤增加/減少幅度如下：

	2019		2018	
	Increase/(decrease) on profit before income tax if exchange rates change by 倘匯率出現下列變動，除所得稅前利潤將增加/(減少)		Increase/(decrease) on profit before income tax if exchange rates change by 倘匯率出現下列變動，除所得稅前利潤將增加/(減少)	
	+5%	-5%	+5%	-5%
	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元
HKD 港幣	30,309	(30,309)	30,072	(30,072)

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(ii) Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The interest rates and repayment terms of the Group's borrowings are disclosed in Note 21. As at 31 December 2019 and 2018, most of the non-current borrowings were at fixed interest rates and the operating cash flows are substantially independent of changes in market interest rates. The current debt level of the Group is relatively low and the exposure to the fair value interest rate risk is limited.

The management of the Group monitors the interest rate exposure regularly. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

(b) Credit risk

(i) Risk Management

Credit risk is managed on group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

Cash at bank and short-term bank deposits are deposited with high-credit-quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution. As at 31 December 2019, majority of the bank deposits are placed with state-owned banks and listed financial institutions, which are at lower credit risk.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(ii) 利率風險

本集團的利率風險來自長期借款。以浮動利率獲得的借款令本集團承受現金流量利率風險，部分為按浮動利率持有的現金所抵銷。以固定利率獲得的借款令本集團承受公允價值利率風險。本集團借款的利率及償還條款已在附註21中予以披露。於二零一九年十二月三十一日及二零一八年十二月三十一日，非流動借款主要為固定利率借款，經營現金流量基本不受市場利率變動的影響。本集團當前債務水平相對較低，且面對之公允價值利率風險有限。

本集團管理層定期監控利率風險。本集團並無使用利率掉期來規避利率風險。

(b) 信用風險

(i) 風險管理

信用風險是按照組合方式管理。信用風險來自現金及現金等價物和銀行與財務機構的存款，亦有來自批發和零售客戶的信用風險，包括未償付的應收款和已承諾交易。

銀行活期存款及短期銀行存款僅存於高信用素質的財務機構。本集團有政策限定任何財務機構的信用額度。於二零一九年十二月三十一日，主要的銀行存款均存於國有銀行和上市金融機構，該部分存款的信用風險較低。

As at 31 December
於十二月三十一日

	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
State-owned banks and listed financial institutions 國有銀行及上市金融機構	3,733,484	2,953,744
Other banks 其他銀行	115,519	486,818
Total cash at bank and short-term bank deposits (Note 35(b)) 銀行活期存款及短期銀行存款(附註35(b))	3,849,003	3,440,562

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (Cont'd)

(b) Credit risk (Cont'd)

(ii) Impairment of financial assets

Trade and bills receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and bills receivables, including those classified to amounts due from related parties.

Based on shared credit risk characteristics, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the expected loss rates are based on the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

- Measurement of expected credit loss on individual basis

The trade receivables relating to customers with known financial difficulties or with significant doubt on collection of receivables are assessed individually for provision for impairment allowance. As at 31 December 2019, the balance of loss allowance in respect of individually assessed receivables was RMB10,434,000 (2018: RMB4,922,000).

- Measurement of expected credit loss on collective basis

Expected credit losses are also estimated by grouping the remaining receivables based on shared credit risk characteristics and collectively assessed for the likelihood of loss allowance for each group. During the year ended December 31 2019, the impairment provision of bill receivables is close to zero, because they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. Taking into account the nature of the customer, its geographical location and its ageing category, the remaining trade receivables are grouped to two classes and applying expected credit loss rates to the respective gross carrying amounts of the trade receivables.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信用風險(續)

(ii) 金融資產的減值

應收賬款及票據

本集團採用國際財務報告準則第9號的簡化方法計量預期信用損失，即對所有應收賬款及票據(包含分類到應收關聯公司款項中的部分)確認整個存續期的預期損失撥備。

按照相同的信用風險特徵，以單獨基準或集體基準對應收賬款信用風險顯著上升進行評估。當按集體基準評估時，預期信用損失率基於期間發生的相應歷史信用損失確定。本集團調整了歷史信用損失率，以反映影響客戶應收款結算能力的當前和前瞻性宏觀經濟因素信息。

- 按個別基準計量預期信用損失

與已知財務困難或應收賬款收回存在重大疑慮的客戶相關的應收款項單獨評估減值準備。於二零一九年十二月三十一日，單獨評估的應收款項損失撥備餘額為人民幣10,434,000元(二零一八年：人民幣4,922,000元)。

- 按組合基準計量預期信用損失

本集團還按照相同的信用風險特徵將剩餘應收款項分組並按組合估計預期信用損失，評估損失撥備概率。截至二零一九年十二月三十一日止年度，由於違約風險較低並且發行人具備可在短期內履行合同現金流義務的較強能力，應收票據預期信用損失幾乎為零。在綜合考慮客戶性質、地理位置及賬齡類別後，將剩餘應收賬款分為兩組，按照相應的應收賬款賬面價值總額採用預期信用損失率進行計算。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (Cont'd)

(b) Credit risk (Cont'd)

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

Trade and bills receivables (Cont'd)

3. 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信用風險(續)

(ii) 金融資產的減值(續)

應收賬款及票據(續)

At 31 December 2019 於二零一九年十二月三十一日	Expected loss rate 預期損失率	Loss allowance 損失撥備 RMB'000 人民幣千元
The Company and domestic subsidiaries 本公司及境內子公司		
Within 4 months 四個月以內	0.3%	1,048
Over 4 months but within 1 year 四個月至一年	3.3%	3,734
Over 1 year but within 2 years 一年至二年	15.0%	11,043
Over 2 years but within 3 years 二年至三年	42.6%	9,266
Over 3 years 三年以上	100%	9,875
		34,966
Tong Ren Tang Chinese Medicine 同仁堂國藥		
Within 4 months 四個月以內	0%	-
Over 4 months but within 1 year 四個月至一年	4.0%	344
Over 1 year but within 2 years 一年至二年	4.0%	215
		559

Please refer to Note 15 and Note 36(e)(i) for details.

詳情請參閱附註 15 和附註 36(e)(i)。

Other financial assets at amortised cost

For other financial assets at amortised cost including those classified to amounts due from related parties, the Group recognises a loss allowance equal to 12-month expected credit losses unless there has been a significant increase in credit risk of the financial assets since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime expected credit losses. During the year ended 31 December 2019, the impairment provision is determined based on the 12-month expected credit losses which is immaterial.

以攤餘成本計量的其他金融資產

對於以攤餘成本計量的其他金融資產(包含分類到應收關聯公司款項中的部分)，本集團根據 12 個月預期信用損失進行計量，除非信用風險自初始確認後顯著增加，將按照整個存續期的預期損失計提損失撥備。截至二零一九年十二月三十一日止年度，減值撥備根據 12 個月預期信用損失進行計量，預期信用損失不重大。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (Cont'd)

(b) Credit risk (Cont'd)

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

Bill receivables at FVOCI

The Group applies the IFRS 9 simplified approach which uses a lifetime expected loss allowance for bills receivables at FVOCI. During the year ended 31 December 2019, the impairment provision of bill receivables at FVOCI is close to zero.

(iii) Financial assets at FVPL

The entity is also exposed to credit risk in relation to wealth management products that are measured at FVPL. The maximum exposure at the end of the reporting period is the carrying amount of these investments (RMB31,680,000 ; 2018: RMB29,000,000).

(c) Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents or have available funding through adequate amount of committed credit facilities to meet its working capital requirements. The amounts of borrowings and undrawn credit facilities at the balance sheet date are disclosed in Note 21 and Note 37 respectively.

Trade and bills payables, amounts due to related parties and other payables are normally expected to be settled within one year after receipt of goods or services, while generally no specific credit period is granted by the suppliers.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信用風險(續)

(ii) 金融資產的減值(續)

以公允價值計量且其變動計入其他綜合收益的應收票據

本集團採用國際財務報告準則第9號的簡化方法，對以公允價值計量且其變動計入其他綜合收益的應收票據確認整個存續期的預期損失撥備。截至二零一九年十二月三十一日止年度，以公允價值計量且其變動計入其他綜合收益的應收票據預期信用損失幾乎為零。

(iii) 以公允價值計量且其變動計入損益的金融資產

主體還面臨以公允價值計量且其變動計入損益的理財產品相關信用風險。報告期末，主體面臨的最大風險敞口為這些投資的賬面價值(即人民幣31,680,000元；二零一八年：人民幣29,000,000元)。

(c) 流動性風險

本集團的政策是持有充足的現金和現金等價物，或擁有足夠的已承諾信貸額度以獲得資金來滿足對營運資金需求的承諾。於資產負債表日，借款在附註21中予以披露，尚未使用的信貸額度在附註37中予以披露。

一般來說，供應商不會給予特定信用期，但是相應應付賬款及票據、應付關聯公司款項及其他應付款通常在收到貨物或者服務後的一年內支付。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (Cont'd)

(c) Liquidity risk (Cont'd)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(c) 流動性風險(續)

下表顯示本集團的金融負債，按照相關的到期組別，根據由資產負債表日至合同到期日的剩餘期間進行分析。在表內披露的金額為未經貼現的合同現金流量。

	Over 1 year		Over 2 years	
	Within 1 year	but within	but within	Over 5 years
		2 years	5 years	
	一年以內	一年至二年	二年至五年	五年以上
RMB'000	RMB'000	RMB'000	RMB'000	
	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 31 December 2019 二零一九年十二月三十一日				
Trade and bills payables 應付賬款及票據	630,693	-	-	-
Amounts due to related parties 應付關聯公司款項	100,549	-	-	-
Other payables 其他應付款	511,113	-	-	-
Borrowings 借款	192,124	937,355	259,635	50,488
Lease liabilities 租賃負債	43,684	24,104	33,194	7,174
	1,478,163	961,459	292,829	57,662

At 31 December 2018 二零一八年十二月三十一日

Trade and bills payables 應付賬款及票據	665,038	-	-	-
Amounts due to related parties 應付關聯公司款項	82,332	-	-	-
Other payables 其他應付款	228,881	-	-	-
Borrowings 借款	229,298	30,221	833,095	93,289
	1,205,549	30,221	833,095	93,289

Except for the bonds included in borrowings, the carrying amounts of the Group's financial liabilities approximate their fair values as the impact of discounting is not significant.

除借款中的公司債券外，本集團的金融負債的賬面價值近似其公允價值，貼現影響並不重大。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, provide returns for shareholders, issue new shares or sell assets to repay borrowings.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total equity. Total borrowings included "current and non-current borrowings" as shown in the consolidated balance sheet. Total equity was shown in the consolidated balance sheet.

3. 財務風險管理(續)

3.2 資金風險管理

本集團的資金管理政策，是保障本集團能繼續營運，以為股東提供回報和為其他權益持有人提供利益為目標，同時維持最佳的資本結構以減低資金成本。

為了維持或調整資本結構，本集團可能會調整支付予股東的股利數額、向股東退還資本、發行新股或出售資產以減低債務。

本集團利用負債比率監察其資本。此比率按照借款總額除以權益總額計算。借款總額包括合併資產負債表所列的「流動及非流動借款」。權益總額為合併資產負債表所列。

As at 31 December

於十二月三十一日

	2019	2018
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Total borrowings 借款總額	1,363,769	1,111,477
Total equity 權益總額	7,414,574	7,276,849
Gearing ratio 負債比率	18.4%	15.3%

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.3 Fair value estimation

The Group's financial assets include cash and cash equivalents, short-term bank deposits, receivables, FVOCI and FVPL. Financial liabilities include payables, short-term borrowings and long-term borrowings. Except for long-term borrowings, the carrying amount of the financial assets and financial liabilities approximate their fair values due to their short maturities.

Below analyses the Group's financial instruments carried at fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Details on the fair value measurement for bonds, FVOCI and FVPL are set out in Note 21(b), Note 13 and Note 14 respectively.

3. 財務風險管理(續)

3.3 公允價值估計

本集團金融資產的賬面值包括現金及現金等價物、短期銀行存款、應收款項、以公允價值計量且其變動計入其他綜合收益及以公允價值計量且其變動計入損益的金融資產，而金融負債包括應付款項、短期借款和長期借款。除長期借款外，本集團的金融資產和金融負債由於離到期日均較短，因此賬面價值均與其公允價值相近。

以下根據在評估公允價值的估值技術中所運用的輸入的層級，分析本集團按公允價值入賬的金融工具。這些輸入按照公允價值層級歸類為如下三層：

- 相同資產或負債在活躍市場的報價(未經調整)(第1層)。
- 除了第1層所包括的報價外，該資產和負債的可觀察的其他輸入，可為直接(即例如價格)或間接(即源自價格)(第2層)。
- 資產和負債並非依據可觀察市場數據的輸入(即非可觀察輸入)(第3層)。

債券、以公允價值計量且其變動計入其他綜合收益的金融資產和以公允價值計量且其變動計入損益的金融資產的公允價值詳情分別載列於附註21(b)、附註13和附註14。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated cost to completion and selling expenses. 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 consumer preferences and competitor actions in response to severe industry cycles. Management reassesses these estimations by each balance sheet date.

(b) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1(b).

(c) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. 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 current and deferred income tax assets and liabilities in the period in which such determination is made.

4. 關鍵會計估計與判斷

估計和判斷會被持續評估，並根據過往經驗和其他因素進行評價，包括在有關情況下相信對未來事件的合理預測。

本集團對未來作出估計和假設。所得的會計估計如其定義，很少會與其實際結果相同。很大機會導致下個財政年度的資產和負債的賬面值作出重大調整的估計和假設討論如下：

(a) 存貨的可變現淨值

存貨的可變現淨值乃按其於日常業務過程中的估計售價，減估計完成的成本及銷售費用。該等估計乃基於目前市場狀況及製造與銷售同類產品以往經驗。但可能會因為消費喜好的改變及競爭對手為應對嚴峻行業形勢而採取的行動出現重大變化。管理層於每個會計年度結算日前重新評估該等估計。

(b) 金融資產減值

金融資產損失撥備是基於對違約風險和預期損失率的假設而計算的。本集團在做出假設和選擇計算的輸入值時，按照本集團以往經驗、現有市場條件以及於各報告期末的前瞻性估計進行判斷。本集團所使用的關鍵假設和輸入值詳情披露於附註3.1(b)。

(c) 所得稅

本集團需要在多個司法權區繳納所得稅。在釐定全球所得稅撥備時，需要作出重大判斷。有許多交易和計算所涉及的最終稅務釐定都是不確定的。本集團根據對是否需要繳付額外稅款的估計，就預期稅務審計項目確認負債。如此等事件的最終稅務後果與最初記錄的金額不同，此等差額將影響作出此等釐定期間的當期及遞延所得稅資產和負債。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

5. SEGMENT INFORMATION

The Directors in the Board of Directors are the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Directors in the Board of Directors for the purposes of allocating resources and assessing performance.

The Directors in the Board of Directors consider the business from an operational entity perspective. Generally, the Directors in the Board of Directors consider the performance of business of each entity within the Group separately. Thus, each entity within the Group is an operating segment.

The reportable operating segments derive their revenue primarily from (i) the manufacture and sale of Chinese medicine of the Company in Mainland China (the "**Company**" Segment), and (ii) Tong Ren Tang Chinese Medicine engaged in manufacturing, retail and wholesale of Chinese medicine products and healthcare products, and provision of Chinese medical consultation and treatments outside Mainland China and wholesale of healthcare products in Mainland China ("**Tong Ren Tang Chinese Medicine**" Segment).

Other companies are engaged in processing and purchasing of Chinese medicinal raw materials, sales of medicinal products, medical services and advertising, etc. They do not form separate reportable segments as they do not meet the quantitative thresholds required by IFRS 8.

The Directors in the Board of Directors assess the performance of the operating segments based on revenue and profit after income tax of each segment.

5. 分部信息

董事會董事為本集團的主要決策者。管理層已根據經董事會董事審議用於分配資源和評估表現的報告釐定經營分部。

董事會董事從經營實體角度研究業務狀況。一般而言，董事會董事單獨考慮集團內各實體業務的表現。因而，集團內各實體均是一個經營分部。

報告經營分部的收益主要來自於：(i)本公司在中國內地製造和銷售中藥產品(「**本公司**」分部)，(ii)同仁堂國藥在海外從事中藥產品和保健品的生產、零售及批發並提供中醫診療服務，在內地批發保健品(「**同仁堂國藥**」分部)。

其他公司從事生產加工及收購中藥材、藥品銷售、醫療服務和廣告等業務。由於不符合國際財務報告準則第8號規定的數量披露要求，因而不作為單獨的報告分部。

董事會董事根據收入和稅後利潤評估各經營分部的表現。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

5. SEGMENT INFORMATION (CONT'D)

The segment information provided to the Directors in the Board of Directors for the reportable segments for the year ended 31 December 2019 is as follows:

5. 分部信息(續)

截至二零一九年十二月三十一日止年度，向董事會董事提供有關報告分部的分部資料如下：

	Tong Ren Tang Chinese Medicine			Total 總計 RMB'000 人民幣千元
	The Company 本公司 RMB'000 人民幣千元	Medicine 同仁堂國藥 RMB'000 人民幣千元	All other Segments 其他業務分部 RMB'000 人民幣千元	
Segment revenue 分部收入	2,798,841	1,262,714	1,064,585	5,126,140
Inter-segment revenue 分部間收入	(93,600)	-	(556,091)	(649,691)
Revenue from external customers 來自外部客戶的收入	2,705,241	1,262,714	508,494	4,476,449
Timing of revenue recognition 收入確認的時間				
At a point in time 在某一時點確認	2,705,158	1,212,240	476,373	4,393,771
Over time 在某一時段內確認	83	50,474	32,121	82,678
	2,705,241	1,262,714	508,494	4,476,449
Profit for the year 年度利潤	231,858	507,630	1,902	741,390
Interest income 利息收入	10,545	37,905	1,309	49,759
Interest expense 利息支出	(33,427)	(3,702)	(3,896)	(41,025)
Depreciation of property, plant and equipment 房屋及建築物、廠房及設備折舊	(43,986)	(14,197)	(32,639)	(90,822)
Amortisation of right-of-use assets 使用權資產攤銷	(3,940)	(45,155)	(5,806)	(54,901)
Amortisation of other long-term assets 其他長期資產攤銷	(1,627)	(10,382)	(2,330)	(14,339)
Provision for impairment of inventories 存貨跌價準備計提	(24,165)	(6,319)	(18,130)	(48,614)
Provision for impairment of receivables 壞賬準備計提	(12,146)	(2,992)	(4,975)	(20,113)
Share of profit/(losses) of investments accounted for using the equity method 享有按權益法入賬的投資的收益/(虧損)份額	279	(1,735)	-	(1,456)
Release of foreign currency translation differences upon liquidation of a joint venture 合營企業清算而撥回之外幣報表折算差額	-	846	-	846
Income tax expense 所得稅費用	(77,268)	(98,886)	(5,961)	(182,115)
Segment assets and liabilities 分部資產和負債				
Total assets 總資產	5,545,840	2,812,631	2,111,499	10,469,970
Investments accounted for using the equity method 按權益法入賬的投資	9,066	16,612	-	25,678
Additions to non-current assets ⁽¹⁾ 非流動資產的增加 ⁽¹⁾	206,991	34,205	303,747	544,943
Total liabilities 總負債	2,264,221	328,404	462,771	3,055,396

⁽¹⁾ Excluding investments accounted for using the equity method, financial instruments and deferred income tax assets.

⁽¹⁾ 不包括按權益法入賬的投資、金融工具和遞延所得稅資產。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

5. SEGMENT INFORMATION (CONT'D)

The segment information for the year ended 31 December 2018 is as follows:

5. 分部信息(續)

截至二零一八年十二月三十一日止年度的分部資料如下：

	The Company 本公司 RMB'000 人民幣千元	Tong Ren Tang Chinese Medicine 同仁堂國藥 RMB'000 人民幣千元	All other Segments 其他業務分部 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Segment revenue 分部收入	3,215,806	1,284,474	1,051,793	5,552,073
Inter-segment revenue 分部間收入	(33,987)	-	(458,448)	(492,435)
Revenue from external customers 來自外部客戶的收入	3,181,819	1,284,474	593,345	5,059,638
Timing of revenue recognition 收入確認的時間				
At a point in time 在某一時點確認	3,181,819	1,231,679	550,264	4,963,762
Over time 在某一時段內確認	-	52,795	43,081	95,876
	3,181,819	1,284,474	593,345	5,059,638
Profit for the year 年度利潤	459,353	509,080	37,420	1,005,853
Interest income 利息收入	10,016	20,505	1,285	31,806
Interest expense 利息支出	(12,082)	(16)	(2,866)	(14,964)
Depreciation of property, plant and equipment 房屋及建築物、廠房及設備折舊	(33,071)	(20,103)	(22,663)	(75,837)
Amortisation of prepaid operating lease payments 預付經營性租賃款項攤銷	(1,901)	(459)	(1,271)	(3,631)
Amortisation of other long-term assets 其他長期資產攤銷	(1,171)	(5,552)	(2,243)	(8,966)
Provision for impairment of inventories 存貨跌價準備計提	(26,525)	(1,204)	(16,521)	(44,250)
Provision for impairment of receivables 壞賬準備計提	(2,213)	-	(3,842)	(6,055)
Share of profit/(losses) of investments accounted for using the equity method 享有按權益法入賬的投資的收益/(虧損)份額	276	(414)	-	(138)
Release of foreign currency translation differences upon liquidation of a joint venture 合營企業清算而撥回之外幣報表折算差額	-	(1,442)	-	(1,442)
Income tax expense 所得稅費用	(89,068)	(101,233)	(10,916)	(201,217)
Segment assets and liabilities 分部資產和負債				
Total assets 總資產	5,116,939	2,782,233	1,870,694	9,769,866
Investments accounted for using the equity method 按權益法入賬的投資	8,787	17,682	-	26,469
Additions to non-current assets ⁽¹⁾ 非流動資產的增加 ⁽¹⁾	182,720	45,063	223,423	451,206
Total liabilities 總負債	1,846,590	126,454	519,973	2,493,017

⁽¹⁾ Excluding investments accounted for using the equity method, financial instruments and deferred income tax assets.

⁽¹⁾ 不包括按權益法入賬的投資、金融工具和遞延所得稅資產。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

5. SEGMENT INFORMATION (CONT'D)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Directors in the Board of Directors is measured in a manner consistent with that in the income statement.

The amounts provided to the Directors in the Board of Directors with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Revenues from external customers are derived from the sales of medicine and provision of services. The breakdown of sales of medicine by region is provided in Note 25.

The total of the non-current assets other than financial instruments and deferred income tax assets located in Mainland China is RMB2,415,712,000 (2018: RMB1,980,384,000), and the total of these non-current assets located in other countries and regions is RMB423,351,000 (2018: RMB346,666,000).

During the 2019 and 2018 financial year, revenue from two customers each accounted for ten percent or more of the Group's total external revenue. These revenues are mainly attributable to the Company Segment and Tong Ren Tang Chinese Medicine Segment. The revenues from these customers are summarised below:

5. 分部信息(續)

分部之間的銷售是按公允交易原則進行。向董事會董事報告的外部收入按與利潤表內的收入一致的核算方式。

向董事會董事提供有關總資產和總負債的金額，是按照與財務報表一致的核算方式。此等資產根據分部的經營和資產所處的地域進行分配。

來自外部客戶的收入源自藥品銷售及服務提供。藥品銷售分地區分析如附註25所示。

位於中國內地的除金融資產及遞延所得稅資產之外的非流動資產總額為人民幣2,415,712,000元(二零一八年：人民幣1,980,384,000元)，而位於其他國家及地區的此等非流動資產總額則為人民幣423,351,000元(二零一八年：人民幣346,666,000元)。

二零一九年及二零一八年來自二名客戶的收入各佔本集團來自外部客戶的總收入百分之十以上。該等收入主要來自本公司分部及同仁堂國藥分部。來自該等客戶的收入概述如下：

	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Entities under control of ultimate holding company 最終控股公司所控制的實體	959,408	1,119,901
Customer A Group 客戶A集團	540,294	583,586
	1,499,702	1,703,487

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

5. SEGMENT INFORMATION (CONT'D)

Change in accounting policy

The adoption of the new leasing standard described in Note 2.1.1.1(a) had the following impact on the segment disclosures in the current year.

	Profit before income tax 除所得稅前利潤 RMB'000 人民幣千元	Segment assets 分部資產 RMB'000 人民幣千元	Segment liabilities 分部負債 RMB'000 人民幣千元
The Company 本公司	(44)	1,555	1,599
Tong Ren Tang Chinese Medicine 同仁堂國藥	(2,524)	86,819	88,525
All other Segments 其他業務分部	(456)	9,391	9,847
	(3,024)	97,765	99,971

Comparative segment information has not been restated. As a consequence, the segment information disclosed for the items noted above is not entirely comparable to the information disclosed for the prior year.

5. 分部信息(續)

會計政策變更

採納附註2.1.1.1(a)新租賃準則對本年分部信息披露影響如下。

比較期分部信息未進行重述。因此，上述所披露的分部信息與上一年所披露的信息並不完全可比。

6. LEASEHOLD LAND AND LAND USE RIGHTS

The interests in leasehold land and land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

6. 租賃土地及土地使用權

租賃土地及土地使用權列示預付經營性租賃款項和其賬面淨值，結果如下：

	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Opening net book amount 期初賬面淨值	164,370	152,193
Adjustment for change in accounting policy (Note 2.1.1.1) 會計政策變更(附註2.1.1.1)	(164,370)	-
Restated at 1 January 於一月一日重述後	-	152,193
Additions 增加	-	15,803
Amortisation 攤銷費用	-	(3,826)
Disposals 清理	-	(429)
Exchange differences 匯兌差額	-	629
At 31 December 於十二月三十一日	-	164,370

As at 31 December 2019, no (2018: no) land use rights are pledged as securities for the Group's bank borrowings (Note 21).

於二零一九年十二月三十一日，無(二零一八年：無)土地使用權作為銀行借款的抵押(附註21)。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

7. PROPERTY, PLANT AND EQUIPMENT

7. 房屋及建築物、廠房及設備

	Buildings, freehold land and leasehold land held under finance lease 樓宇、 永久業權土地 及融資 租賃土地	Equipment and machinery 機器設備	Motor vehicles 運輸工具	Office equipment 辦公設備	CIP 在建工程	Total 合計
	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2018 於二零一八年一月一日						
Cost 成本	689,977	582,235	34,937	57,804	990,935	2,355,888
Accumulated depreciation 累計折舊	(224,626)	(375,509)	(24,145)	(39,805)	-	(664,085)
Accumulated impairment 減值準備	(5,042)	(11,843)	-	(621)	-	(17,506)
Net book amount 賬面淨值	460,309	194,883	10,792	17,378	990,935	1,674,297
Year ended 31 December 2018 截至二零一八年十二月三十一日止年度						
Opening net book amount 期初賬面淨值	460,309	194,883	10,792	17,378	990,935	1,674,297
Additions 增加	36,540	4,857	762	9,111	374,535	425,805
Transferred from CIP 在建工程轉入	7,513	15,548	1,297	1,218	(25,576)	-
Disposals 清理	(615)	(1,235)	(120)	(112)	-	(2,082)
Depreciation 折舊	(26,247)	(37,831)	(3,405)	(8,354)	-	(75,837)
Exchange differences 匯兌差額	6,431	429	-	140	-	7,000
Closing net book amount 期末賬面淨值	483,931	176,651	9,326	19,381	1,339,894	2,029,183
At 31 December 2018 於二零一八年十二月三十一日						
Cost 成本	741,935	574,715	35,381	67,827	1,339,894	2,759,752
Accumulated depreciation 累計折舊	(252,781)	(386,036)	(26,055)	(47,812)	-	(712,684)
Accumulated impairment 減值準備	(5,223)	(12,028)	-	(634)	-	(17,885)
Net book amount 賬面淨值	483,931	176,651	9,326	19,381	1,339,894	2,029,183

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

7. 房屋及建築物、廠房及設備(續)

	Buildings and Freehold land 樓宇及 永久業權土地 RMB'000 人民幣千元	Equipment and machinery 機器設備 RMB'000 人民幣千元	Motor vehicles 運輸工具 RMB'000 人民幣千元	Office equipment 辦公設備 RMB'000 人民幣千元	CIP 在建工程 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Year ended 31 December 2019 截至二零一九年十二月三十一日止年度						
Opening net book amount 期初賬面淨值	483,931	176,651	9,326	19,381	1,339,894	2,029,183
Adjustment for change in accounting policy (Note 2.1.1.1) 會計政策變更(附註2.1.1.1)	(74,777)	-	-	-	-	(74,777)
Restated at 1 January 於一月一日重述後	409,154	176,651	9,326	19,381	1,339,894	1,954,406
Additions 增加	3,217	7,395	1,210	4,068	421,706	437,596
Transferred from CIP 在建工程轉入	1,086,336	627,843	5,973	16,473	(1,736,625)	-
Disposals 清理	(819)	(1,459)	(183)	(1,042)	-	(3,503)
Depreciation 折舊	(28,380)	(51,554)	(3,105)	(7,783)	-	(90,822)
Exchange differences 匯兌差額	3,097	254	16	217	-	3,584
Closing net book amount 期末賬面淨值	1,472,605	759,130	13,237	31,314	24,975	2,301,261
At 31 December 2019 於二零一九年十二月三十一日						
Cost 成本	1,733,657	1,183,409	41,462	85,234	24,975	3,068,737
Accumulated depreciation 累計折舊	(261,052)	(412,161)	(28,225)	(53,518)	-	(754,956)
Accumulated impairment 減值準備	-	(12,118)	-	(402)	-	(12,520)
Net book amount 賬面淨值	1,472,605	759,130	13,237	31,314	24,975	2,301,261

Depreciation expenses were charged to the consolidated income statements as follows: 折舊費用在合併利潤表中列示如下：

	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Cost of sales 銷售成本	69,049	50,182
Distribution expenses 銷售費用	7,995	11,199
Administrative expenses 管理費用	13,778	14,456
	90,822	75,837

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

During the year, the Group has capitalised borrowing costs amounting to RMB20,617,000 (2018: RMB19,467,000) on qualifying assets. Borrowing costs were capitalised at the weighted average rate of its general borrowings of 3.06% (2018: 3.10%).

As at 31 December 2019, bank borrowings are secured by land and buildings with carrying amount of RMB9,438,000 (2018: RMB9,562,000) (Note 21).

8. LEASES

(a) Right-of-use assets

7. 房屋及建築物、廠房及設備(續)

在本年度中，集團的合資格資產已資本化借款成本為人民幣20,617,000元(二零一八年：人民幣19,467,000元)。借款成本根據一般借款的加權平均年利率3.06%來進行資本化(二零一八年：3.10%)。

於二零一九年十二月三十一日，銀行借款以賬面價值人民幣9,438,000元(二零一八年：人民幣9,562,000元)的土地及樓宇作為抵押(附註21)。

8. 租賃

(a) 使用權資產

	Buildings 樓宇 RMB'000 人民幣千元	Leasehold land 租賃土地 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
At 31 December 2018 於二零一八年十二月三十一日	-	-	-
Adjustment for change in accounting policy (Note 2.1.1.1) 會計政策變更(附註2.1.1.1)	119,628	243,407	363,035
At 1 January 2019, as restated 於二零一九年一月一日，重述	119,628	243,407	363,035
Additions 增加	20,866	72,520	93,386
Disposals 減少	(414)	(538)	(952)
Depreciation 折舊	(46,286)	(9,417)	(55,703)
Exchange differences 匯兌差額	2,299	1,934	4,233
Closing net book amount 期末賬面淨值	96,093	307,906	403,999

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

8. LEASES (CONT'D)

(b) Lease liabilities

	31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元	1 January 2019 二零一九年 一月一日 RMB'000 人民幣千元
Lease liabilities (Note 35(c)) 租賃負債 (附註35(c))		
Current 流動	40,322	40,260
Non-current 非流動	59,649	82,808
	99,971	123,068

(c) The total cash outflow for leases in 2019 was RMB95,921,000.

(d) The Group's leasing activities and how these are accounted for

The Group leases various property, plant and land use rights. Rental contracts are typically made for fixed periods of 6 months to 20 years, but may have extension options as described in Note (e) below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the lease assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(e) Extension options

Extension options are included in some property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension options held are exercisable only by the Group and not by the respective lessor.

8. 租賃(續)

(b) 租賃負債

(c) 2019年度因租賃發生的現金流出合計為人民幣95,921,000元。

(d) 本集團的租賃活動及其會計處理

本集團租賃了不動產、廠房和土地使用權。租賃合同通常是固定期限，6個月至20年不等，還可能包含下文附註(e)所述的續租選擇權。

租賃期限應在每項租賃的基礎上進行商談，並可能包含不同的條款和條件。租賃協議不應包含出租人持有的租賃資產的擔保利息之外的任何契約。租賃資產不得用作借款擔保。

(e) 續租選擇權

本集團的部分房地產租賃包含續租選擇權，以在本集團經營所用的資產管理方面最大程度地提高運營的靈活性。本集團持有的大部分續租選擇權僅由本集團行使，而非由相應的出租人行使。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

9. INTANGIBLE ASSETS

9. 無形資產

	Goodwill 商譽 RMB'000 人民幣千元	Contractual customer relationships and others 客戶合同關係及其他 RMB'000 人民幣千元	Patented technology, trademark licence and computer software 專利技術、商標權及計算機軟件 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
At 1 January 2018 於二零一八年一月一日				
Cost 成本	44,442	29,118	12,939	86,499
Accumulated amortisation 累計攤銷	-	(4,390)	(6,640)	(11,030)
Net book amount 賬面淨值	44,442	24,728	6,299	75,469
Year ended 31 December 2018 截至二零一八年十二月三十一日止年度				
Opening net book amount 期初賬面淨值	44,442	24,728	6,299	75,469
Additions 增加	-	-	3,008	3,008
Amortisation 攤銷費用	-	(5,552)	(1,963)	(7,515)
Exchange differences 匯兌差額	1,992	1,036	-	3,028
Closing net book amount 期末賬面淨值	46,434	20,212	7,344	73,990
At 31 December 2018 於二零一八年十二月三十一日				
Cost 成本	46,434	30,583	15,947	92,964
Accumulated amortisation 累計攤銷	-	(10,371)	(8,603)	(18,974)
Net book amount 賬面淨值	46,434	20,212	7,344	73,990
Year ended 31 December 2019 截至二零一九年十二月三十一日止年度				
Opening net book amount 期初賬面淨值	46,434	20,212	7,344	73,990
Additions 增加	-	-	3,695	3,695
Disposals 減少	-	-	(37)	(37)
Amortisation 攤銷費用	-	(10,381)	(2,330)	(12,711)
Exchange differences 匯兌差額	968	247	-	1,215
Closing net book amount 期末賬面淨值	47,402	10,078	8,672	66,152
At 31 December 2019 於二零一九年十二月三十一日				
Cost 成本	47,402	31,136	19,596	98,134
Accumulated amortisation 累計攤銷	-	(21,058)	(10,924)	(31,982)
Net book amount 賬面淨值	47,402	10,078	8,672	66,152

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

9. INTANGIBLE ASSETS (CONT'D)

The goodwill acquired in the acquisitions of Honour Essence and Tong Ren Tang Chengdu during 2015 is allocated to each unit respectively. As at 31 December 2019, goodwill allocated to Tong Ren Tang Chinese Medicine Segment and other segments is RMB44,269,000 and RMB3,133,000 respectively. The recoverable amounts of these CGUs are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates of 3% and 0% for Honour Essence and Tong Ren Tang Chengdu respectively. Other key assumptions used for value-in-use calculations include 16% (2018: 16%) and 12% (2018: 12%) discount rates applied to the cash flow projections of Honour Essence and Tong Ren Tang Chengdu respectively.

Management determined annual volume growth rate for Honour Essence ranging between -7% to 12% (2018: 1% to 5%), covering over the five-year forecast period to be a key assumption. The volume of sales in each period is the main driver for revenue and costs. The annual volume growth rates are based on past performance and management's expectations of market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant business.

Amortisation expenses were charged to the consolidated income statements under administrative expenses and cost of sales.

9. 無形資產(續)

自二零一五年收購大宏貿易和同仁堂成都產生的商譽會分別分配至每個現金產出單元。於二零一九年十二月三十一日，分配到同仁堂國藥分部和其他業務分部的商譽分別為人民幣44,269,000元和人民幣3,133,000元。現金產出單元的可收回金額根據使用價值計算。計算方式利用現金流量預測，依據管理層批核的五年期財政預算。大宏貿易和同仁堂成都超過該五年期的現金流量分別採用3%及0%的估計增長率作出推算。大宏貿易和同仁堂成都在使用價值的計算中使用的其他關鍵假設還包括計算現金流量預測分別使用16%(二零一八年：16%)及12%(二零一八年：12%)的貼現率。

管理層確定大宏貿易五年期財政預算的年銷量增長率為-7%至12%(二零一八年：1%至5%)是一個關鍵假設。每期的銷量是收入和成本的主要驅動因素。銷量增長率是根據過往表現和管理層對市場發展的預期而計算。所採用的貼現率為稅前比率，並反映相關行業的特定風險。

攤銷費用在合併利潤表內計入管理費用和營業成本。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

10. SUBSIDIARIES

Material non-controlling interests

As at 31 December 2019, the total non-controlling interest is RMB1,887,319,000 (2018: RMB1,960,197,000), of which RMB1,570,962,000 (2018: RMB1,681,109,000) is for Tong Ren Tang Chinese Medicine. The non-controlling interest in respect of others is not material.

Set out below are the summarised financial information for Tong Ren Tang Chinese Medicine that has non-controlling interests that are material to the Group.

Summarised balance sheet

10. 對子公司的投資

重大的非控制性權益

於二零一九年十二月三十一日，非控制性權益的總額為人民幣1,887,319,000元(二零一八年：人民幣1,960,197,000元)，其中人民幣1,570,962,000元(二零一八年：人民幣1,681,109,000元)屬於同仁堂國藥，其他有關的非控制性權益不重大。

以下所載為對本集團重大的非控制性權益同仁堂國藥的財務數據摘要。

資產負債表摘要

Tong Ren Tang Chinese Medicine
同仁堂國藥
As at 31 December
於十二月三十一日

	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Current 流動		
Assets 資產	2,369,653	2,410,179
Liabilities 負債	(276,406)	(127,212)
Total current net assets 流動淨資產總額	2,093,247	2,282,967
Non-current 非流動		
Assets 資產	442,978	372,054
Liabilities 負債	(58,767)	(5,194)
Total non-current net assets 非流動淨資產總額	384,211	366,860
Non-controlling interests 非控制性權益	(95,076)	(103,917)
Net assets 淨資產	2,382,382	2,545,910

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

10. SUBSIDIARIES (CONT'D)

Summarised statement of comprehensive income

10. 對子公司的投資(續)

綜合收益表摘要

	Tong Ren Tang Chinese Medicine 同仁堂國藥	
	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Revenue 收入	1,262,714	1,284,474
Profit before income tax 除所得稅前利潤	606,516	610,313
Income tax expense 所得稅費用	(98,886)	(101,233)
Profit for the year 年度利潤	507,630	509,080
Other comprehensive income 其他綜合收益	49,104	106,914
Total comprehensive income 綜合收益合計	556,734	615,994
Total comprehensive income allocated to non-controlling interests 綜合收益分配至非控制性權益	352,677	388,930
Dividends paid to non-controlling interests 股息支付予非控制性權益	462,825	97,303

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

10. SUBSIDIARIES (CONT'D)

Summarised statement of cash flows

10. 對子公司的投資(續)

現金流量表摘要

Tong Ren Tang Chinese Medicine 同仁堂國藥

	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Cash generated from operations 經營活動收到的現金	490,297	601,795
Income tax paid 支付的所得稅	(5,408)	(112,728)
Net cash generated from operating activities 經營活動收到的現金流量淨額	484,889	489,067
Net cash generated from/(used in) investing activities 投資活動收到/(支付)的現金流量淨額	735,277	(506,209)
Net cash used in financing activities 籌資活動支付的現金流量淨額	(773,230)	(146,468)
Net increase/(decrease) in cash and cash equivalents 現金及現金等價物的淨增加/(減少)	446,936	(163,610)
Cash and cash equivalents at beginning of year 現金及現金等價物的年初餘額	481,762	627,296
Exchange gains on cash and cash equivalents 現金及現金等價物匯兌利得	17,904	18,076
Cash and cash equivalents at end of year 現金及現金等價物的年末餘額	946,602	481,762

The information above is the amount before inter-company eliminations.

以上財務數據摘要均為公司間抵銷前金額。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

11. 按權益法入賬的投資

	As at 31 December 於十二月三十一日	
	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Joint ventures (Note (a)) 合營企業(附註(a))	16,612	17,682
Associates (Note (b)) 聯營企業(附註(b))	9,066	8,787
	25,678	26,469

(a) Interests in joint ventures

The Group has interests in a number of individually immaterial joint ventures. The following table analyses, in aggregate, the movement of the carrying amount of the Group's interests in these joint ventures, and its share of results, other comprehensive income and commitments of these joint ventures.

(a) 於合營企業之權益

本集團擁有若干個別不重大的合營企業的權益。下表分析本集團合共所持該等合營企業的權益賬面值變動和應佔該等合營企業的業績、其他綜合收益及承擔。

	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
At 1 January 於一月一日	17,682	17,359
Share of losses for the year 應佔年度損失的份額	(1,735)	(414)
Release of foreign currency translation differences upon liquidation of a joint venture 合營企業清算而撥回之外幣報表差額	846	(1,442)
Exchange differences 外幣報表差額	(181)	2,179
At 31 December 於十二月三十一日	16,612	17,682
The Group's share of joint ventures' commitments 本集團應佔合營企業承諾份額	4,733	4,389

Notes:

- (i) The joint ventures are private companies and there are no quoted market prices available for their shares.
- (ii) There are no contingent liabilities relating to the Group's interests in the joint ventures.
- (iii) Details of the joint ventures are set out in Note 1 to the consolidated financial statements.

附註：

- (i) 合營企業為非上市公司，其股份沒有市場報價。
- (ii) 並無有關本集團持有合營企業權益的或有負債。
- (iii) 合營企業的詳細資料已在合併財務報表附註1中予以披露。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT'D)

(b) Interests in associates

The Group has interests in a number of individually immaterial associates.

11. 按權益法入賬的投資(續)

(b) 於聯營企業之權益

本集團擁有若干個別不重大的聯營公司的權益。

	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 於一月一日	8,787	10,480
Share of profits for the year 應佔年度利潤的份額	279	276
Liquidation of an associate 聯營企業清算	-	(1,969)
At 31 December 於十二月三十一日	9,066	8,787

Notes:

- (i) The associates are private companies and there are no quoted market prices available for their shares.
- (ii) There are no contingent liabilities relating to the Group's interests in the associates.
- (iii) Details of the associates are set out in Note 1 to the consolidated financial statements.

附註：

- (i) 聯營企業為非上市公司，其股份沒有市場報價。
- (ii) 並無有關本集團持有聯營企業權益的或有負債。
- (iii) 聯營企業的詳細資料已在合併財務報表附註1中予以披露。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

12. FINANCIAL INSTRUMENTS BY CATEGORY 12. 金融工具(按類別)

	As at 31 December 於十二月三十一日	
	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Financial assets 金融資產		
Financial assets at amortised cost 以攤餘成本計量的金融資產		
Trade and bills receivables 應收賬款及票據	961,680	1,048,988
Amounts due from related parties 應收關聯公司款項	242,927	202,025
Other financial assets at amortised cost 以攤餘成本計量的其他金融資產	25,755	53,273
Short-term bank deposits 短期銀行存款	859,454	1,538,125
Cash and cash equivalents 現金及現金等價物	2,990,645	1,904,036
Financial assets at fair value through profit or loss 以公允價值計量且其變動計入損益的金融資產	31,680	29,000
Financial assets at fair value through other comprehensive income 以公允價值計量且其變動計入其他綜合收益的金融資產	37,150	155,380
	5,149,291	4,930,827

	As at 31 December 於十二月三十一日	
	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Financial liabilities 金融負債		
Liabilities at amortised cost 以攤餘成本計量的負債		
Trade and bills payables 應付賬款及票據	630,693	665,038
Amounts due to related parties 應付關聯公司款項	100,549	82,332
Other payables 其他應付款	511,113	228,881
Borrowings 借款	1,363,769	1,111,477
Lease liabilities 租賃負債	99,971	–
	2,706,095	2,087,728

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at FVOCI comprise:

- (a) Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

13. 以公允價值計量且其變動計入其他綜合收益的金融資產

以公允價值計量且其變動計入其他綜合收益的金融資產包括：

- (a) 本集團在初始確認時已不可撤銷地選擇在此分類中予以確認的非交易性權益證券。這些金融資產屬於戰略性投資，並且本集團認為這一分類更恰當。

	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 於一月一日	13,553	12,804
(Loss)/gain recognised in other comprehensive income (虧損)/利得計入至其他綜合收益	(3,947)	127
Exchange differences 匯兌差額	233	622
At 31 December 於十二月三十一日	9,839	13,553

The equity investments at FVOCI is denominated in HKD. The fair value is within level 1 of the fair value hierarchy (Note 3.3).

以公允價值計量且其變動計入其他綜合收益的權益投資以港幣計價。公允價值在公允價值層級的第一層內(附註3.3)。

- (b) Part of bills receivable where the contractual cash flows are solely principal and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling of these assets.

- (b) 合同現金流量僅為本金且本集團業務模式為持有以收取合同現金流量及出售的部分應收票據。

	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Bills receivable 應收票據	27,311	141,827

The bills receivable at FVOCI is denominated in RMB. The fair value is within level 3 of the fair value hierarchy (Note 3.3).

以公允價值計量且其變動計入其他綜合收益的應收票據以人民幣計價。公允價值在公允價值層級的第三層內(附註3.3)。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

14. 以公允價值計量且其變動計入損益的金融資產

	As at 31 December 於十二月三十一日	
	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Wealth management products 理財產品	31,680	29,000

Guaranteed wealth management products held by the Group mainly with floating rates bear expected interests at approximately 2.9% (2018:3.1%) per annum as of 31 December 2019. The underlying investments were mostly debt instruments with AA above credit ratings.

本集團持有的保本浮動收益類理財產品，截至二零一九年十二月三十一日止的年收益率約2.9%(二零一八年：3.1%)。投資產品大多為信用評級在AA以上的債務投資工具。

The fair values are based on cash flows discounted using the expected returns based on management judgement and are within level 3 of the fair value hierarchy. Changes in fair values of these financial assets are presented in "Other income and gains/losses, net" in the income statement.

公允價值根據管理層判斷以未來現金流入確定，屬於公允價值層級的第三級。金融資產的公允價值變動在利潤表「其他收益及利得／損失，淨額」列示。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

15. TRADE AND BILLS RECEIVABLES

15. 應收賬款及票據

	As at 31 December 於十二月三十一日	
	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Trade receivables 應收賬款	608,481	462,030
Bills receivables 應收票據	392,398	608,514
	1,000,879	1,070,544
Less: provision for impairment 減：減值準備	(39,199)	(21,556)
Trade and bills receivables, net 應收賬款及票據·淨值	961,680	1,048,988

The carrying amounts of trade and bills receivables approximate their fair values.

應收賬款及票據的賬面值接近其公允價值。

Retail sales at the Group's stores are usually made in cash or by debit or credit cards. For wholesale to distributors, the Group normally grants a credit period ranging from 30 days to 120 days. As at 31 December 2019 and 2018, the ageing analysis of trade and bills receivables based on invoice date was as follows:

本集團零售銷售一般以現金、借記卡或信用卡結賬，對於批發商通常給予30日至120日的賬期。於二零一九年十二月三十一日及二零一八年十二月三十一日，應收賬款及票據根據發票日期的賬齡分析如下：

	As at 31 December 於十二月三十一日	
	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Within 4 months 四個月以內	777,601	857,710
Over 4 months but within 1 year 四個月至一年	120,628	152,335
Over 1 year but within 2 years 一年至二年	66,053	48,283
Over 2 years but within 3 years 二年至三年	27,677	6,002
Over 3 years 三年以上	8,920	6,214
	1,000,879	1,070,544

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

15. TRADE AND BILLS RECEIVABLES (CONT'D)

As at 31 December 2019, trade receivables of RMB39,199,000 (2018: RMB21,556,000) were provided for impairment. Movements in the provision for impairment of receivables were as follows:

	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 於一月一日	21,556	17,881
Provision for impairment 減值計提	17,634	3,675
Exchange differences 外幣報表差額	9	-
At 31 December 於十二月三十一日	39,199	21,556

The maximum exposure to credit risk at the reporting date is the carrying value of trade and bills receivables mentioned above. The Group does not hold any collateral as security.

The carrying amounts of the Group's trade and bills receivables are denominated in the following currencies:

15. 應收賬款及票據(續)

於二零一九年十二月三十一日，應收賬款已計提了人民幣39,199,000元(二零一八年：人民幣21,556,000元)減值準備。應收款減值準備的變動如下：

在報告日期，信貸風險的最高風險承擔為上述每類應收賬款及票據的賬面價值。本集團不持有任何作為質押的抵押品。

本集團應收賬款及票據的賬面價值以下列的貨幣計值：

As at 31 December 於十二月三十一日		
	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
RMB 人民幣	873,311	1,002,163
HKD 港幣	120,219	66,430
United States Dollar 美元	6,229	1,898
Others 其他	1,120	53
	1,000,879	1,070,544

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

16. INVENTORIES

16. 存貨

	As at 31 December 於十二月三十一日	
	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Raw materials 原材料	1,089,113	992,928
Work-in-progress 在產品	507,516	454,670
Finished goods 產成品	817,979	983,489
	2,414,608	2,431,087
Less: provision for impairment 減：減值準備	(92,824)	(69,926)
	2,321,784	2,361,161

The cost of inventories recognised as expense and included in "cost of sales" amounted to RMB1,517,416,000 (2018: RMB1,632,110,000).

存貨成本中確認為費用並列入「銷售成本」的金額共計人民幣1,517,416,000元(二零一八年：人民幣1,632,110,000元)。

The impairment loss on inventories and written off of inventories included in the "cost of sales" amounted to RMB48,614,000 (2018: RMB44,250,000) and RMB25,716,000 (2018: RMB20,525,000) for the year ended 31 December 2019, respectively.

截至二零一九年十二月三十一日止年度，計入「銷售成本」的存貨減值及存貨撇減金額分別為人民幣48,614,000元(二零一八年：人民幣44,250,000元)和人民幣25,716,000元(二零一八年：人民幣20,525,000元)。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

17. DEFERRED INCOME TAX

Deferred income tax is calculated on temporary differences under the liability method using the tax rates which are expected to apply at the time of reversal of the temporary differences.

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

17. 遞延所得稅

遞延所得稅是按負債法下的暫時差異以預期回撥暫時差異時適用的稅率計算。

遞延所得稅資產與遞延所得稅負債的分析如下：

	As at 31 December 於十二月三十一日	
	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Deferred income tax assets: 遞延所得稅資產：		
— Deferred income tax assets to be recovered after 12 months 超過十二個月後收回的遞延所得稅資產	16,132	2,538
— Deferred income tax assets to be recovered within 12 months 在十二個月內收回的遞延所得稅資產	45,228	35,329
	61,360	37,867
Set-off of deferred income tax liabilities pursuant to set-off provisions 按照抵銷規定所抵銷的遞延所得稅負債	(20,589)	(282)
Deferred income tax assets, net 淨遞延所得稅資產	40,771	37,585
Deferred income tax liabilities: 遞延所得稅負債：		
— Deferred income tax liabilities to be settled after 12 months 超過十二個月後支付的遞延所得稅負債	(17,759)	(4,188)
— Deferred income tax liabilities to be settled within 12 months 在十二個月內支付的遞延所得稅負債	(8,852)	(1,773)
	(26,611)	(5,961)
Set-off of deferred income tax assets pursuant to set-off provisions 按照抵銷規定所抵銷的遞延所得稅資產	20,589	282
Deferred income tax liabilities, net 淨遞延所得稅負債	(6,022)	(5,679)
Deferred income tax assets, net 遞延所得稅資產，淨值	34,749	31,906

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

17. DEFERRED INCOME TAX (CONT'D)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

17. 遞延所得稅(續)

年內遞延所得稅資產和負債(沒有考慮結餘可在同一徵稅區內抵銷)的變動如下:

遞延所得稅資產

	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Beginning of the year 年初餘額	37,867	31,057
Adjustment for change in accounting policy (Note 2.1.1.1) 會計政策變更(附註2.1.1.1)	24,619	-
Restated at 1 January 於一月一日重述後	62,486	31,057
(Charged)/credited to income statement (借記)/貸記損益	(1,764)	6,372
Exchange differences 匯兌差額	638	438
End of the year 年末餘額	61,360	37,867

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

17. DEFERRED INCOME TAX (CONT'D)

Deferred income tax assets (Cont'd)

17. 遞延所得稅(續)

遞延所得稅資產(續)

	Provision for termination benefits	Other provisions, depreciation and amortisation	Unrealised profit resulting from intragroup transactions	Lease liabilities	Others	Total
	離崗員工 相關費用	資產減值準備 與折舊攤銷	集團內部 交易產生的 未實現利潤	租賃負債	其他	合計
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2018 於二零一八年一月一日	255	9,321	20,787	–	694	31,057
(Charged)/credited to income statement (借記)/貸記損益	(71)	5,277	1,085	–	81	6,372
Exchange differences 匯兌差額	–	(2)	440	–	–	438
At 31 December 2018 於二零一八年十二月三十一日	184	14,596	22,312	–	775	37,867
Adjustment for change in accounting policy (Note 2.1.1.1) 會計政策變更(附註2.1.1.1)	–	–	–	24,619	–	24,619
Restated at 1 January 於一月一日重述後	184	14,596	22,312	24,619	775	62,486
(Charged)/credited to income statement (借記)/貸記損益	(55)	7,563	(8,618)	(4,270)	3,616	(1,764)
Exchange differences 匯兌差額	–	5	161	463	9	638
At 31 December 2019 於二零一九年十二月三十一日	129	22,164	13,855	20,812	4,400	61,360

Deferred income tax liabilities

遞延所得稅負債

	2019	2018
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Beginning of the year 年初餘額	5,961	5,657
Adjustment for change in accounting policy (Note 2.1.1.1) 會計政策變更(附註2.1.1.1)	24,619	–
Restated at 1 January 於一月一日重述後	30,580	5,657
(Credited)/charged to income statement (貸記)/借記損益	(4,532)	122
Exchange differences 匯兌差額	563	182
End of the year 年末餘額	26,611	5,961

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

17. DEFERRED INCOME TAX (CONT'D)

17. 遞延所得稅(續)

Deferred income tax liabilities (Cont'd)

遞延所得稅負債(續)

	Accelerated tax depreciation allowance	Deferred income tax liabilities arising from business combination	Right-of-use assets	Total
	稅法之加速折舊提存	業務合併產生的遞延所得稅負債	使用權資產	合計
	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2018 於二零一八年一月一日	3,685	1,972	-	5,657
Charged/(credited) to income statement 借記/(貸記)損益	409	(287)	-	122
Exchange differences 匯兌差額	168	14	-	182
At 31 December 2018 於二零一八年十二月三十一日	4,262	1,699	-	5,961
Adjustment for change in accounting policy (Note 2.1.1.1)				
會計政策變更(附註2.1.1.1)	-	-	24,619	24,619
Restated at 1 January 於一月一日重述後	4,262	1,699	24,619	30,580
Charged/(credited) to income statement 借記/(貸記)損益	695	(505)	(4,722)	(4,532)
Exchange differences 匯兌差額	107	1	455	563
At 31 December 2019 於二零一九年十二月三十一日	5,064	1,195	20,352	26,611

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of RMB15,376,000 (2018: RMB15,299,000) in respect of losses amounting to RMB74,467,000 (2018: RMB76,274,000) at 31 December 2019. At 31 December 2019, these tax losses have no expiry dates except for the tax losses of RMB29,356,000 (2018: RMB39,685,000) which will expire between 2020 and 2039 (2018: between 2019 and 2038).

對可抵扣虧損確認為遞延所得稅資產的數額，是按透過很可能產生的未來應課稅利潤而實現的相關稅務利益而確認。於二零一九年十二月三十一日本集團並無就稅務虧損人民幣74,467,000元(二零一八年：人民幣76,274,000元)確認遞延所得稅資產人民幣15,376,000元(二零一八年：人民幣15,299,000元)。於二零一九年十二月三十一日，除人民幣29,356,000元(二零一八年：人民幣39,685,000元)的稅務虧損將於二零二零年至二零三九年(二零一八年：二零一九年至二零三八年)到期外，其餘稅務虧損並無到期日。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

18. SHARE CAPITAL

18. 股本

As at 31 December
於十二月三十一日

	2019		2018	
	Number of shares 股份數目	Nominal value 股份面值 RMB'000 人民幣千元	Number of shares 股份數目	Nominal value 股份面值 RMB'000 人民幣千元
Total share capital 總股本	1,280,784,000	1,280,784	1,280,784,000	1,280,784
Issued and fully paid 已發行並已繳足之股本				
— Domestic shares with a par value of RMB1 per share 內資股，每股面值人民幣1元	652,080,000	652,080	652,080,000	652,080
— H shares with a par value of RMB1 per share H股，每股面值人民幣1元	628,704,000	628,704	628,704,000	628,704
	1,280,784,000	1,280,784	1,280,784,000	1,280,784

	2019			2018		
	Domestic shares 內資股 RMB'000 人民幣千元	H shares H股 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元	Domestic shares 內資股 RMB'000 人民幣千元	H shares H股 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
At 1 January 於一月一日	652,080	628,704	1,280,784	652,080	628,704	1,280,784
At 31 December 於十二月三十一日	652,080	628,704	1,280,784	652,080	628,704	1,280,784

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

19. RESERVES

(a) Capital reserve

Capital reserve represents the difference between the amount of share capital issued by the Company and the historical net value of the assets, liabilities and interests transferred to the Company upon its establishment and net premium on issue of shares upon listing of the Company and issuance of additional shares.

(b) Statutory reserves

The Company sets aside 10% of its net profit after income tax, before distribution of dividend to shareholders, as stated in the financial statements prepared under PRC accounting standards to the statutory surplus reserve fund. Approximately RMB55,246,000 (2018: RMB51,208,000), being 10% of the net profit after income tax as stated in the financial statements prepared under PRC accounting standards, was transferred to the statutory surplus reserve fund as at 31 December 2019.

In accordance with the amendment of the Company Law of the PRC on 27 October 2005 effective from 1 January 2006, it is not required to accrue for statutory public welfare fund since the year 2006. The balance together with statutory surplus reserve fund can be used to offset accumulated losses or convert as share capital of the Company.

(c) Tax reserve

According to the preferential enterprise income tax policy for new technology enterprises ("NTE") under the old PRC Enterprise Income Tax ("EIT") regulation (effective before 1 January 2008), an NTE located in a designated area of Beijing Economic and Technological Development Zone was subject to EIT at a preferential income tax rate of 15%. Moreover, upon approval by the relevant local tax bureau, the Company was entitled to full exemption from EIT from 2000 to 2002 and 50% reduction from 2003 to 2005. An amount for exemption and reduction has to be appropriated to a non-distributable tax reserve. However, the utilisation of the exempted tax is restricted to specified purposes and not distributable to shareholders.

19. 儲備

(a) 資本儲備

資本儲備反映本公司發行的股本金額與於成立時轉入的資產、負債和權益的歷史淨值的差額，本公司上市時和上市後發行新股產生的資本公積淨額。

(b) 法定儲備

本公司每年根據中國會計準則報告之淨利潤的10%撥入法定盈餘公積金。於二零一九年十二月三十一日，本公司根據中國會計準則報告按稅後淨利潤的10%提取法定盈餘公積金，約為人民幣55,246,000元(二零一八年：人民幣51,208,000元)。

根據於二零零五年十月二十七日修訂並於二零零六年一月一日起施行的《中華人民共和國公司法》，本公司從二零零六年起不再計提法定公益金。本公司法定公益金結餘，與法定盈餘公積金一併用於彌補虧損或轉增公司資本。

(c) 免稅基金

根據中國舊所得稅法下(於二零零八年一月一日以前有效)對高新技術企業所得稅優惠政策的有關規定，位於北京經濟技術開發區指定地點內的高新技術企業適用的所得稅優惠稅率為15%。且經有關地方稅務局批准，本公司自二零零零年度至二零零二年度免繳企業所得稅，二零零三年度至二零零五年度減半繳納企業所得稅。但是上述三免三減半政策所免稅款需轉為不可分配的免稅基金，必須用於特定目的並不得用於派發股息。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

19. RESERVES (CONT'D)

(d) Foreign currency translation differences

Foreign currency translation differences reserve arises from currency translations of all group entities that have a functional currency different from the RMB being translated into the Group's presentation currency of RMB.

(e) Other reserve

Other reserve mainly includes reserves arising from the issuance of additional shares by subsidiaries and disposals to non-controlling interests without change in control.

20. DEFERRED INCOME — GOVERNMENT GRANTS

19. 儲備(續)

(d) 外幣折算差額

外幣折算差額產生於集團中的所有實體將使用的不同於人民幣的功能性貨幣換算成本集團的記賬本位幣人民幣時的差額。

(e) 其他儲備

其他儲備主要產生於子公司增發股份及不導致失去控制權的子公司權益變動。

20. 遞延收入—政府補助

	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Beginning of the year 年初餘額	83,680	93,787
Government grants received 本年收到的政府補助	8,065	12,632
Amortisation in the income statement (Note 27) 確認收益金額(附註27)	(15,253)	(22,739)
End of the year 年末餘額	76,492	83,680

The ending balance of the government grants are relating to:

年末政府補助餘額與以下項目相關：

	As at 31 December 於十二月三十一日	
	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Research and development expenditure 研究開發支出	4,385	9,691
Property, plant and equipment 房屋及建築物、廠房及設備	46,510	51,931
Land use rights 土地使用權	21,041	16,277
Other expenditures 其他支出	4,556	5,781
	76,492	83,680

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

21. BORROWINGS

21. 借款

	As at 31 December 於十二月三十一日	
	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Non-current 非流動		
Corporate bonds (“bonds”) (Note (b)) 公司債券(「債券」)(附註(b))	816,326	798,908
Bank borrowings 銀行借款		
— Secured 抵押	—	48
— Unsecured 無抵押	407,245	112,375
	1,223,571	911,331
Current 流動		
Bank borrowings 銀行借款		
— Secured 抵押	3,000	3,000
— Unsecured 無抵押	—	160,000
Add: Current portion of non-current unsecured bank borrowing 增加: 無抵押非流動銀行借款的即期部分	105,149	5,146
Current portion of non-current secured bank borrowing 抵押非流動銀行借款的即期部分	49	—
Borrowings from a related party (Note 36(e)) 從關聯公司借入的款項(附註36(e))	32,000	32,000
	140,198	200,146
Total borrowings 借款總額	1,363,769	1,111,477

Certain secured bank borrowings are secured by land and buildings of carrying amounts of RMB9,438,000 (2018: RMB9,562,000) of the Group (Note 7).

部分抵押借款以本集團的土地和樓宇賬面價值人民幣9,438,000元(二零一八年: 人民幣9,562,000元)為抵押(附註7)。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

21. BORROWINGS (CONT'D)

(a) At 31 December 2019 and 2018, the Group's borrowings would be repayable as follows:

	As at 31 December 於十二月三十一日	
	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Within 1 year 一年以內	140,198	200,146
Between 1 and 2 years 一年至二年	921,475	5,194
Between 2 and 5 years 二年至五年	251,947	814,345
Over 5 years 五年以上	50,149	91,792
	1,363,769	1,111,477

(b) In 2016, the Company issued bonds with aggregate principal amount of RMB800 million and a maturity of five years with a nominal interest rate of 2.95% per annum, which are listed on the Shanghai Stock Exchange. According to the current market environment and the Company's circumstance, the Company decided on 19 June 2019 to raise the coupon rate of the bonds to 4.35% at the end of the third year of the current bond term. The coupon rate of the fourth year and the fifth year (from 31 July 2019 to 30 July 2021) is 4.35% and constant. The fair value of bonds as at 31 December 2019 amounted to RMB811,600,000 (2018: RMB796,143,000) which is determined by reference to published price quotations and within level 1 of the fair value hierarchy (Note 3.3).

The carrying amounts of other borrowings approximate to their fair value.

21. 借款(續)

(a) 於二零一九年十二月三十一日及二零一八年十二月三十一日，本集團借款的償還期如下：

(b) 本公司於二零一六年在上海證券交易所發行8億元債券，票面年利率為2.95%，期限為5年。根據當前的市場環境和公司實際情況，本公司於二零一九年六月十九日決定在本期債券存續期第3年末上調本期債券的票面利率至4.35%，即本期債券存續期的第4年和第5年(二零一九年七月三十一日至二零二一年七月三十日)的票面利率為4.35%，並在存續期的第4年和第5年固定不變。於二零一九年十二月三十一日，公司債券的公允價值合計人民幣811,600,000元(二零一八年：人民幣796,143,000元)，價值乃參考報價直接釐定，屬公允價值層級的第一級(附註3.3)。

其他借款的賬面價值與其公允價值相近。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

21. BORROWINGS (CONT'D)

(c) The carrying amounts of the Group's borrowings are denominated in the following currencies:

21. 借款(續)

(c) 本集團借款的賬面值以下列貨幣為單位：

	As at 31 December 於十二月三十一日	
	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
RMB 人民幣	1,362,825	1,110,408
Macanese Pataca 澳門元	895	1,021
Australian Dollar 澳大利亞元	49	48
	1,363,769	1,111,477

(d) The average interest rates (per annum) are as follows:

(d) 平均年利率如下：

	2019	2018
Bonds 債券		
— RMB 人民幣	3.008%	3.008%
Other borrowings 其他借款		
— RMB 人民幣	3.200%	3.255%
— Australian Dollar 澳大利亞元	4.890%	5.224%
— Macanese Pataca 澳門元	0.000%	0.000%

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

22. TRADE AND BILLS PAYABLES

As at 31 December 2019, the ageing analysis of trade and bills payables based on invoice date and financial position was as follows:

22. 應付賬款及票據

於二零一九年十二月三十一日，應付賬款及票據根據發票日期和財務狀況的賬齡分析如下：

	As at 31 December 於十二月三十一日	
	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Within 4 months 四個月以內	490,012	475,392
Over 4 months but within 1 year 四個月至一年	87,107	101,996
Over 1 year but within 2 years 一年至二年	30,415	86,236
Over 2 years but within 3 years 二年至三年	22,197	529
Over 3 years 三年以上	962	885
	630,693	665,038

Trade payables are unsecured and are usually paid within 120 days of recognition.

應付賬款無擔保，並通常在確認120天內予以支付。

The carrying amounts of trade and bills payables are considered to be the same as their fair values, due to their short-term nature.

由於期限較短，應付賬款及票據的賬面價值被視為與其公允價值相等。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

23. OTHER PAYABLES

23. 其他應付款

	As at 31 December	
	於十二月三十一日	
	2019	2018
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Payable to vendors of construction, machinery and equipment 應付設備工程款	238,251	64,494
Provision for sales discount and promotion expenses 計提銷售折讓及宣傳推廣費	86,189	64,252
Advances from customers 預收款	62,795	51,297
Indirect taxes payable 應交間接稅	48,506	23,869
Service fee payable 應付服務費	21,845	13,552
Labour-union expenditure and education funds 工會經費及職工教育經費	20,464	20,842
Interests payable 應付利息	14,500	9,833
Research and development payable 應付研究開發費	11,662	8,920
Payment for land use right 應付土地款	7,870	7,870
Non-controlling interests payable 應付少數股東款項	7,843	7,929
Accruals for travel expenses 預提差旅費	5,888	671
Deposits received 應付保證金	5,426	6,476
Dividends payable 應付股利	3,493	474
Others 其他	45,351	44,410
	580,083	324,889

24. SALARY AND WELFARE PAYABLES

24. 應付工資及福利費

	As at 31 December	
	於十二月三十一日	
	2019	2018
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Salary payable 應付工資	62,235	91,951
Welfare payable 應付福利費	1,048	1,019
	63,283	92,970

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

25. REVENUE

25. 收入

	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Sales of Chinese medicine products 中藥產品銷售收入		
— Mainland China 於中國內地	3,443,104	4,041,543
— Outside Mainland China 於其他國家及地區	951,826	923,834
	4,394,930	4,965,377
Advertising service income 廣告服務收入		
— Mainland China 於中國內地	32,053	43,018
Service income 服務收入		
— Mainland China 於中國內地	6,790	7,244
— Outside Mainland China 於其他國家及地區	42,458	43,618
	49,248	50,862
Royalty fee income 品牌使用權收入		
— Outside Mainland China 於其他國家及地區	218	381
	4,476,449	5,059,638

The Group has recognised the following asset and liability related to contract with customers:

本集團已確認以下與客戶合同有關的資產和負債：

	As at 31 December 於十二月三十一日	
	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Contract liabilities — Service income 合同負債 — 服務收入	1,934	4,324

The Group has not recognised any contract assets related to contract with customers as at 31 December 2019 and 2018.

於二零一九年十二月三十一日和二零一八年十二月三十一日，本集團未確認與客戶合同有關的合同資產。

There is no significant changes in contract liabilities during the year ended 31 December 2019.

截至二零一九年十二月三十一日止年度，合同負債未發生重大變更。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

25. REVENUE (CONT'D)

Revenue recognised in relation to contract liabilities

The following table shows revenue recognised in relation to contract liabilities in the year ended 31 December 2019 and 2018 related to carried forward contract liabilities at the beginning of the year.

25. 收入(續)

已確認的與合同負債有關的收入

下表所示為截至二零一九年十二月三十一日及二零一八年十二月三十一日止年度已確認的與合同負債有關的收入中與年初已結轉合同負債有關的收入金額。

	As at 31 December 於十二月三十一日	
	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Revenue recognised that was included in the contract liability balance at the beginning of the year 於年初已確認的與合同負債有關的收入	2,475	3,751

26. FINANCE INCOME AND COSTS

26. 財務收益及費用

	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Finance income 財務收益		
Interest income 利息收入	49,759	31,806
Exchange (losses)/gains, net 匯兌(損失)/收益, 淨額	(1,920)	225
	47,839	32,031
Finance costs 財務費用		
Interest on bonds 債券利息	(45,685)	(24,035)
Interest on bank borrowings 銀行貸款利息	(11,656)	(10,396)
Interest on lease liabilities 租賃負債利息	(4,301)	-
Less: amounts capitalised on qualifying assets (Note 7) 減: 合資格資產資本化數額(附註7)	20,617	19,467
	(41,025)	(14,964)
Finance income, net 財務收益, 淨額	6,814	17,067

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

27. EXPENSE BY NATURE

Operating profit was arrived at after charging/(crediting) the following:

27. 按照性質對費用進行列示

下列各項已借記/(貸記)稅前利潤：

	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Raw materials, merchandise and consumables used 原材料、商品及消耗品消耗	1,404,752	1,545,463
Change in inventories of finished goods and work-in-progress 產成品及在產品的存貨變動	112,664	86,647
Employee benefit expense (Note 28) 員工福利開支(附註28)	827,041	851,793
Depreciation of property, plant and equipment (Note 7) 房屋及建築物、廠房及設備折舊(附註7)	90,822	75,837
Amortisation of prepaid operating lease payments (Note 6) 預付經營性租賃款項攤銷(附註6)	-	3,631
Amortisation of right-of-use assets (Note 8) 使用權資產攤銷(附註8)	54,901	-
Amortisation of intangible assets (Note 9) 無形資產攤銷(附註9)	12,711	7,515
Amortisation of other long-term assets 其他長期資產攤銷	1,628	1,451
Provision for impairment of inventories 存貨跌價準備計提	48,614	44,250
Provision for impairment of receivables 應收款項壞賬準備計提	20,113	6,055
Operating lease rental 經營租賃費用	-	97,771
Expenses relating to short-term leases 短期租賃費用	45,321	-
Variable lease payments not included in the measurement of lease liabilities ⁽¹⁾ 可變租賃付款額費用(不包含於租賃負債) ⁽¹⁾	956	-
Auditor's remuneration 核數師酬金		
— Audit services 核數服務	9,186	7,156
— Non-audit services 非核數服務	400	258
Research and development costs ⁽²⁾ 研究開發費用 ⁽²⁾	28,316	27,835
Loss on disposal of non-current assets 非流動資產清理損失	3,387	1,850
Amortisation of deferred income — government grants (Note 20) 遞延收入-政府補助的攤銷(附註20)	(15,253)	(22,739)
Processing costs 加工費	259,119	279,506
Advertising and promotion expenses 廣告及宣傳推廣費	189,541	301,678
Transportation 運輸費	45,175	58,647
Repair and maintenance 維修及保養	54,707	34,479
Utilities 燃料及供暖支出	90,319	67,741
Other taxes 其他稅金	43,328	56,668

⁽¹⁾ Variable lease payments represent the amounts which are calculated based on percentages of revenue generated by certain retail outlets that exceed their fixed rentals.

⁽²⁾ Excluding employee benefit expense, depreciation and amortisation expense. The research and development costs including employee benefit expense, depreciation and amortisation expense were RMB61,248,000 (2018: RMB55,889,000).

⁽¹⁾ 可變租賃付款額費用指若干零售店產生的收入按百分比計算後超出其固定租金的金額。

⁽²⁾ 不包括員工福利開支、折舊及攤銷費用，包括上述費用的研究開發費用為人民幣61,248,000元(二零一八年：人民幣55,889,000元)。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

28. EMPLOYEE BENEFIT EXPENSE

28. 員工福利開支

	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Salary and wages 工資	604,225	617,512
Staff welfare 福利費	40,790	59,851
Housing fund (Note 34) 住房公積金(附註34)	51,214	45,340
Contribution to pension schemes (Note 33) 退休金供款(附註33)	130,812	129,090
	827,041	851,793

The five individuals whose emoluments before individual income tax were the highest in the Group for the year include one (2018: one) director and no (2018: no) supervisor whose emoluments are reflected in the analysis presented in Note 32. The emoluments payable to the remaining four (2018: four) individuals during the year are as follows:

本年度本集團個人所得稅前薪金最高的五位人士包括一位(二零一八年：一位)董事，零位(二零一八年：零位)監事，他們的酬金在附註32的分析中反映。本年度支付予其餘四位(二零一八年：四位)人士的酬金如下：

	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Basic salaries, allowances and bonuses 基本酬金、津貼及獎金	5,593	5,515
Contribution to pension scheme 退休金供款	166	82
	5,759	5,597

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

28. EMPLOYEE BENEFIT EXPENSE (CONT'D)

The emoluments of these individuals fell within the following band:

	2019	2018
HKD1,000,001–HKD1,500,000 (Equivalent to RMB880,001–RMB1,320,000) 港幣 1,000,001–1,500,000 元(相等於人民幣 880,001–1,320,000 元)	2	–
HKD1,500,001–HKD2,000,000 (Equivalent to RMB1,320,001–RMB1,760,000) 港幣 1,500,001–2,000,000 元(相等於人民幣 1,320,001–1,760,000 元)	2	4
HKD2,000,001–HKD2,500,000 (Equivalent to RMB1,760,001–RMB2,200,000) 港幣 2,000,001–2,500,000 元(相等於人民幣 1,760,001–2,200,000 元)	–	–
HKD2,500,001–HKD3,000,000 (Equivalent to RMB2,200,001–RMB2,640,000) 港幣 2,500,001–3,000,000 元(相等於人民幣 2,200,001–2,640,000 元)	–	–
HKD3,000,001–HKD3,500,000 (Equivalent to RMB2,640,001–RMB3,080,000) 港幣 3,000,001–3,500,000 元(相等於人民幣 2,640,001–3,080,000 元)	–	–

Among the above four (2018: four) individuals, there are four (2018: three) individuals whose emoluments were paid by Tong Ren Tang Chinese Medicine and its subsidiary for the year.

None of the five highest paid individuals of the Group waived any emoluments and no emoluments were paid by the Group to any of such individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

28. 員工福利開支(續)

此等人士的酬金在以下範圍的人數為：

本年度上述四位(二零一八年：四位)人士中有四位(二零一八年：三位)人士的薪酬由同仁堂國藥及其子公司支付。

上述五位最高薪人士並未放棄任何酬金。本集團並無向五位最高薪人士支付酬金作為邀請彼等加入本集團的酬金，或失去職位的賠償。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

29. INCOME TAX EXPENSE

Pursuant to the Corporate Income Tax Law of the PRC effective from 1 January 2008, enterprises with a High/New Technology Enterprise ("HNTe") status are able to enjoy a preferential tax rate of 15%. For the entities without the HNTe status, the PRC income tax rate is 25% (2018: 25%). As of 31 December 2019 and 2018, the Company and certain of its subsidiaries have obtained the HNTe certificate. Consequently, their applicable income tax rate in 2019 is 15% (2018: 15%).

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profit for the year.

Income tax on overseas profits has been calculated on the estimated assessable profit for the year at the income tax rates prevailing in the tax jurisdictions in which the Group operates.

29. 所得稅費用

根據自二零零八年一月一日執行的中國企業所得稅法規定，高新技術企業能夠享有15%的所得稅優惠稅率。對於非高新技術企業，所得稅稅率為25%(二零一八年：25%)。截至二零一九年十二月三十一日及二零一八年十二月三十一日，本公司及部分子公司已取得高新技術企業證書。因此，該部分公司二零一九年適用所得稅稅率為15%(二零一八年：15%)。

按照本年度估計應課稅利潤，香港地區盈利之稅款適用所得稅稅率為16.5%(二零一八年：16.5%)。

海外盈利之稅款按照本年度估計應課稅利潤依照本集團經營業務所在國家或地區之現行稅率計算。

	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Current income tax expense 當期所得稅費用		
— Mainland China 中國內地	89,781	105,838
— Hong Kong 香港	89,130	96,423
— Overseas(excluding Hong Kong) 海外(不含香港)	5,972	5,206
	184,883	207,467
Deferred income tax credit 遞延所得稅貸項	(2,768)	(6,250)
	182,115	201,217

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

29. INCOME TAX EXPENSE (CONT'D)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average income tax rate of 23.7% (2018: 21.0%) to profits of the consolidated entities as follows:

	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Profit before income tax 除所得稅前利潤	923,505	1,207,070
Tax calculated at domestic tax rates applicable to profits in the respective countries 在各有關國家的利潤按適用的當地稅率計算的稅項	218,852	253,679
Tax effects of: 稅項影響：		
— Income not subject to tax 無需納稅之收入	(6,451)	(4,810)
— Expenses not deductible for tax purposes 不可抵稅之費用	6,173	6,330
— Tax losses and temporary differences for which no deferred income tax assets were recognised 沒有確認遞延所得稅資產的稅務虧損及暫時性差異	3,641	4,279
— Effect of preferential income tax treatments 所得稅優惠政策的影響	(38,177)	(58,986)
— Final settlements and payments 匯算清繳調整	290	479
— Others 其他	(2,213)	246
Income tax expense 所得稅費用	182,115	201,217

30. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company of approximately RMB417,650,000 by the weighted average number of 1,280,784,000 shares in issue during the year.

The Company had no dilutive potential shares in 2019 and 2018.

29. 所得稅費用(續)

本集團就除所得稅前利潤的稅項，與採用合併主體利潤適用的加權平均稅率 23.7% (二零一八年：21.0%) 而應產生的理論稅額的差額如下：

30. 每股收益

每股基本收益按本公司所有者應佔淨利潤約人民幣417,650,000元，除以當期已發行普通股的加權平均數目 1,280,784,000 股來計算的。

本公司於二零一九年及二零一八年並無潛在之攤薄股份。

	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Profit attributable to owners of the Company 利潤歸屬於本公司所有者	417,650	677,815
Weighted average number of ordinary shares in issue (thousands) 加權平均已發行普通股股數(千股)	1,280,784	1,280,784
Earnings per share 每股收益	RMB0.33	RMB0.53

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

31. DIVIDENDS

The cash dividends paid in 2019 and 2018 were RMB230,541,000 (RMB0.18 (including tax) per share) and RMB217,733,000 (RMB0.17 (including tax) per share) respectively.

On 30 March 2020, the Board of Directors proposed a cash dividend in respect of the year ended 31 December 2019 of RMB0.16 (including tax) per share, amounting to a total of RMB204,925,440, which is subject to the shareholders' approval at the 2019 annual general meeting to be held on Thursday, 18 June 2020. These financial statements do not reflect this dividend payable.

31. 股息

於二零一九年及二零一八年內支付的現金股息分別為人民幣230,541,000元(每股人民幣0.18元(含稅))及人民幣217,733,000元(每股人民幣0.17元(含稅))。

於二零二零年三月三十日，董事會建議按每股人民幣0.16元(含稅)派發截至二零一九年十二月三十一日止年度現金股息，總額為人民幣204,925,440元。該股息分配預案需經二零二零年六月十八日(星期四)召開的二零一九年度股東周年大會批准。本財務報表未反映此項應付股息。

	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Interim dividend paid of RMB nil (2018: RMB nil) per ordinary share 中期派發股息，每股人民幣0元(二零一八年：每股人民幣0元)	-	-
Final dividend proposed of RMB0.16 (including tax) (2018: RMB0.18 (including tax)) per ordinary share 擬派末期股息，每股人民幣0.16元(含稅) (二零一八年：每股人民幣0.18元(含稅))	204,925	230,541
	204,925	230,541

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

32. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS

Directors' and supervisors' emoluments

For the year ended 31 December 2019:

32. 董事及監事的利益和權益

董事及監事薪酬

截至二零一九年十二月三十一日止年度：

	Emoluments paid or receivable in respect of a person's services as a director/supervisor, whether of the Company or its subsidiary undertaking 作為董事/監事(不管是本公司或其子公司企業)提供服務而支付或應收的酬金					Total 總計 RMB'000 人民幣千元
	Fees 袍金 RMB'000 人民幣千元	Salary 薪金 RMB'000 人民幣千元	Discretionary bonuses ⁽¹⁾ 酌情獎金 ⁽¹⁾ RMB'000 人民幣千元	Allowances and benefits ⁽²⁾ 津貼及福利 ⁽²⁾ RMB'000 人民幣千元	Employer's contribution to a retirement benefit scheme 退休福利計劃的僱主供款 RMB'000 人民幣千元	
					Emoluments paid or receivable in respect of director's/supervisor's other services in connection with the management of the affairs of the Company or its subsidiary undertaking 就管理本公司或其子公司企業的事務提供其他董事/監事服務而支付或應收的酬金	
Chairman 董事長						
Mr. Gu Hai Ou ⁽³⁾ 顧海鷗先生 ⁽³⁾	-	-	-	-	-	-
Mr. Gao Zhen Kun ⁽⁴⁾ 高振坤先生 ⁽⁴⁾	-	-	-	-	-	-
Executive directors 執行董事						
Mr. Huang Ning 黃寧先生	-	-	-	-	-	-
Mr. Wu Le Jun 吳樂軍先生	-	-	-	-	-	-
Ms. Wu Qian 吳倩女士	-	-	-	-	-	-
Mr. Wang Yu Wei ⁽⁵⁾ 王煜輝先生 ⁽⁵⁾	-	1,214	847	45	50	2,156
Ms. Fang Jia Zhi 房家志女士	-	490	242	42	50	824
Independent non-executive directors 獨立非執行董事						
Mr. Ting Leung Huel, Stephen 丁良輝先生	211	-	-	-	-	211
Ms. Chan Ching Har, Eliza 陳清霞女士	211	-	-	-	-	211
Mr. Zhan Yuan Jing 詹原競先生	100	-	-	-	-	100
Supervisors 監事						
Ms. Su Li 蘇莉女士	-	-	-	-	-	-
Mr. Wu Yi Gang 吳以鋼先生	100	-	-	-	-	100
Mr. Dong Ke Man 董克滿先生	-	368	121	42	50	581

Notes:

- Bonuses are accrued according to current year's results, which will be paid in the following year after Board of Directors' approval
- Include housing and car allowance
- Appointed on 11 June 2019
- Resigned on 11 June 2019
- Chief executive of the Company

附註：

- 本公司根據當年業績預提高級管理人員獎金，並於次年經董事會批准後發放。
- 包括房屋津貼及車補
- 於二零一九年六月十一日接受委任
- 於二零一九年六月十一日退任
- 公司總經理

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

32. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (CONT'D)

Directors' and supervisors' emoluments (Cont'd)

For the year ended 31 December 2018:

32. 董事及監事的利益和權益(續)

董事及監事薪酬(續)

截至二零一八年十二月三十一日止年度：

	Emoluments paid or receivable in respect of a person's services as a director/supervisor, whether of the Company or its subsidiary undertaking 作為董事/監事(不管是本公司或其子公司企業)提供服務而支付或應收的酬金		Emoluments paid or receivable in respect of director's/supervisor's other services in connection with the management of the affairs of the Company or its subsidiary undertaking 就管理本公司或其子公司企業的事務提供其他董事/監事服務而支付或應收的酬金			
	Fees 袍金 RMB'000 人民幣千元	Salary 薪金 RMB'000 人民幣千元	Discretionary bonuses ⁽¹⁾ 酌情獎金 ⁽¹⁾ RMB'000 人民幣千元	Allowances and benefits ⁽²⁾ 津貼及福利 ⁽²⁾ RMB'000 人民幣千元	Employer's contribution to a retirement benefit scheme 僱主供款 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Chairman 董事長						
Mr. Gao Zhen Kun 高振坤先生	-	-	-	-	-	-
Executive directors 執行董事						
Mr. Huang Ning ⁽⁴⁾ 黃寧先生 ⁽⁴⁾	-	-	-	-	-	-
Mr. Wu Le Jun ⁽⁴⁾ 吳樂軍先生 ⁽⁴⁾	-	-	-	-	-	-
Ms. Wu Qian ⁽⁴⁾ 吳倩女士 ⁽⁴⁾	-	-	-	-	-	-
Mr. Wang Yu Wei ⁽⁵⁾ 王煜偉先生 ⁽⁵⁾	-	1,283	853	45	55	2,236
Ms. Fang Jia Zhi 房家志女士	-	514	244	42	55	855
Mr. Gu Hai Ou ⁽⁵⁾ 顧海鷗先生 ⁽⁵⁾	-	-	-	-	-	-
Mr. Rao Zu Hai ⁽⁵⁾ 饒祖海先生 ⁽⁵⁾	-	-	-	-	-	-
Mr. Li Bin ⁽⁵⁾ 李濱先生 ⁽⁵⁾	-	-	-	-	-	-
Independent non-executive directors 獨立非執行董事						
Mr. Ting Leung Huel, Stephen 丁良輝先生	203	-	-	-	-	203
Ms. Chan Ching Har, Eliza ⁽⁴⁾ 陳清霞女士 ⁽⁴⁾	102	-	-	-	-	102
Mr. Zhan Yuan Jing ⁽⁴⁾ 詹原競先生 ⁽⁴⁾	50	-	-	-	-	50
Miss Tam Wai Chu, Maria ⁽⁵⁾ 譚惠珠小姐 ⁽⁵⁾	102	-	-	-	-	102
Mr. Jin Shi Yuan ⁽⁵⁾ 金世元先生 ⁽⁵⁾	50	-	-	-	-	50
Supervisors 監事						
Ms. Su Li ⁽⁴⁾ 蘇莉女士 ⁽⁴⁾	-	-	-	-	-	-
Mr. Wu Yi Gang 吳以鋼先生	100	-	-	-	-	100
Mr. Dong Ke Man ⁽⁵⁾ 董克滿先生 ⁽⁵⁾	-	385	122	42	55	604
Ms. Ma Bao Jian ⁽⁵⁾ 馬保健女士 ⁽⁵⁾	-	-	-	-	-	-
Ms. Ding Guo Ping ⁽⁵⁾ 丁國萍女士 ⁽⁵⁾	-	425	-	-	41	466

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

32. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (CONT'D)

Directors' and supervisors' emoluments (Cont'd)

Notes:

- (1) Bonuses are accrued according to current year's results, which will be paid in the following year after Board of Directors' approval
- (2) Include housing and car allowance
- (3) Chief executive of the Company
- (4) Appointed on 12 June 2018
- (5) Resigned on 12 June 2018
- (6) Elected on 12 March 2018, with effect from 12 June 2018

No directors and supervisors waived any emoluments and no emoluments were paid by the Group to any of the directors and supervisors as an inducement to join or upon joining the Group or as compensation for loss of position.

No payments or benefits in respect of termination of directors' and supervisors' services were paid or made, directly or indirectly, to or receivable by any director or supervisor; nor are any payable.

No consideration was provided to or receivable by third parties for making available directors' or supervisors' services.

There are no loans, quasi-loans or other dealings in favour of the directors and supervisors, their controlled bodies corporate and connected entities.

Saved as disclosed in Note 36 and elsewhere in these financial statements, none of the directors and supervisors had a material interest, either directly or indirectly, in any transactions, arrangements and contracts of significance relating to the business of the Group, to which the Company or any of its subsidiaries was a party, and which was subsisting at the end of the year or at any time during the year.

32. 董事及監事的利益和權益(續)

董事及監事薪酬(續)

附註：

- (1) 本公司根據當年業績預提高級管理人員獎金，並於次年經董事會批准後發放。
- (2) 包括房屋津貼及車補
- (3) 公司總經理
- (4) 於二零一八年六月十二日接受委任
- (5) 於二零一八年六月十二日退任
- (6) 於二零一八年三月十二日獲選，二零一八年六月十二日生效

本公司並無董事及監事放棄任何酬金，本集團亦無向本公司任何董事及監事支付任何酬金，作為吸引加入本集團之獎勵或在加入時獎勵或作為離職補償。

本年度內並無直接或間接因董事及監事終止提供服務而向其支付(或其應收)的款額。

本年度內並無因董事及監事提供服務而向第三方支付或收取的款額。

本年度內並無董事及監事、董事及監事控制企業、董事關聯實體之貸款、准貸款以及其他交易相關信息。

如反映在附註36及本財務報表其他部分，本年度內或年結時，本集團概無簽訂任何涉及本集團之業務而本公司之董事及監事直接或間接在其中擁有重大權益之重要交易、安排或合同。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

33. RETIREMENT AND TERMINATION BENEFITS

Pursuant to the PRC laws and regulations, the Group is required to make monthly contributions to various retirement benefit schemes organised by the relevant provincial and municipal governments for the Group's employees in the PRC at rates ranging from 22% to 24% (2018: 22% to 28%) of the employees' standard salaries, of which 14% to 16% (2018: 14% to 20%) is borne by the Group and the remaining portion is borne by the employees.

The Group's subsidiaries in Hong Kong participate in a Mandatory Provident Fund scheme (the "MPF scheme") in accordance with the Mandatory Provident Fund Scheme Ordinance of Hong Kong (the "MPF Ordinance"). The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. These defined contribution schemes are responsible for the pension liabilities of the employees. The Group's contributions to these defined contribution schemes are expensed as incurred.

In addition, the Group provides termination benefits to certain employees up to their normal retirement age as set out in Note 2.22(c). The carrying amount of the relevant provision as at 31 December 2019 was approximately RMB863,000 (2018: RMB1,228,000).

34. HOUSING FUND

The Group's full-time employees in the PRC participate in a state-sponsored housing fund ("Fund"). The housing fund can be used by the Group's employees for purchasing houses, or withdrawn upon their retirement. The Group is required to make annual contributions to the Fund based on certain percentages of the employees' salaries. The Group's liability in respect of the housing fund is limited to the contributions payable in each period. For the year ended 31 December 2019, the Group contributed approximately RMB51,602,000 (2018: RMB45,665,000) to the Fund.

33. 退休福利及離崗報酬

根據中國有關法律法規之規定，本集團應當為境內員工按月向政府代理機構繳納基本養老保險。提交基礎為當地政府制定的標準工資的22%至24%之間(二零一八年：22%至28%之間)，其中由本集團承擔的比例為14%至16%(二零一八年：14%至20%)，其餘部分由員工承擔。

本集團位於香港的子公司根據香港強制性公積金條例(「強積金條例」)參與強制性公積金計劃(「強積金計劃」)。在強積金計劃內，本集團之責任僅為向計劃作出所需供款。該等員工退休後之養老金由政府代理機構負擔。本集團對政府代理機構的供款於發生時費用化。

此外，本集團為某些僱員因提前退休而計提其至正常退休年齡之前的離崗報酬(附註2.22(c))。於二零一九年十二月三十一日該項計提的餘額約為人民幣863,000元(二零一八年：人民幣1,228,000元)。

34. 住房公積金

所有本集團的中國內地全職員工有權參加國家資助的住房公積金計劃(「公積金計劃」)。本集團員工可用公積金購買房屋或於退休時一次性支取。本集團每年按員工工資一定百分比向公積金計劃供款。就此等公積金而言，本集團的責任只限於在每一期間作出供款。截至二零一九年十二月三十一日止年度，本集團為此等公積金共支付約人民幣51,602,000元(二零一八年：約人民幣45,665,000元)。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

35. CASH FLOW INFORMATION

(a) Reconciliation from profit before income tax to cash generated from operations:

35. 現金流量表信息

(a) 除所得稅前利潤與經營活動收到現金流量淨額調節表：

	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Profit before income tax 除所得稅前利潤	923,505	1,207,070
Adjustments for: 調整項目：		
Depreciation of property, plant and equipment (Note 7) 房屋及建築物、廠房及設備折舊(附註7)	90,822	75,837
Amortisation of prepaid operating lease payments (Note 6) 預付經營性租賃款項攤銷(附註6)	-	3,631
Amortisation of right-of-use assets (Note 8) 使用權資產攤銷(附註8)	54,901	-
Amortisation of intangible assets (Note 9) 無形資產攤銷(附註9)	12,711	7,515
Amortisation of other long-term assets 其他長期資產攤銷	1,628	1,451
Provision for impairment of inventories 存貨跌價準備計提	48,614	44,250
Provision for impairment of receivables 應收款項減值計提	20,113	6,055
Loss on disposal of non-current assets 非流動資產清理損失	3,387	1,850
Amortisation of deferred income — government grants (Note 20) 遞延收入 — 政府補助的攤銷(附註20)	(15,253)	(22,739)
Interest income (Note 26) 利息收入(附註26)	(49,759)	(31,806)
Interest expense (Note 26) 利息支出(附註26)	61,642	34,431
Exchange losses/(gains) (Note 26) 匯兌損失/(收益)(附註26)	1,920	(225)
Share of losses of investments accounted for using the equity method (Note 11) 享有按權益法入賬的投資的虧損份額(附註11)	1,456	138
Release of foreign currency translation differences upon liquidation of a joint venture (Note 11) 合營企業清算而撥回之外幣折算差額(附註11)	(846)	1,442
Other income and gains, net 其他收益及利得·淨額	(902)	(558)
Operating profit before working capital changes 營運資金變動前之經營利潤	1,153,939	1,328,342
Changes in: 變動：		
Inventories 存貨	(3,694)	(95,654)
Trade and bills receivables 應收賬款及票據	69,665	95,231
Amounts due from related parties 應收關聯公司款項	(41,980)	(13,819)
Other financial assets at amortised cost 以攤餘成本計量的其他金融資產	27,518	(53,283)
Prepayments and other current assets 預付款及其他流動資產	(87,685)	71,805
Financial assets at fair value through other comprehensive income 以公允價值計量且其變動計入其他綜合收益的金融資產	114,516	(141,827)
Trade and bills payables 應付賬款及票據	(34,345)	(33,377)
Other current liabilities 其他流動負債	47,848	(18,700)
Amounts due to related parties 應付關聯公司款項	(54,129)	85,528
Proceeds from government grants 遞延收入-政府補助	2,396	5,660
Cash generated from operations 經營活動收到的現金	1,194,049	1,229,906

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

35. CASH FLOW INFORMATION (CONT'D)

(b) Analysis of the balances of cash and cash equivalents and short-term bank Deposits

As at 31 December, cash and cash equivalents were denominated in the following currencies:

35. 現金流量表信息 (續)

(b) 現金及現金等價物和短期銀行存款

於十二月三十一日，現金及現金等價物按幣種列示如下：

	As at 31 December 於十二月三十一日	
	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Cash at bank and in hand 現金及銀行活期存款		
RMB 人民幣	2,005,623	1,378,417
HKD 港幣	894,389	450,035
United States Dollar 美元	25,579	11,677
Australian Dollar 澳大利亞元	18,510	15,166
Singapore Dollar 新加坡元	12,452	10,501
Macanese Pataca 澳門元	10,142	13,396
Canadian Dollar 加拿大元	9,973	8,558
New Zealand Dollar 新西蘭元	7,351	4,637
UAE Dirham 阿聯酋迪拉姆	2,709	2,275
European Dollar 歐元	1,750	2,263
South African Rand 南非蘭特	965	4,270
Brunei Ringgit 汶萊林吉特	432	86
Korean Won 韓元	303	294
Swedish Krona 瑞典克朗	167	1,187
Swiss Franc 瑞士法郎	145	948
Polish Zloty 波蘭茲羅提	89	289
Great British Pound 英鎊	55	30
Czech Koruna 捷克克朗	11	7
	2,990,645	1,904,036

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

35. CASH FLOW INFORMATION (CONT'D)

(b) Analysis of the balances of cash and cash equivalents and short-term bank Deposits (Cont'd)

Bank deposits with original maturities of over three months were classified as short-term bank deposits and denominated in the following currencies:

35. 現金流量表信息(續)

(b) 現金及現金等價物和短期銀行存款(續)

原始存款期限超過三個月的銀行存款列示為短期銀行存款，按幣種列示如下：

	As at 31 December 於十二月三十一日	
	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
RMB 人民幣	42,793	34,909
HKD 港幣	797,638	1,482,191
Canadian Dollar 加拿大元	8,976	8,369
Singapore Dollar 新加坡元	8,626	9,269
United States Dollar 美元	800	759
Australian Dollar 澳大利亞元	351	224
New Zealand Dollar 新西蘭元	270	2,404
	859,454	1,538,125

As at 31 December 2019, the cash in hand balance of the Group was RMB1,096,000 (2018: RMB1,599,000). Cash at bank and short-term bank deposits balance of the Group was RMB3,849,003,000 (2018: RMB3,440,562,000). Management did not expect any losses from non-performance by those banks.

於二零一九年十二月三十一日，本集團庫存現金餘額為人民幣1,096,000元(二零一八年：人民幣1,599,000元)。本集團銀行存款及短期銀行存款餘額為人民幣3,849,003,000元(二零一八年：人民幣3,440,562,000元)。管理層認為該等存款餘額信用風險較低。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

35. CASH FLOW INFORMATION (CONT'D)

(c) Reconciliation of cash flows from financing activities

This section sets out an analysis of cash flows of financial liabilities from financing activities and its movement for each of the year presented.

	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Gross debt — fixed interest rates 總債務 — 固定利率	(928,720)	(919,429)
Gross debt — variable interest rates 總債務 — 浮動利率	(435,049)	(192,048)
	(1,363,769)	(1,111,477)

35. 現金流量表信息(續)

(c) 籌資活動所產生的現金流量調節

本節載列每個期間內所列示的籌資活動所產生的現金流量的分析和變動。

	Borrowings due within 1 year 一年內到期借款 RMB'000 人民幣千元	Borrowings due after 1 year 一年後到期借款 RMB'000 人民幣千元	Lease liabilities 租賃負債 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Liability from financing activity as at 1 January 2018 於二零一八年一月一日籌資活動的負債	(209,800)	(915,480)	-	(1,125,280)
Cash flows 現金流量	14,800	(549)	-	14,251
Foreign exchange adjustments 匯率調整	-	(13)	-	(13)
Other changes 其他變動	(5,146)	4,711	-	(435)
Liability from financing activity as at 31 December 2018 於二零一八年十二月三十一日籌資活動的負債	(200,146)	(911,331)	-	(1,111,477)
Adjustment for change in accounting policy (Note 2.1.1.1) 會計政策變更(附註 2.1.1.1)	-	-	(123,068)	(123,068)
Restated at 1 January 於一月一日重述後	(200,146)	(911,331)	(123,068)	(1,234,545)
Cash flows 現金流量	165,146	(400,000)	45,343	(189,511)
Acquisition — leases 增加 — 租賃	-	-	(20,866)	(20,866)
Foreign exchange adjustments 匯率調整	-	(20)	(2,301)	(2,321)
Other changes ⁽¹⁾ 其他變動 ⁽¹⁾	(105,198)	87,780	921	(16,497)
Liability from financing activity as at 31 December 2019 於二零一九年十二月三十一日籌資活動的負債	(140,198)	(1,223,571)	(99,971)	(1,463,740)

⁽¹⁾ Other changes are non-cash movements, mainly including RMB105,198,000 non-current borrowings reclassified to current portion and RMB20,739,000 finance costs due to the adjustment of coupon rate of corporate bonds (Note 21(b)) and lease modification.

⁽¹⁾ 其他變動為非現金變動，主要包括人民幣105,198,000元長期借款重分類至流動借款，債券由於票面利率調整計入財務費用人民幣20,739,000元(附註21(b))及租賃修改。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

36. RELATED PARTY TRANSACTIONS

Related parties include the Group and its subsidiaries, other majority state-owned enterprises and their subsidiaries directly or indirectly controlled by the PRC government, other entities and corporations in which the Company is able to control or exercise significant influence in making financial and operating decisions and key management personnel of the Company as well as their close family members.

The ultimate holding company is beneficially owned by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality, so it is a state-owned enterprise and is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. In accordance with IAS 24, "Related Party Disclosures", state-owned enterprises and their subsidiaries, other than the ultimate holding company and its subsidiaries, directly or indirectly controlled by the PRC government are also defined as related parties of the Group.

A portion of the Group's business activities are conducted with other state-owned enterprises. The Group believes that these transactions are carried out on normal commercial terms that are consistently applied to all customers. For the purpose of related party transactions disclosure, the Group has identified, to the extent practicable, those corporate customers and suppliers which are state-owned enterprises based on their ownership structure. It should be noted, however, that substantially all of the Group's business activities are conducted in the PRC and the influence of the PRC government in the Chinese economy is pervasive. In this regard, the PRC government indirectly holds interests in many companies. Many state-owned enterprises have multi-layered corporate structure and the ownership structures change over time as a result of transfers and privatisation programs. Some of these interests may, in themselves or when combined with other indirect interests, be controlling interests. Such interests, however, would not be known to the Group and are not reflected in the disclosures below. In addition, a portion of the Group's revenue from sales of goods are of a retail nature to end users, which include transactions with the employees of state-controlled entities while such employees are key management personnel and their close family members. These transactions are carried out on normal commercial terms that are consistently applied to all customers. Due to the volume and the pervasiveness of these transactions, the Group is unable to determine the aggregate amount of these transactions for disclosure. Therefore, the revenue from sales of goods disclosed below does not include retail transactions with these related parties. However, the Group believes that meaningful information relating to related party disclosures has been adequately disclosed.

During the year, the Group had the following material transactions with related parties, which were entered into at terms mutually agreed with these related parties in the ordinary course of business.

36. 關聯方交易

關聯方包括本集團及下屬子公司、其他由中國政府直接或間接控制的國有企業及其子公司、其他本公司有能力對其財務和經營決策實施控制或施加重大影響之公司以及本公司關鍵管理人員及他們關係密切的家庭成員。

本公司的最終控股公司由北京市人民政府國有資產監督管理委員會受益擁有，所以其為一家國有企業，受控於中國政府，其在中國境內擁有大量經營性資產。根據國際會計準則第24號「關聯方披露」，除最終控股公司及其下屬子公司外，直接或間接被中國政府控制的其他國有企業和其子公司也被定義為本集團的關聯方。

本集團的一部分業務活動是與其他國有企業進行的。本集團認為此等交易是基於與適用於本集團所有客戶一致的正常商業條款進行的。為關聯方交易披露之目的，本集團在可行程度內根據股權結構辨別屬於國有企業的客戶與供貨商。但是值得注意的是，本集團的主要商業活動均在中國進行並且中國政府對中國經濟具有普遍及深入的影響。故此，中國政府間接擁有眾多公司的權益。許多國有企業股權架構層次複雜並歷經多次重組和權益變更。這些權益本身或者和上述間接權益一起構成了控制權益。但是，本集團難以得知這些權益關係並反映在以下披露中。此外，本集團的收入有部分為與最終用戶直接交易的服務，該模式等同於零售性質的服務，而在此類收入中包括與國有企業關鍵管理人員及他們關係密切的家庭成員之交易。此等交易是基於與適用於本集團所有客戶一致的正常商業條款進行的。由於此類交易的發生普遍及其交易量較大，本集團無法披露此類交易的合計金額。因此，以下披露的銷售收入的金額並不包含與關聯方間等同於零售性質的服務，然而，本集團確信與關聯方披露相關有意義的信息已得到充分的披露。

本年度本集團與關聯公司有如下重大交易。這些交易是於一般業務過程中按與關聯公司議定的條款進行的。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

36. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Transactions with the ultimate holding company

Transactions with the ultimate holding company during the year are summarised as follows:

	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Trademark licence fee (Note (i)) 商標使用費(附註(i))	3,250	2,642
Rental expense (Note (ii)) 土地使用費(附註(ii))	-	2,364
Property leasing expense (Note (iii)) 物業租賃費用(附註(iii))	8,510	4,995
Additions to right-of-use assets 新增的使用權資產	1,669	-
Interest on lease liabilities 租賃負債利息支出	247	-

Notes:

- (i) A licence agreement was renewed on 28 February 2013 between the Company and the ultimate holding company whereby the Company is allowed to use certain trademarks and trademark logos (collectively, "Trademarks") of the ultimate holding company.

The licence agreement is effective from 1 March 2013 to 28 February 2018. Upon the expiration of the licence, if the ultimate holding company successfully renews the right to use the Trademarks and if the Company fully complies with the terms and conditions of agreement and requests to continue to use the Trademarks, the ultimate holding company shall renew the agreement with the Company.

A licence agreement was entered on 28 February 2018 between the Company and the ultimate holding company whereby the Company is allowed to use Trademarks of the ultimate holding company. The licence agreement is effective from 1 March 2018 to 31 March 2021. In case of the extension of the agreement, the Company can apply three months prior to the expiration of the licence and renew the licence agreement with the ultimate holding company. The annual licence agreement fee is RMB3,000,000 with an annual increase of RMB300,000 thereafter.

36. 關聯方交易(續)

(a) 與最終控股公司交易

本年度與最終控股公司的交易如下：

附註：

- (i) 本公司已於二零一三年二月二十八日與最終控股公司續簽一份商標使用許可合同，據此，本公司可使用最終控股公司的商標及商標圖樣(統稱「商標」)。

上述商標使用期限自二零一三年三月一日起至二零一八年二月二十八日止。許可使用期滿後，若最終控股公司成功將該等商標的使用權續期，且本公司能認真遵守該合同並提出繼續使用上述商標的要求，最終控股公司應與本公司續簽許可合同。

本公司已於二零一八年二月二十八日與最終控股公司重新訂立一份商標使用許可合同，據此，本公司可使用最終控股公司的商標。商標使用期限自二零一八年三月一日起至二零二一年三月三十一日止，如需延長使用時間，本公司可在合同到期前三個月提出申請，與最終控股公司另行續訂商標使用許可合同。二零一八年度商標使用許可合同金額為人民幣300萬元，以後每年定增人民幣30萬元。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

36. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Transactions with the ultimate holding company (Cont'd)

Notes: (Cont'd)

- (ii) A land use right leasing agreement (the "Old Agreement") dated 6 October 2000 was entered into between the Company and the ultimate holding company. Pursuant to the agreement, the total area leased to the Company is approximately 49,776.35 sq.m. The land is located in Beijing, the PRC, with a lease period of 20 years commencing from 6 October 2000. The annual rental is calculated at a rate of RMB53.95 per sq.m. Any adjustments to the annual rental shall be made at the market rent, provided that such adjustment shall not exceed 10% of that of the previous year. On 1 January 2006, an amendment was made to reduce the total area of the land leased to 43,815.15 sq.m., the remaining clauses on the Old Agreement still remain effective.
- (iii) On 25 January 2017, the Company and the ultimate holding company entered into a property leasing framework agreement, pursuant to which, the ultimate holding company has agreed to lease and procure its other members to lease certain premises to the Group for its productions and operations, including but not limited to office premises, warehouses and staff quarter, for a term of three years commencing from 1 January 2017 to 31 December 2019.
- On 19 March 2019, the Board has resolved to revise the annual caps for the continuing connected transactions under property leasing framework agreements of the Group as the lessee for the year ending 31 December 2019, based on the total value of right-of-use assets related to the leased property. Please refer to the announcement of the Company dated 19 March 2019.
- On 30 December 2019, the Company renewed the property leasing framework agreement with the ultimate holding company, for a term of three years from 1 January 2020 to 31 December 2022.

For the year ended 31 December 2019, rental expense and property leasing expense are only related to the short-term leasing expense recognised on a straight-line basis and leases for which the underlying asset is of low value (if applicable) under IFRS 16 (For the year ended 31 December 2018, rental expense and property leasing expense represented the total leasing expense under IAS 17).

36. 關聯方交易(續)

(a) 與最終控股公司交易(續)

附註:(續)

- (ii) 本公司於二零零零年十月六日與最終控股公司簽訂一份土地使用權租賃協議(「原協議」)。根據該協議,本公司租入土地面積約49,776.35平方米。該土地位於中國北京市,租賃期自二零零零年十月六日起,為期二十年。年租金為每平方米人民幣53.95元。若需調整該年租賃費,年增減幅應按照市場價釐定,但不應超過上年度的百分之十。於二零零六年一月一日,本公司與最終控股公司簽訂補充協議,將租賃面積變更為43,815.15平方米,原協議的其他條款不變。
- (iii) 於二零一七年一月二十五日,本公司與最終控股公司簽訂物業租賃框架協議。根據該協議,最終控股公司已同意出租並促使其他成員公司出租若干物業予本集團用作生產及營運,包括但不限於辦公室物業、倉庫及員工宿舍,為期三年,自二零一七年一月一日起至二零一九年十二月三十一日止。
- 於二零一九年三月十九日,本公司董事會決議以本集團訂立的物業租賃所涉及的使用權資產的總值,修訂截至二零一九年十二月三十一日止年度物業租賃框架協議項下擬進行之持續關連交易之年度上限。詳見本公司日期為二零一九年三月十九日之公告。
- 於二零一九年十二月三十日,本公司與最終控股公司續訂物業租賃框架協議,為期三年,自二零二零年一月一日起至二零二二年十二月三十一日止。

截至二零一九年十二月三十一日止年度,土地使用費和物業租賃費用僅包含國際財務報告準則第16號按照直接法計入費用的租賃費用及低價值資產租賃(如有)(截至二零一八年十二月三十一日止年度,物業租賃費用為國際會計準則第17號下的租賃費用)。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

36. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Transactions with the subsidiaries and joint ventures of the ultimate holding company

36. 關聯方交易(續)

(b) 與最終控股公司的子公司及合營企業的交易

	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Sales of Chinese medicine related products (Note (i)) 銷售中藥相關產品(附註(i))	927,411	1,078,396
Purchases of Chinese medicine related products (Note (ii)) 採購中藥相關產品(附註(ii))	155,773	146,224
Sole overseas exclusive distributorship (Note (iii)) 海外獨家經銷(附註(iii))	50,511	60,367
Advertising services income (Note (iv)) 廣告服務收入(附註(iv))	31,997	41,505
Property leasing expense (Note (a)(iii)) 物業租賃費用(附註(a)(iii))	3,873	3,687

Notes:

- (i) On 29 September 2016, the Company renewed the distribution framework agreement with the ultimate holding company. Pursuant to the renewed agreement, the price of the products to be sold by the Group to the ultimate holding company's subsidiaries and joint ventures shall not be lower than that charged by the Group to other independent third parties and shall be determined in accordance with a reasonable cost plus a fair and reasonable profit margin: (1) the reasonable cost shall be determined by reference to the cost of the raw materials, the cost of labour and the manufacturing expense etc.; and (2) the profit margin shall be determined by reference to the prevailing market and the then market price for comparable products in the related industry, and the profit rate of the products of the Group in the past years of not exceeding 50%, which is in line with the previous gross profit rate of the Group. The renewed agreement was approved at the extraordinary general meeting of the Company on 16 December 2016 and for a term of three years from 1 January 2017 to 31 December 2019.

On 16 October 2019, the Company renewed the distribution framework agreement with the ultimate holding company with similar pricing policies. The renewed agreement was approved at the extraordinary general meeting of the Company on 16 December 2019 and for a term of three years from 1 January 2020 to 31 December 2022.

附註：

- (i) 於二零一六年九月二十九日，本公司與最終控股公司續訂銷售框架性協議，根據該續訂協議，本集團將銷售予最終控股公司的子公司及合營企業之產品價格將不低於本集團向其他獨立第三方銷售之價格，並按合理成本加公平合理利潤率釐定：(1)合理成本參照原材料成本、人工成本及生產開支等釐定；及(2)利潤率參照相關行業可比產品之當前市場及當時市場價格及本集團產品過往年度不超過50%（與本集團過往毛利率一致）之利潤率而釐定。該續訂協議已獲本公司二零一六年十二月十六日召開的股東特別大會批准，為期三年，從二零一七年一月一日至二零一九年十二月三十一日。

於二零一九年十月十六日，本公司與最終控股公司以相似的價格政策續訂該銷售框架性協議。該續訂協議已獲本公司二零一九年十二月十六日召開的股東特別大會批准，為期三年，從二零二零年一月一日至二零二二年十二月三十一日。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

36. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Transactions with the subsidiaries and joint ventures of the ultimate holding company (Cont'd)

Notes: (Cont'd)

- (ii) The Company renewed a master procurement agreement with the ultimate holding company on 29 September 2016. Pursuant to the agreement, the subsidiaries and joint ventures of the ultimate holding company can supply to the Group the products that are required for the Group's production, sale and distribution. The price procured by the Group from the ultimate holding company's subsidiaries and joint ventures shall be negotiated by the parties on an arm's length basis. The ultimate holding company shall not supply the products to the Group (1) at a price higher than that of the products of the same type and quality offered to the Group by independent third parties or the prevailing market price; (2) if there is no comparable market price available for the relevant materials/products, the price shall be determined based on the integrated cost plus not more than 15% surcharge, and in any event, the price for such procurement shall not be higher than terms offered by independent third parties to the Group. The renewed agreement was approved at the extraordinary general meeting of the Company on 16 December 2016 and for a term of three years from 1 January 2017 to 31 December 2019.

On 16 October 2019, the Company renewed the master procurement agreement with the ultimate holding company. Pursuant to the agreement, the subsidiaries and joint ventures of the ultimate holding company can supply to the Group the products that are required for the Group's production, sale and distribution. The price procured by the Group from the ultimate holding company's subsidiaries and joint ventures shall be negotiated by the parties on an arm's length basis. The ultimate holding company shall not supply the products to the Group (1) provided that the relevant products satisfy the pharmacopoeia of the PRC standard and the internal quality standard of the Company, and under the premise of equal quality, the price shall be negotiated and agreed by the parties based on the market price for procurement with fair market competition and public offer, which shall be determined with reference to the prevailing market price of comparable products negotiated and provided by at least two independent suppliers in the same or surrounding areas; (2) if the relevant products are only available from specific suppliers due to content, special requirement or market resource limitations, reference shall be made to the price offer of suppliers and book comparable price; and (3) under the premise of equal quality, the price to be paid by the Group for the procurement of the relevant products shall not be higher than that available from independent third parties for similar products, or higher than the market price, whichever is the lower. The renewed agreement was approved at the extraordinary general meeting of the Company on 16 December 2019 and for a term of three years from 1 January 2020 to 31 December 2022.

36. 關聯方交易(續)

(b) 與最終控股公司的子公司及合營企業的交易(續)

附註:(續)

- (ii) 本公司於二零一六年九月二十九日與最終控股公司的子公司及合營企業可向本集團供應本集團生產、銷售及分銷所需之相關產品。本集團向最終控股公司的子公司及合營企業採購的價格將按公平原則進行磋商。(1)就相同質量之產品而言，按不高於獨立第三方向本集團提供之條款或當時之市價釐定；(2)倘相關產品並無任何可供比較市價，則價格將按整合成本加不超過15%之附加費用釐定，且無論如何，是項採購之價格將按不高於獨立第三方向本集團提供之條款釐定。該續訂協議已獲本公司二零一六年十二月十六日召開的股東特別大會批准，為期三年，從二零一七年一月一日至二零一九年十二月三十一日。

本公司於二零一九年十月十六日與最終控股公司的子公司及合營企業可向本集團供應本集團生產、銷售及分銷所需之相關產品。本集團向最終控股公司的子公司及合營企業採購的價格將按公平原則進行磋商。(1)在相關產品滿足《中華人民共和國藥典》標準及本公司內部質量標準以及在同等質量的前提下，對於存在公平市場競爭、有公開報價的採購以市場價格為基礎協商確定。有關市價乃參考在同一或周邊地區至少兩名獨立商品供貨商提供的經公平磋商的可資比較商品的現行市價釐定；(2)受含量、特殊要求或市場資源限制，須向特定供貨商採購的，需參考供貨商報價及賬面可比價格；及(3)在同等質量下，本集團因採購相關產品支付的價格，不得高於任何獨立第三方向本公司供應同類產品的價格或市場價格(以兩者較低為準)。該續訂協議已獲本公司二零一九年十二月十六日召開的股東特別大會批准，為期三年，從二零二零年一月一日至二零二二年十二月三十一日。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

36. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Transactions with the subsidiaries and joint ventures of the ultimate holding company (Cont'd)

Notes: (Cont'd)

(iii) Tong Ren Tang Chinese Medicine renewed an exclusive distributorship frame-work agreement with Parent Company on 8 November 2017, with an effective period from 1 January 2018 to 31 December 2020, pursuant to which, Tong Ren Tang International Natural-Pharm, a wholly-owned subsidiary of Tong Ren Tang Chinese Medicine, is appointed as the sole overseas distributor of the Parent Company, for the purpose of the distribution of the relevant Tong Ren Tang branded products supplied by Parent Company ("**Relevant Products**") outside the PRC. The price of the Relevant Products supplied shall not be higher than the wholesale price of the Relevant Products sold to the wholesale customers in the PRC and shall be determined with reference to the then prevailing market price. The renewed agreement has been approved by the extraordinary general meeting of Tong Ren Tang Chinese Medicine on 1 December 2017.

(iv) On 29 September 2016, Tong Ren Tang Century Advertising renewed the advertising agency framework agreement with the ultimate holding company for a term of three years from 1 January 2017 to 31 December 2019. Accordingly, the fees for the provision of specific services by Tong Ren Tang Century Advertising to the ultimate holding company or its subsidiaries and joint ventures under individual implementation agreement shall be negotiated and determined by the parties with reference to the actual quotation offered by the advertiser, which is at discount on the basis of its published price list, plus a reasonable fee for the advertising agency service of Tong Ren Tang Century Advertising, which is generally not higher than 15% of the quotation offered by the advertiser.

On 28 February 2020, Tong Ren Tang Century Advertising renewed the advertising agency framework agreement with the ultimate holding company for a term of three years from 1 January 2020 to 31 December 2022. Accordingly, the fees for the provision of specific services by Tong Ren Tang Century Advertising to the ultimate holding company or its subsidiaries and joint ventures under individual implementation agreement shall be determined with reference to the actual quotation offered by third-party advertising providers on the basis of their published price lists, plus a reasonable fee for the advertising agency service provided by Tong Ren Tang Century Advertising (generally not higher than 10% of the quote offered by third-party advertising providers).

36. 關聯方交易(續)

(b) 與最終控股公司的子公司及合營企業的交易(續)

附註：(續)

(iii) 於二零一七年十一月八日，同仁堂國藥與母公司續訂海外獨家經銷協議，有效期從二零一八年一月一日至二零二零年十二月三十一日。根據協議，同仁堂國藥的全資子公司同仁堂國際藥業作為母公司海外獨家經銷商，可以於中國以外地區銷售母公司供應之有關同仁堂品牌產品（「**相關產品**」），母公司提供相關產品的價格將參考可得到的市場價格確定，且不得高於其銷售予中國經銷商的批發價格。該續訂協議已獲於二零一七年十二月一日召開的同仁堂國藥股東特別大會批准。

(iv) 於二零一六年九月二十九日，同仁堂世紀廣告與最終控股公司續訂廣告代理框架協議，為期三年，有效期從二零一七年一月一日至二零一九年十二月三十一日。據此，同仁堂世紀廣告向最終控股公司及其子公司或合營企業就具體執行協議項下所提供的具體服務之費用乃經參考廣告提供商在其廣告刊例價的基礎上給予一定折扣後的實際報價並加上同仁堂世紀廣告的合理服務費用（一般不高於廣告提供商報價的15%）釐定。

於二零二零年二月二十八日，同仁堂世紀廣告與最終控股公司續訂廣告代理框架協議，為期三年，有效期從二零二零年一月一日至二零二二年十二月三十一日。據此，同仁堂世紀廣告向最終控股公司及其子公司或合營企業就具體執行協議項下所提供的具體服務之費用乃經參考第三方廣告提供商在其廣告刊例價的基礎上提供的實際報價以及同仁堂世紀廣告的合理服務費用（一般不高於第三方廣告提供商報價的10%）。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

36. RELATED PARTY TRANSACTIONS (CONT'D)

(c) Transactions with other state-owned enterprises

In the ordinary course of business, the Group sells goods to, and purchases goods from other state-owned enterprises based on terms as set out in the underlying agreements, market prices or actual cost incurred, or as mutually agreed.

The Group places deposits in and receives loans mainly from state-owned financial institutions in the ordinary course of business. The deposits and loans are in accordance with the terms as set out in the respective agreements, and the interest rates are set at prevailing market rates.

(d) Key management compensation

Key management includes directors (executive and non-executive) and senior management. The compensation paid or payable to key management for employee services is shown below:

36. 關聯方交易(續)

(c) 與其他國有企業的交易

作為與其他國有企業的日常交易，本集團向其銷售貨物及從其購買貨物。這些交易基於相關協議所載條款、市價、所產生的實際成本或互相同意的條款進行。

在日常交易中本集團的存款和借款主要通過國有金融機構產生。存款和借款乃根據各項協議釐定，利率乃按照現行市場利率釐定。

(d) 主要管理人員薪酬

主要管理人員包括執行及非執行董事和高級管理人員。就僱員服務向主要管理人員支付或應付的酬金如下：

	As at 31 December 於十二月三十一日	
	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Salaries and other short-term employee benefits 薪金和其他短期僱員福利	9,370	9,189
Pension costs — defined contribution plans 退休金成本 — 定額供款計劃	406	442
	9,776	9,631

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

36. RELATED PARTY TRANSACTIONS (CONT'D)

(e) Balances with related parties

As at 31 December, balances with related parties consisted of:

36. 關聯方交易(續)

(e) 關聯公司往來餘額

於十二月三十一日，關聯公司往來餘額為：

	As at 31 December 於十二月三十一日	
	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Amounts due from related parties (Note(i)): 應收關聯公司款項(附註(i))：		
Subsidiaries and joint ventures of the ultimate holding company 最終控股公司的子公司及合營企業		
Trade receivables 應收賬款	183,286	139,800
Other financial assets at amortised cost 以攤餘成本計量的其他金融資產	1,146	988
Prepayments 預付賬款	160	215
	184,592	141,003
Other state-owned enterprises 其他國有企業		
Trade receivables 應收賬款	49,624	48,330
Other financial assets at amortised cost 以攤餘成本計量的其他金融資產	8,871	12,907
Prepayments 預付賬款	11,192	12,538
	69,687	73,775
	254,279	214,778

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

36. RELATED PARTY TRANSACTIONS (CONT'D)

(e) Balances with related parties (Cont'd)

36. 關聯方交易(續)

(e) 關聯公司往來餘額(續)

	As at 31 December 於十二月三十一日	
	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Amounts due to related parties (Note(i)): 應付關聯公司款項(附註(i)):		
Subsidiaries and joint ventures of the ultimate holding company 最終控股公司的子公司及合營企業		
Trade payables 應付賬款	43,538	45,887
Other payables 其他應付款	29,513	4,382
	73,051	50,269
Other state-owned enterprises 其他國有企業		
Trade payables 應付賬款	8,081	6,373
Other payables 其他應付款	19,417	98,036
	27,498	104,409
	100,549	154,678
Lease liabilities: 租賃負債:		
Ultimate holding company 最終控股公司	3,026	-
Borrowings from a related party (Note(ii)): 從關聯公司借入的款項(附註(ii)):		
Ultimate holding company 最終控股公司	32,000	32,000

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

36. RELATED PARTY TRANSACTIONS (CONT'D)

(e) Balances with related parties (Cont'd)

Notes:

- (i) The amounts due from/to related parties are unsecured, interest-free and recoverable or repayable within twelve months.

As at 31 December, the ageing analysis of amounts due from related parties based on invoice date was as follows:

	As at 31 December 於十二月三十一日	
	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Within 4 months 四個月以內	180,234	159,684
Over 4 months but within 1 year 四個月至一年	56,066	46,318
Over 1 year 一年以上	24,739	13,057
	261,039	219,059

Movements in the provision for impairment of amounts due from related parties were as follows:

	2019		2018
	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 於一月一日	4,281		1,911
Provision for impairment 減值計提	2,479		2,370
At 31 December 於十二月三十一日	6,760		4,281

As at 31 December, the ageing analysis of amounts due to related parties based on invoice date was as follows:

	As at 31 December 於十二月三十一日	
	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Within 4 months 四個月以內	97,018	153,663
Over 4 months but within 1 year 四個月至一年	2,143	141
Over 1 year 一年以上	1,388	874
	100,549	154,678

- (ii) Borrowings from a related party are in the form of entrusted loans which are unsecured, bear interest by reference to benchmark lending interest rate published by the People's Bank of China with moderate decrease and repayable within one year.

36. 關聯方交易(續)

(e) 關聯公司往來餘額(續)

附註:

- (i) 應收/應付關聯公司餘額為免息、無設定擔保款項，並在十二個月內結算。

於十二月三十一日，應收關聯公司款項根據發票日期的賬齡分析如下：

	As at 31 December 於十二月三十一日	
	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Within 4 months 四個月以內	180,234	159,684
Over 4 months but within 1 year 四個月至一年	56,066	46,318
Over 1 year 一年以上	24,739	13,057
	261,039	219,059

應收關聯公司款項減值準備的變動如下：

	2019		2018
	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 於一月一日	4,281		1,911
Provision for impairment 減值計提	2,479		2,370
At 31 December 於十二月三十一日	6,760		4,281

於十二月三十一日，應付關聯公司款項根據發票日期的賬齡分析如下：

	As at 31 December 於十二月三十一日	
	2019	2018
	RMB'000 人民幣千元	RMB'000 人民幣千元
Within 4 months 四個月以內	97,018	153,663
Over 4 months but within 1 year 四個月至一年	2,143	141
Over 1 year 一年以上	1,388	874
	100,549	154,678

- (ii) 關聯公司借款為無設定擔保款項的委託貸款，貸款利率參考中國人民銀行同期貸款基準利率適度下浮，並在一年內結算。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

37. BANKING FACILITIES

As at 31 December 2019, the Group had aggregated banking facilities of RMB586,859,000 (2018: RMB1,080,487,000) for loan and other trade financing. As at 31 December 2019, the unutilised banking facilities amounted to RMB536,810,000 (2018: RMB909,681,000).

38. COMMITMENTS

(a) Capital commitments

As at 31 December, the Group had the following capital commitments which were contracted but not provided for:

37. 銀行融資

於二零一九年十二月三十一日，本集團擁有人民幣586,859,000元銀行借貸額度(二零一八年：人民幣1,080,487,000元)，可用於貸款和貿易融資。於二零一九年十二月三十一日，未用之貸款額度為人民幣536,810,000元(二零一八年：人民幣909,681,000元)。

38. 承諾事項

(a) 資本承諾

於十二月三十一日，本集團有如下尚未反映在財務報表內但已簽約的資本承諾：

	As at 31 December 於十二月三十一日	
	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Property, plant and equipment 房屋及建築物、廠房及設備	215,523	245,914

(b) Operating lease commitments

The Group leases various warehouse and factory premises under non-cancellable operating leases.

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases as set out below, see Note 8 for further information.

(b) 經營租賃承諾

本集團對倉庫和生產經營用地的租賃為不可撤銷的租約。

自二零一九年一月一日起，本集團已確認這些租賃的使用權資產，但以下所載之短期租賃和低價值租賃除外，詳見附註8。

	As at 31 December 於十二月三十一日	
	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Not later than one year 一年內	7,337	62,293
Later than one year and no later than five years 一年到五年	-	59,747
Later than five years 五年以上	-	4,801
	7,337	126,841

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

39. EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) Impact of COVID-19

Following the outbreak of Coronavirus Disease 2019 (the “COVID-19 outbreak”) in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country, including extension of the Chinese New Year holiday nationwide, postponement of work resumption after the Chinese New Year holiday in some regions, certain level of restrictions and controls over the travelling of people and traffic arrangements, quarantine of certain residents, heightening of hygiene and epidemic prevention requirements in factories and offices, etc. Management has taken relevant actions to minimise the unfavourable impact to the Group. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group.

(b) Acquisition of Beijing Tong Ren Tang Medicine Processing Base

On 4 November 2019 and 30 December 2019, with the approval of the Board the Company entered into the asset transfer agreement and supplemental asset transfer agreement with the ultimate holding company. The Company has agreed to purchase Beijing Tong Ren Tang Medicine Processing Base (including land use right and building ownership) with the consideration of RMB640,681,910 (tax inclusive), which was approved and confirmed at the extraordinary general meeting of the Company on 17 February 2020.

39. 報告期後事項

(a) 新型冠狀病毒疫情影響

新型冠狀病毒肺炎疫情(以下簡稱「新冠肺炎疫情影响」)於二零二零年年初在全國爆發，對疫情的防控工作正在全國範圍內持續進行，全國範圍延長春節假期，部分地區春節後延遲復工，對人員流動和交通進行一定程度的控制，對特定人群進行隔離，提高工廠及辦公場所的衛生和防疫要求等。管理層已採取相應行動，以盡量減低其不利影響。本集團將密切關注此次疫情發展情況，評估其對本集團財務狀況、經營成果等方面的影響。

(b) 購買北京同仁堂中藥加工基地項目之資產

於二零一九年十一月四日及二零一九年十二月三十日，經董事會批准，本公司與最終控股公司訂立資產轉讓協議及資產轉讓補充協議。本公司同意以現金人民幣640,681,910元(含稅)的方式購買北京同仁堂中藥加工基地之資產(包括土地使用權、房屋建築物所有權)，上述協議已獲本公司二零二零年二月十七日召開的股東特別大會批准並生效。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

40. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

40. 公司資產負債表及權益變動表

公司資產負債表

	As at 31 December 於十二月三十一日	
	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Assets 資產		
Non-current assets 非流動資產		
Leasehold land and land use rights 租賃土地及土地使用權	–	74,920
Property, plant and equipment 房屋及建築物、廠房及設備	1,152,827	985,929
Right-of-use assets 使用權資產	74,577	–
Intangible assets 無形資產	6,173	4,168
Investments in subsidiaries 對子公司的投資	1,383,154	858,784
Investments accounted for using the equity method 按權益法入賬的投資	8,700	8,700
Prepayments for purchase of property, plant and equipment 房屋及建築物、廠房及設備預付款	25,127	26,245
Deferred income tax assets 遞延所得稅資產	15,972	12,966
	2,666,530	1,971,712
Current assets 流動資產		
Inventories 存貨	1,798,790	1,909,347
Trade and bills receivables 應收賬款及票據	728,852	816,003
Amounts due from subsidiaries 應收子公司款項	116,457	397,049
Amounts due from other related parties 應收關聯公司款項	79,326	21,198
Other financial assets at amortised cost 以攤餘成本計量的其他金融資產	16,007	10,278
Prepayments and other current assets 預付款及其他流動資產	10,182	15,922
Financial assets at fair value through other comprehensive income 以公允價值計量且其變動計入其他綜合收益的金融資產	27,311	141,827
Short-term bank deposits 短期銀行存款	42,794	21,191
Cash and cash equivalents 現金及現金等價物	1,607,044	974,823
	4,426,763	4,307,638
Total assets 資產總計	7,093,293	6,279,350
Equity and liabilities 權益及負債		
Equity attributable to owners of the Company 歸屬於本公司所有者		
Share capital 股本	1,280,784	1,280,784
Reserves (Note (a)) 儲備(附註(a))	3,419,980	3,098,345
Total equity 權益合計	4,700,764	4,379,129

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

40. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONT'D)

40. 公司資產負債表及權益變動表(續)

Balance sheet of the Company (Cont'd)

公司資產負債表(續)

	As at 31 December 於十二月三十一日	
	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Liabilities 負債		
Non-current liabilities 非流動負債		
Borrowings 借款	1,222,826	910,408
Deferred income — government grants 遞延收入—政府補助	39,294	47,571
	1,262,120	957,979
Current liabilities 流動負債		
Trade and bills payables 應付賬款及票據	373,975	395,601
Salary and welfare payables 應付工資及福利費	27,186	65,378
Amounts due to subsidiaries 應付子公司款項	127,445	49,854
Amounts due to other related parties 應付關聯公司款項	47,710	100,536
Current income tax liabilities 當期所得稅負債	16,419	21,190
Other payables 其他應付款	399,075	222,683
Borrowings 借款	137,000	87,000
Lease liabilities 租賃負債	1,599	—
	1,130,409	942,242
Total liabilities 負債合計	2,392,529	1,900,221
Total equity and liabilities 權益及負債總計	7,093,293	6,279,350

The balance sheet of the Company was approved by the Board of Directors on 30 March 2020 and was signed on its behalf.

公司財務報表已由董事會於二零二零年三月三十日批准，並代表董事會簽署。

Gu Hai Ou
顧海鷗
Chairman
董事長

Fang Jia Zhi
房家志
Director
董事

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

40. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONT'D)

40. 公司資產負債表及權益變動表(續)

Balance sheet of the Company (Cont'd)

公司資產負債表(續)

(a) Reserve movement of the Company

(a) 公司權益變動表

	Capital reserve (Note 19(a)) 資本儲備 (附註 19(a)) RMB'000 人民幣千元	Statutory surplus reserve fund (Note 19(b)) 法定盈餘 公積金 (附註 19(b)) RMB'000 人民幣千元	Statutory public welfare fund (Note 19(b)) 法定公益金 (附註 19(b)) RMB'000 人民幣千元	Tax reserve (Note 19(c)) 免稅基金 (附註 19(c)) RMB'000 人民幣千元	Retained earnings 留存收益 RMB'000 人民幣千元	Total 權益合計 RMB'000 人民幣千元
Balance as at 1 January 2018 於二零一八年一月一日餘額	414,100	440,904	45,455	102,043	1,801,804	2,804,306
Profit for the year 年度利潤	-	-	-	-	511,772	511,772
Appropriation from retained earnings 提取盈餘公積	-	51,208	-	-	(51,208)	-
2017 dividends paid to shareholders of the Company 支付本公司股東二零一七年度股息	-	-	-	-	(217,733)	(217,733)
Balance as at 31 December 2018 於二零一八年十二月三十一日餘額	414,100	492,112	45,455	102,043	2,044,635	3,098,345
Balance as at 1 January 2019 於二零一九年一月一日餘額	414,100	492,112	45,455	102,043	2,044,635	3,098,345
Profit for the year 年度利潤	-	-	-	-	552,176	552,176
Appropriation from retained earnings 提取盈餘公積	-	55,246	-	-	(55,246)	-
2018 dividends paid to shareholders of the Company 支付本公司股東二零一八年度股息	-	-	-	-	(230,541)	(230,541)
Balance as at 31 December 2019 於二零一九年十二月三十一日餘額	414,100	547,358	45,455	102,043	2,311,024	3,419,980



Tong Ren Tang Technologies Co. Ltd.
北京同仁堂科技發展股份有限公司



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