



# 吉林省輝南長龍生化藥業股份有限公司

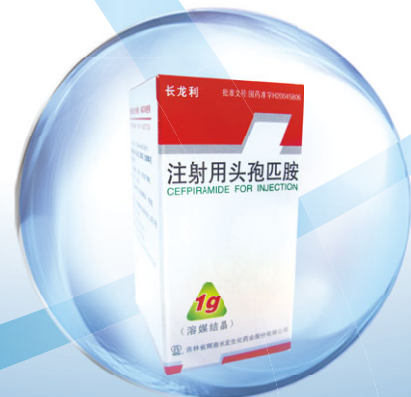
Jilin Province Huinan Changlong Bio-pharmacy Company Limited

(於中華人民共和國註冊成立之股份有限公司)

(a joint stock limited company incorporated in the People's Republic of China)

(股份代號：8049)

(Stock Code: 8049)



# 2011

Annual Report 年報

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創業板的定位，乃為相比起其他在本交易所上市的公司帶有較高投資風險的公司提供一個上市的市場。有意投資的人士應了解投資於該等公司的潛在風險，並應經過審慎周詳的考慮後方作出投資決定。創業板的較高風險及其他特色表示創業板較適合專業及其他老練投資者。

由於創業板上市公司新興的性質使然，在創業板買賣的證券可能會較於主板買賣之證券承受較大的市場波動風險，同時無法保證在創業板買賣的證券會有高流通量的市場。

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本報告乃遵照創業板上市規則(「創業板上市規則」)提供有關吉林省輝南長龍生化藥業股份有限公司及其附屬公司(「本集團」)之資料，吉林省輝南長龍生化藥業股份有限公司各董事(「董事」)對本報告共同及個別承擔全部責任。董事在作出一切合理查詢後確認，就彼等所知及確信：(1)本報告所載資料在各主要方面均為準確及完整及無誤導成分；(2)並無遺漏任何其他事實，致令本報告之內容有所誤導；及(3)本報告所表達之意見乃經審慎周詳考慮後始行作出，並以公平合理之基準與假設為基礎。

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# Corporate Information

## 公司資料

### BOARD OF DIRECTORS

#### EXECUTIVE DIRECTORS

Mr. Zhang Hong (*Chairman*)  
Mr. Zhang Xiao Guang  
Mr. Tian Xin Guo  
Mr. Chen Qi Ming  
Mr. Wu Guo Wen  
Mr. Zhao Bao Gang

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Shen Yu Xiang  
Mr. Xue Chang Qing  
Mr. Yan Li Jin

#### SUPERVISORS

Mr. Zhang Jing Zhou  
Mr. Wu Wei Men  
Mr. Li Bao Hai

#### COMPLIANCE OFFICER

Mr. Zhang Hong

#### AUTHORIZED REPRESENTATIVES

Mr. Zhang Hong  
Mr. Zhao Bao Gang

#### AUDITORS

Reanda Lau & Au Yeung (HK) CPA Limited  
Certified Public Accountants  
Hong Kong

#### AUDIT COMMITTEE

Mr. Shen Yu Xiang (*Chairman*)  
Mr. Xue Chang Qing  
Mr. Yan Li Jin

#### REMUNERATION COMMITTEE

Mr. Shen Yu Xiang (*Chairman*)  
Mr. Xue Chang Qing  
Mr. Zhang Hong

#### COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Mok Sai Cheong Mark, CPA, FCCA

### 董事會

#### 執行董事

張弘先生(*主席*)  
張曉光先生  
田新國先生  
陳啟明先生  
吳國文先生  
趙寶剛先生

#### 獨立非執行董事

沈玉祥先生  
薛長清先生  
鄢禮金先生

#### 監事

張景洲先生  
吳尉民先生  
李寶海先生

#### 監察主任

張弘先生

#### 授權代表

張弘先生  
趙寶剛先生

#### 核數師

利安達劉歐陽(香港)會計師事務所有限公司  
執業會計師  
香港

#### 審核委員會

沈玉祥先生(*主席*)  
薛長清先生  
鄢禮金先生

#### 薪酬委員會

沈玉祥先生(*主席*)  
薛長清先生  
張弘先生

#### 公司秘書兼合資格會計師

莫世昌先生 · CPA, FCCA

# Corporate Information

## 公司資料

### NOMINATION COMMITTEE

Mr. Shen Yu Xiang (*Chairman*)  
Mr. Xue Chang Qing  
Mr. Zhang Xiao Guang

### 提名委員會

沈玉祥先生(主席)  
薛長清先生  
張曉光先生

### H SHARE SHARE REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited  
17th Floor  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

### H股過戶登記處

香港證券登記有限公司  
香港  
皇后大道東183號  
合和中心17樓

### PRINCIPAL BANKER

Industrial and Commercial Bank of China  
Huinan County Branch  
Tonghua  
Jilin Province  
the PRC

### 主要往來銀行

中國工商銀行  
輝南縣分行  
中國  
吉林省  
通化市

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2302, 23/F,  
Chung Kin Commercial Building  
47-51 Shantung Street  
Mongkok, Kowloon, Hong Kong

### 香港主要營業地點

香港  
九龍旺角  
山東街47-51號  
中僑商業大廈  
23樓2302室

### STOCK CODE

8049

### 股份代號

8049

### LEGAL ADDRESS

31 Beishan Street  
Chaoyang Town  
Huinan County  
Tonghua Jilin  
Province  
the PRC

### 法定地址

中國  
吉林省  
通化市  
輝南縣  
朝陽鎮  
北山街31號

### WEBSITE ADDRESS

<http://www.jlchanglong.com>

### 網址

<http://www.jlchanglong.com>

# Chairman's Statement

## 主席報告

As the Chairman and on behalf of the Board of Directors (the "Board"), I am pleased to report the activities of Jilin Province Huinan Changlong Bio-pharmacy Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2011.

During the year under review, the Group has spent significant efforts on further promoting its core products, namely Hai Kun Shen Xi capsule (海昆腎喜膠囊) and Compound Huonaoshu capsule (復方活腦舒膠囊). As a result, the total turnover of the Group for the year ended 31 December 2011 was RMB274,294,000, representing a sharp increase of 36.7% as compared with RMB200,630,000 for the previous year. Profit for the year attributable to owners of the Company significantly increased to RMB50,893,000 from RMB35,891,000 last year. For the year ended 31 December 2011, basic earnings per share increased to RMB9.08 cents from RMB6.41 cents last year.

The notable results in 2011 were the outcome of the continued effort of all levels of the management in the past year. In fact, the Board of Directors has already expressed its optimistic view for 2011's profitability in the 2010 annual report. As such, the Board would like to share with the shareholders that with the following competitive advantages, which have enabled the Company to build a strong foundation for it to march into an era of blooming growth in the coming years.

Firstly, in view of the new situation where the State had further advocated the reform on medical circulation to launch the basic drug system and continued to increase the investment in public health care, the Board of Directors of the Company captured the favorable opportunities to introduce the new version of health insurance directory in the country and various provinces (cities and autonomous regions) in the beginning of the year. Taking the advantage of our dominant species being included into the health insurance directory, basic drug directory and medical directory on new rural collaboration of various provinces (cities and autonomous regions), we recognized the year 2011 as the "Year of Speedy Growth" of the Company and determined the goal of rapid development for two dominant species including Hai Kun Shen Xi capsule (海昆腎喜膠囊) and Compound Huonaoshu capsule (復方活腦舒膠囊). We upheld a strategy of academic promotion to further expand into the sales market. During the year, by continuing to capitalize on the opportunities arising from the national professional academic meeting hosted in Nanjing, Xi'an, Beijing and Harbin, we actively promoted our products

本人謹代表董事會(「董事會」)欣然提呈吉林省輝南長龍生化藥業股份有限公司(「本公司」)及其附屬公司(合稱「本集團」)截至二零一一年十二月三十一日止年度之業務活動。

於回顧年度內，本集團致力提升對其核心產品的推廣，包括海昆腎喜膠囊和復方活腦舒膠囊。因此，截至二零一一年十二月三十一日止年度本集團總營業額為人民幣274,294,000元，較去年人民幣200,630,000元大幅上升36.7%。本年度本公司股權持有人應佔溢利由去年人民幣35,891,000元大幅上升至約人民幣50,893,000元。截至二零一一年十二月三十一日止年度每股基本盈利由去年人民幣6.41分增加至人民幣9.08分。

二零一一年有突出之業績全賴過去一年管理層上下一心不斷努力的成果。事實上，董事會於二零一零年年報內已就二零一一年度之盈利能力發表了樂觀的看法。因此，董事會欣然與各股東分享本公司具有以下競爭力的優勢，該等優勢將為本公司以後之年度繁榮增長奠下堅實的基礎。

首先，公司董事會於本年初，根據國家進一步深化醫藥流通改革，大力推行基本藥物制度，繼續加大公費醫療投入的新形勢，抓住全國及各省(市、自治區)開始執行新版醫保目錄的有利時機，充分利用主導產品進入多省(市、自治區)醫保目錄、基本藥物目錄和新農村合作醫療目錄的有利條件，把二零一一年確定為公司「快速發展年」，明確了海昆腎喜膠囊和復方活腦舒膠囊兩個主導品種的快速發展目標，並繼續以學術推廣為手段，進一步拓展銷售市場。本年度繼續跟進在南京、西安、北京及哈爾濱等地的全國性專業學

# Chairman's Statement

## 主席報告

and assigned professionals to different places to hold product academic seminars, for which the drug instructions were given to the doctors while the patients' profiles were built. We established communication channel with the patients and provided in-depth after-sales services, thus effectively fostering a sales growth in the dominant products.

Secondly, we further strengthened the production management and conscientiously implemented the GMP management protocols, thus maintaining a product qualification rate of 100%.

Thirdly, we accelerated the pace of technological transformation and further enhanced the production capacity. During the year, we followed the new GMP standard to establish a new production line for solid dosage in the Huinan economic development zone, so as to meet the fast-growing demand for dominant species and secure higher results of popular products. The construction project of the production line had been included in the 2011 adjustment and improvement project for the traditional industrial base in the northeastern region by the NDRC.

Fourthly, during the year, the invention patent of "Compound Huonaoshu capsule (復方活腦舒膠囊) and its quality control methods" reported by the Company in 2009 had been authorized by the State Intellectual Property Office, with a term of 20 years. Meanwhile, the Company entered into the agreement with the Qingdao Institute of Oceanography, Chinese Academy of Sciences and acquired the exclusive right of use for five years regarding the patent of "Extraction method of Fucoidan" invented by the institute. The production technology and quality of our dominant species had been further safeguarded.

Fifthly, during the year, the Company continued to be awarded with the honorary title of the "Top Hundred Private Enterprise in Jilin Province" ("吉林省百強民營企業") and "10th Provincial Leading Enterprise of Agricultural Industrialization" ("第十批農業產業化省級重點龍頭企業") by Jilin Provincial Government. It was also named as "AA+ Credit Rating Enterprise" by the Credit Rating and Certification Center of Jilin Province, and "Top 30 Industrial Enterprise" by the Tonghua City Government. It was renowned as the "Tax Champion Enterprise" ("納稅狀元企業") by Huinan County Party Committee and County Government.

Sixthly, the Company was still in the period of preferential tax treatment for the high-tech enterprises.

術會議的機會，積極推介公司產品，派出專業人員深入各地舉辦產品學術講座，指導醫生使用藥品，建立患者檔案，與廣大患者建立溝通渠道，深入細緻地做好售後服務工作，有力地促進了主導品種銷售業績增長。

第二，進一步加強了生產管理，認真貫徹執行GMP管理規程，繼續保持產品合格率達到100%。

第三，加快了技術改造步伐，進一步擴大生產能力。本年度按照新版GMP標準，在輝南經濟開發區新建一條固體製劑生產線，為滿足主導產品快速增長需求及擴大普藥品種業績提供了保障。該生產線建設項目被國家發改委列入2011年東北地區等老工業基地調整改造專項。

第四，本年度內，公司於2009年申報的一項《復方活腦舒膠囊及其質量控制方法》發明專利獲國家知識產權局授權，專利保護期限20年。同時，公司還與中國科學院青島海洋研究所簽訂協議，獲得了該研究所發明的專利《一種褐藻多糖硫酸酯的提取方法》的五年獨佔使用權。公司主導產品生產技術和質量更加有保障。

第五，本年內公司繼續被吉林省政府授予「吉林省百強民營企業」稱號和「第十批農業產業化省級重點龍頭企業」稱號，被吉林省信用評價認證中心評定為AA+級信譽企業，被通化市政府評為「工業企業30強」，繼續被輝南縣委、縣政府授予「納稅狀元企業」稱號。

第六，公司仍在高新技術企業稅收優惠期內。

# Chairman's Statement

## 主席報告

Looking ahead, the Company will formulate a development goal to invigorate its business development on top of the boom cycle in 2011, which represented a "Year of Speedy Growth". The Board of Directors believes that our management team will perform their duties diligently and prudently to sustain higher growth in turnover and profit attributable to equity holders for the Group in the future. All these moves reflect that the Board of Directors is fully confident of the Group's business expansion and has developed a well-organized long-term plan.

On behalf of the Board, I would like to express my heartfelt thanks to all levels of staff and the management for their efforts and contributions in 2011 and my deep gratitude to our clients, business partners and owners for their utmost support.

By order of the Board  
**Zhang Hong**  
*Chairman*

Jilin Province, the PRC  
29 March 2012

展望未來，公司在2011年「快速發展年」的基礎上，確定了更高的發展目標，董事會相信公司管理層會盡職盡責工作，進一步提高本集團營業額及股權持有人應佔溢利增長水平。凡此種種都反映董事會已對本集團之擴展充滿信心並制定了組織完善的長期計劃。

本人謹代表董事會對各級員工及管理層在二零一一年之努力工作和付出表示衷心感謝，對客戶，並業務夥伴及本公司股權持有人之鼎力支持致以深切謝意。

承董事會命  
**張弘**  
*主席*

中國吉林省  
二零一二年三月二十九日



# Management Discussion and Analysis

## 管理層討論及分析

### BUSINESS REVIEW

For the year ended 31 December 2011, the Group's turnover increased to RMB274,294,000 from approximately RMB200,630,000 while the profit for the year attributable to owners of the Company increased to RMB50,893,000 from RMB35,891,000. For the year ended 31 December 2011, basic earnings per share increased to RMB9.08 cents from RMB6.41 cents last year.

For the year ended 31 December 2011, the manufacturing and sales of Hai Kun Shen Xi capsule (海昆腎喜膠囊) continued to be the Group's core source of revenue. The medicine of Hai Kun Shen Xi capsule has penetrated into the market, the sales of which rose by 61% as compared with 2010. The sales of Compound Huonaoshu capsule (復方活腦舒膠囊) reached RMB47,551,000 for the year ended 31 December 2011, which became the second best seller of the Group in 2011. Other products such as Yi Da La Feng injection (依達拉奉注射液), Xue Shuan Xin Mai Ning capsule (血栓心脈寧膠囊), Dong Gui Long Hui tablet (當歸龍薈丸), Qian Lie Gui Huang tablet (前列桂黃片) also contributed sales amount of RMB19,429,000 in 2011, details of which were further elaborated under the Section "Financial Review".

### OPERATION REVIEW

#### Good Manufacturing Practice (GMP)

During the year ended 31 December 2011, the Company has already obtained GMP certificates for the following:

1. Tablets (片劑) – valid until 8 August 2015
2. Capsules (膠囊劑) – valid until 8 August 2015
3. Sterile Bulk (Cefalotin sodium, Cefpiramide) (無菌原料藥(頭孢噻吩鈉、頭孢匹胺)) – valid until 8 August 2015
4. Pills (Water Pills), Membrane (丸劑(水丸)、膜劑) – valid until 8 August 2015
5. Powder for injection (Cephalosporins) (頭孢菌素類粉針劑) – valid until 23 August 2012
6. Lyophilized powder for injection (凍乾粉針劑) – valid until 31 December 2013
7. Small volume Parenteral Solution (小容量注射劑) – valid until 31 December 2013

### 業務回顧

截至二零一一年十二月三十一日止年度，本集團營業額由約人民幣200,630,000元增加至人民幣274,294,000元。本年度本公司股權持有人應佔溢利由人民幣35,891,000元增加至人民幣50,893,000元。截至二零一一年十二月三十一日止年度，每股基本盈利由去年之人民幣6.41分上漲至人民幣9.08分。

截至二零一一年十二月三十一日止年度，「海昆腎喜膠囊」的生產及銷售繼續為本集團的核心收入來源。海昆腎喜膠囊已滲入市場，銷售額較二零一零年增加61%。截至二零一一年十二月三十一日止年度，「復方活腦舒膠囊」的銷售達到人民幣47,551,000元，成為本集團二零一一年度第二大暢銷產品。其他產品如「依達拉奉注射液」、「血栓心脈寧膠囊」、「當歸龍薈丸」及「前列桂黃片」等於二零一一年貢獻逾人民幣19,429,000元之銷售營業額，詳情於「財務回顧」一節中闡述。

### 營運回顧

#### 「優良製造標準」認證(GMP)

截至二零一一年十二月三十一日止年度，本公司已於下列劑型獲得GMP認證：

1. 片劑—有效至二零一五年八月八日
2. 膠囊劑—有效至二零一五年八月八日
3. 無菌原料藥(頭孢噻吩鈉、頭孢匹胺)—有效至二零一五年八月八日
4. 丸劑(水丸)、膜劑—有效至二零一五年八月八日
5. 頭孢菌素類粉針劑—有效至二零一二年八月二十三日
6. 凍乾粉針劑—有效至二零一三年十二月三十一日
7. 小容量注射劑—有效至二零一三年十二月三十一日

# Management Discussion and Analysis

## 管理層討論及分析

- |   |   |
|---|---|
| <p>8. Sterile Bulk (Yan Suan Tou Bao Jia Tong) (無菌原料藥(鹽酸頭孢甲肟), Bulk (Yi Da La Feng) (原料藥) (依達拉奉) – valid until 30 December 2013</p> | <p>8. 無菌原料藥(鹽酸頭孢甲肟), 原料藥(依達拉奉) – 有效至二零一三年十二月三十日</p> |
| <p>9. Bulk drug (Fucoidan, Extractum for fructus gardeniae)原料藥(褐藻多糖酸酯、梔子提取物) – valid unit 31 December 2015</p>                      | <p>9. 原料藥(褐藻多糖酸酯、梔子提取物) – 有效至二零一五年十二月三十一日</p>       |

### RESEARCH AND DEVELOPMENT

The Research and Development (R&D) department is essential for the future success of a pharmaceutical company. In the past, our R&D department had successfully developed the medicine, Compound Huonaoshu capsule, which had generated huge profit to the Company and finally led to the listing of the Company in Hong Kong. In the year of 2003, our R&D department completed the development of Hai Kun Shen Xi capsule, which has now become the first largest contributor of revenue and its revenue jumped by 61% as compared with last year. Yi Da La Feng Bulk has obtained the production approval, and Tou Bao Bulk has commenced commercial production for the year ended 31 December 2011.

In addition to our internal R&D resources, the Group also embarked on joint efforts with other reputable R&D companies to develop new potential pharmaceutical products. As at 31 December 2011, the major products currently under research and development were as follows:

### 研究及開發

製藥公司之研發部對公司日後成功與否起重要之作用。以往，我們的研發部成功開發復方活腦舒膠囊，為本公司帶來龐大溢利，並最後促使本公司於香港上市。於二零零三年，我們的研發部完成開發海昆腎喜膠囊，現已成為我們第一大收入來源，來自該藥品的收入比上年增加61%。截至二零一一年十二月三十一日止年度，依達拉奉原料藥已獲得生產批件，頭孢原料藥已投入批量生產。

除我們的研發資源外，本集團亦與其他著名研發公司攜手進行聯合研發工作，發展具潛力的新藥。截至二零一一年十二月三十一日，正在研發中的主要產品列載如下：

Medicine 藥物名稱	Type 類別	Form 劑型
Yan Suan Tou Bao Bi Wo (鹽酸頭孢吡肟)	Chemical Medicine Class 4 化學藥四類	Raw material 原料藥
Yan Suan Tou Bao Bi Wo for injection (注射用鹽酸頭孢吡肟)	Chemical Medicine Class 4 化學藥四類	Powder for injection 粉針劑
Li Dan Qing Wan (利膽清丸)	Chinese Medicine Class 3 中藥三類	Medical pill 丸劑

# Management Discussion and Analysis

## 管理層討論及分析

### PRODUCTION FACILITIES

During the year, in addition to optimizing the existing production facilities for unlocking their full potential, we have established a new production line for solid dosage which is in strict compliance with the new GMP standard in the Huinan economic development zone, so as to satisfy the rapid and ever-growing demand for dominant species with a view to achieving better results for popular products.

### FINANCIAL REVIEW

For the year ended 31 December 2011, the Group's recorded a revenue amounted to approximately RMB274,294,000 (2010: RMB200,630,000), a growth of approximately 37% as compared with the figure of the previous year. The audited profit for the year attributable to owners of the Company was approximately RMB50,893,000, representing an increase of 42% as compared with RMB35,891,000 of the previous year. The basic earnings per share amounted to RMB9.08 cents (2010: RMB6.41 cents), representing an increase of RMB2.67 cents over the previous year.

The obvious growth in turnover was mainly attributable to the increase in the revenue from our core revenue generator, namely Hai Kun Shen Xi capsule (海昆腎喜膠囊). The medicine of Hai Kun Shen Xi capsule had penetrated into the market, with the sales of which in 2011 rising by 61% as compared with 2010.

For the year ended 31 December 2011, the sales of Compound Huonaoshu capsule amounted to approximately RMB47,551,000.

The Board of Directors is pleased with the financial performance in 2011. It believes that the remarkable growth in profitability is attributed to the following reasons.

Firstly, with the inclusion of our dominant species into the health insurance directory of various provinces (cities and autonomous regions) and the implementation of relevant management measures during the "Year of Speedy Growth", the sales volume of Hai Kun Shen Xi capsule, being the Group's leading products, relatively showcased a robust growth.

Secondly, the Group continued to extend its investment in academic promotion and make further efforts to distribute products to medical institutions. Accordingly, we further enlarged our sales network and enjoyed a higher share in the public drug market.

### 生產設施

於本年度內，按照新版GMP標準，除完善現有生產設施使其發揮最大效能外，在輝南經濟開發區新建一條固體制劑生產線，為滿足主導產品快速增長需求及擴大普藥品種業績提供了保障。

### 財務回顧

截至二零一一年十二月三十一日止年度，本集團錄得收入較去年增長約37%，至約人民幣274,294,000元(二零一零年：人民幣200,630,000元)。本年度本公司股權持有人應佔經審核溢利較去年人民幣35,891,000元增長42%，達到約人民幣50,893,000元。每股基本盈利較去年增長人民幣2.67分至人民幣9.08分(二零一零年：人民幣6.41分)。

營業額大幅增加主要由於本集團核心收入來源的收入增加，即海昆腎喜膠囊。海昆腎喜膠囊已滲入市場，於二零一一年銷售額較二零一零年增加61%。

復方活腦舒膠囊於截至二零一一年十二月三十一日止年度的銷售額約為人民幣47,551,000元。

董事會對二零一一年的財務業績表示滿意，董事會相信盈利能力的顯著增長乃歸功於以下原因。

首先，在主導品種進多省(市、自治區)醫保目錄及公司「快速發展年」相關管理措施基礎上，本集團的主導產品海昆腎喜膠囊的銷售業績有較大幅度增長。

第二，本集團繼續加大學術推廣的投入和向醫療機構分銷產品的力度，銷售網絡進一步擴大，在公費藥品市場中的份額進一步加大。

# Management Discussion and Analysis

## 管理層討論及分析

For instance, the Group continued to take part in the national professional academic meeting in Nanjing, Xi'an, Beijing and Harbin. The Company also sent professionals to hold seminars throughout the country and received notable success. Through academic promotion activities, the Group has not only upgraded its corporate image, but has also tapped business opportunities and explored business networks. A host of new clients from medical institutions in different regions are sought by us through such meetings.

Thirdly, the Group continued to implement the plan of recruiting temporary sales staff in line with its needs, in order to assist regional sales staff in expanding their sales network, and in hence, to capture and secure a larger share in the sales market.

The gross profit margin for the year ended 31 December 2011 was approximately 84%, representing a 5% increase as compared with that of 79% for the year ended 31 December 2010.

For the year ended 31 December 2011, the Group recorded other income and gains of approximately RMB6,171,000, contrasting to a figure of RMB6,101,000 for the year ended 31 December 2010.

Distribution and selling costs rose to approximately RMB148,464,000 for the year ended 31 December 2011 from approximately RMB94,306,000 in last year. These expenses accounted for 54% of turnover in 2011, which represented a 7% increase from 47% as compared with the corresponding period of last year. The increase in distribution and selling costs of approximately RMB54,158,000 was mainly due to the growth in staff remuneration as a result of the recruitment of temporary sales persons.

For the year ended 31 December 2011, administrative expenses decreased to approximately RMB25,937,000 from approximately RMB26,307,000 last year.

例如，本集團繼續跟進在南京、西安、北京及哈爾濱等地舉行的全國性專業學術會，公司還派出專業人員到全國各地舉辦講座，收到了很好效果。學術推廣活動不僅可以提升企業形象，而且本集團可以借此開拓商機及擴展業務網絡。來自不同地區醫療機構的若干新客戶都是從該等會議物色。

第三，本集團根據需要，繼續執行臨時銷售人員的招聘計劃，以協助地區銷售人員擴展其銷售網絡，以爭取佔領更多銷售市場。

截至二零一一年十二月三十一日止年度，邊際毛利約為84%，較截至二零一零年十二月三十一日止年度之79%增加5%。

截至二零一一年十二月三十一日止年度，本集團錄得其他收入及收益約人民幣6,171,000元，而截至二零一零年十二月三十一日止年度則約為人民幣6,101,000元。

截至二零一一年十二月三十一日止年度，分銷及銷售開支由去年約人民幣94,306,000元增加至約人民幣148,464,000元。於二零一一年，該等開支佔營業額的百分比為54%，較去年同期之47%增加7%。分銷及銷售開支增加達約人民幣54,158,000元，主要由於錄用臨時銷售人員導致員工薪酬增加。

截至二零一一年十二月三十一日止年度，行政開支由去年約人民幣26,307,000元減少至約人民幣25,937,000元。

# Management Discussion and Analysis

## 管理層討論及分析

### LIQUIDITY AND FINANCIAL RESOURCES

The Group has maintained a sound financial position during this year. As at 31 December 2011, cash and bank balances of the Group amounted to RMB70,059,000 (2010: RMB97,559,000) with total borrowings of RMB7,070,000 (2010: RMB6,690,000) which were interest bearing at commercial rates and unsecured. As at 31 December 2011, the Group had total assets of RMB457,817,000 (2010: RMB379,672,000) which were financed by current liabilities of RMB109,407,000 (2010: RMB81,048,000), long term borrowings of RMB5,419,000 (2010: RMB6,054,000), deferred tax liabilities of RMB484,000 (2010: RMB956,000) and shareholders' equity of RMB342,507,000 (2010: RMB291,614,000).

### GEARING RATIO

As at 31 December 2011, the Group had a net cash and cash equivalents of RMB70,059,000. As at 31 December 2011, the ratio of the total liabilities to the total assets of the Group was 25% (2010: 23%) which was calculated by dividing the Group's total liabilities of RMB115,310,000 (2010: RMB88,058,000) by the Group's total equity and liabilities of RMB457,817,000 (2010: RMB379,672,000). The Group's gearing ratio which derived from the total borrowings to total net assets was 2.1% (2010: 2.3%).

### EMPLOYEES

The Group has a total of 420 full-time employees and has employed some temporary sales persons. For the year ended 31 December 2011, the total remuneration of employees, including directors' remuneration amounting to approximately RMB68,393,000 (2010: approximately RMB45,905,000).

Remuneration is determined by reference to market conditions and the performance, qualifications and experience of individual employee. Discretionary bonuses based on individual performance will be paid to employees as recognition of and reward for their contribution. Other benefits include contributions to retirement scheme and medical scheme.

### 流動資金及財政來源

本集團於本年度維持穩健的財政狀況。於二零一一年十二月三十一日，本集團的現金及銀行結餘合共為人民幣70,059,000元(二零一零年：人民幣97,559,000元)，總貸款為人民幣7,070,000元(二零一零年：人民幣6,690,000元)。該等貸款以商業利率計息，並無抵押。於二零一一年十二月三十一日，本集團的資產總值為人民幣457,817,000元(二零一零年：人民幣379,672,000元)，資金來源為流動負債人民幣109,407,000元(二零一零年：人民幣81,048,000元)、長期貸款人民幣5,419,000元(二零一零年：人民幣6,054,000元)、遞延稅項負債人民幣484,000元(二零一零年：人民幣956,000元)及股東權益人民幣342,507,000元(二零一零年：人民幣291,614,000元)。

### 負債比率

於二零一一年十二月三十一日，本集團擁有現金及現金等值物人民幣70,059,000元。於二零一一年十二月三十一日，本集團負債總額相對於資產總值之比率為25%(二零一零年：23%)，該負債比率按本集團總負債人民幣115,310,000元(二零一零年：人民幣88,058,000元)除本集團總權益與總負債人民幣457,817,000元(二零一零年：人民幣379,672,000元)計算得出。本集團的資產負債比率(以借款總額相對於資產總淨值之比率計算)為2.1%(二零一零年：2.3%)。

### 僱員

本集團共僱用正式員工420人，並聘用若干臨時銷售人員。截至二零一一年十二月三十一日止年度僱員薪金總額(包括董事酬金)約人民幣68,393,000元(二零一零年：約人民幣45,905,000元)。

薪酬乃參照市場條件以及個別僱員的表現、資歷及經驗而釐定。酌情花紅乃按個別僱員的表現支付予僱員，作為對他們的貢獻之認同及獎勵。其他福利包括退休計劃供款及醫療計劃。

# Biographical Details of Directors and Senior Management

## 董事及高級管理層簡歷

### EXECUTIVE DIRECTORS

#### Zhang Hong

Aged 57, male, is the Chairman, general manager and secretary of the Party committee. He holds a bachelor degree and is a senior economist. His previous positions are as follows: He was a teacher and the secretary of Youth League Committee of Huinan No. 4 Middle School from September 1978 to October 1983; he worked in county and town governments from November 1983 to September 1989, during which he held the position of deputy town head; he has been the Chairman, general manager and secretary of the Party committee of Jilin Province Huinan Changlong Bio-pharmacy Company Limited since October 1989.

#### Zhang Xiao Guang

Aged 48, male, is an executive director and deputy general manager. He holds a bachelor degree and is a senior economist. He held the positions of the secretary of Youth League Committee of Chaoyang town engineer affairs equipment factory of Shenyang railway bureau from July 1983 to September 1989; deputy director of foreign trade bureau of Huinan County from October 1989 to November 1990; executive director and deputy general manager of the Company since December 1990.

#### Tian Xin Guo

Aged 55, male, is an executive director and deputy secretary of the Party committee. He holds a master degree and is a senior economist. He acted as the Secretary of the Ministry of Public Transportation and the Economics and Trading Committee in Huinan County from December 1979 to September 1984; studied in the Jilin Province Radio and Television University for associate degree from October 1984 to September 1986; from October 1986 to November 1986, has was general officer of Huinan County government office; from December 1986 to March 1990, the Chief of the Transportation Management Office in Huinan County and the Secretary of the Party Branch; from April 1990 to September 1995, the Deputy Director of the Transportation Bureau in Huinan County; from October 1995 to September 1999, the Director of the State-owned Assets Management Bureau; from October 1999 to October 2001, the Director of the Planning Bureau in Huinan County; from November 2001 to May 2007, the district manager, deputy secretary of the Party committee and secretary of discipline committee of Huinan Changlong Bio-pharmacy Company and on 9 August 2007, he commenced to perform his duties of executive director and district manager, deputy secretary of the Party committee and secretary of discipline committee of the Company.

### 執行董事

#### 張弘

董事長、總經理、黨委書記，男，57歲，大學學歷，高級經濟師。曾經擔任的重要職務及任期：1978年9月~1983年10月，任輝南四中教師、校團委書記；1983年11月~1989年9月，在縣直機關及鄉鎮工作，曾任大椅山鄉副鄉長；1989年10月起任吉林省輝南長龍生化藥業股份有限公司董事長、總經理、黨委書記至今。

#### 張曉光

執行董事、副總經理，男，48歲，大學學歷，高級經濟師。1983年7月~1989年9月，任瀋陽鐵路局朝陽鎮工務器材廠團委書記；1989年10月~1990年11月，任輝南縣外貿局副局長；1990年12月起任公司執行董事、副總經理至今。

#### 田新國

執行董事、黨委副書記，男，55歲，研究生學歷，高級經濟師。1979年12月~1984年9月，任輝南縣委工交部、經貿委團委書記；1984年10月~1986年9月，吉林省廣播電視大學大專班學習；1986年10月~1986年11月，輝南縣委整黨辦公室工作人員；1986年12月~1990年3月，任輝南縣交通管理所所長兼黨支部書記；1990年4月~1995年9月，任輝南縣交通局副局長；1995年10月~1999年9月，任輝南縣國有資產管理局局長；1999年10月~2001年10月，任輝南縣計劃局局長；2001年11月~2007年5月，任輝南長龍藥業公司區域經理、黨委副書記、紀委書記；2007年8月9日開始履行為公司執行董事的職務並兼任區域經理、黨委副書記、紀委書記。

# Biographical Details of Directors and Senior Management

## 董事及高級管理層簡歷

### Chen Qi Ming

Aged 54, male, is an executive director and a senior economist with a bachelor degree. From October 1978 to July 1982, he studied in Jilin Agriculture University; from August 1982 to October 1989, he worked in Economics and Trading Committee and Heavy Industries Bureau in Huinan County; from November 1989 to October 1995, he worked in Agricultural Machinery Bureau and Agricultural Bureau of the county; from November 1995 to April 2002, acted as director of Technology Bureau; from May 2002 to August 2007, worked as district manager of Huinan Changlong Bio-pharmacy Company; commenced to perform his duties of executive director and district manager of the Company on 9 August 2007.

### Wu Guo Wen

Aged 47, male, is an executive director and chief engineer. He holds a master degree and is a Pharmacist-in-charge and senior engineer. From July 1984 to August 1986, he studied in Shanxi Province Herbal School; from September 1986 to August 1988, he acted as director of quality inspection department of herbal medicine company in Huinan County; from September 1988 to August 1991, he studied in Shanghai Medicine University; from September 1991 to January 1993, he acted as district manager of Changlong Bio-pharmacy Company; from February 1993 to May 1996, he pursued master degree in Jilin University; from June 1996 to August 2007, he acted as chief engineer of Huinan Changlong Bio-pharmacy Company and commenced to perform his duties of executive director and chief engineer on 9 August 2007.

### Zhao Bao Gang

Aged 45, male, is an executive director and chief finance officer. He holds an associate degree and is a certified accountant, certified estimator and senior economist. From July 1987 to July 1990, he studied in Jilin Finance and Tax Training School; from August 1990 to May 1995, he acted as director of Finance Bureau of Huinan County; from August 1996 to December 2006, he held the position of director and equipment director of Jilin Province Huinan Changlong Bio-pharmacy Company Limited and was appointed as director and chief finance officer of the Company in March 2007.

### 陳啟明

執行董事，男，54歲，本科學歷，高級工程師。1978年10月~1982年7月，在吉林農業大學讀書；1982年8月~1989年10月，在輝南縣經委、重工局工作；1989年11月~1995年10月，在縣農機局、農委農業局工作；1995年11月~2002年4月，任縣科技局局長；2002年5月~2007年8月，任輝南長龍藥業公司區域經理；2007年8月9日開始履行公司執行董事的職務並兼任區域經理。

### 吳國文

執行董事、總工程師，男，47歲，碩士研究生，主管藥師，高級工程師。1984年7月~1986年8月，在山西省中藥學校學習；1986年9月~1988年8月，任輝南縣藥材公司質檢科長；1988年9月~1991年8月，在上海醫藥大學學習；1991年9月~1993年1月，任長龍藥業公司區域經理；1993年2月~1996年5月，在吉林大學攻讀碩士學位；1996年6月~2007年8月任輝南長龍藥業公司總工程師；2007年8月9日開始履行公司執行董事的職務並兼任總工程師。

### 趙寶剛

執行董事、財務總監，男，45歲，大專學歷，註冊會計師，註冊評估師，高級經濟師。1987年7月~1990年7月，在吉林財稅高等專科學校學習；1990年8月~1995年5月，在輝南縣財政局任科長；1996年8月~2006年12月，任輝南長龍生化藥業股份有限公司董事兼設備科長；2007年3月任公司董事兼財務總監。

# Biographical Details of Directors and Senior Management

## 董事及高級管理層簡歷

### INDEPENDENT NON-EXECUTIVE DIRECTORS

#### Shen Yu Xiang

Aged 61, male, is an independent non-executive director. From April 1984 to October 1995, he acted as deputy director of Finance Bureau of Huinan County; from November 1995 to October 1998, he worked as dean of Finance and Trade Office of Huinan County; from November 1998 to December 2000, he acted as director of Audit Bureau of Huinan County and was appointed as independent director of the Company since 2001.

#### Xue Chang Qing

Aged 50, male, is an independent non-executive director with a bachelor degree and is a senior auditor, international certified internal auditor, certified accountant, certified assets estimator and certified tax agent. From September 1978 to September 1981, he studied in Changchun Machinery Industrial School majoring in machinery manufacture; from September 1981 to May 1988, he acted as accountant of Changchun Printing and Dyeing Factory; from May 1988 to January 2006, he worked as accountant, internal auditor, senior auditor and deputy dean of finance office of Changchun Institute of Applied Chemistry Chinese Academy of Sciences; since January 2006, he has acted as dean of assessment department of Jilin Jinshi Certified Public Accountants Company Limited. He commenced to perform his duties of independent director of the Company on 9 August 2007.

#### Yan Li Jin

Aged 57, male, is an independent non-executive director and holds a master degree. From March 1977 and January 1980, he studied in Politics and History Department of Si Ping Normal University; from July 1994 to July 1997, he studied in History Department of Northeast Normal University; from January 1998 to March 2000, pursued master degree in Northeast Normal University; from January 1980 to July 1993, he worked as teacher and dean of students of Huinan No.1 Middle School; from August 1993 to January 1997, he acted as principal of Huinan No.1 Middle School and commenced to perform his duties of independent director of the Company on 9 August 2007.

### 獨立非執行董事

#### 沈玉祥

獨立非執行董事，男，61歲。1984年4月~1995年10月，任職輝南縣財政局副局長；1995年11月~1998年10月，任職輝南縣財貿辦主任；1998年11月~2000年12月，任職輝南縣審計局局長，於2001年始任公司獨立董事。

#### 薛長清

獨立非執行董事，男，50歲，大專學歷，高級審計師，國際註冊內部審計師，註冊會計師，註冊資產評估師，註冊稅務師。1978年9月~1981年9月，長春機械工業學校機械製造專業學習；1981年9月~1988年5月任長春印染廠會計科會計；1988年5月~2006年1月在中國科學院長春應用化學研究所曾任會計、內部審計、會計師、高級審計師和財務室副主任(副處)等職務；2006年1月至今在吉林金石會計師事務所任評估部主任。2007年8月9日開始履行公司獨立董事的職務。

#### 鄢禮金

獨立非執行董事，男，57歲，研究生學歷。1977年3月~1980年1月，在四平師範學院政史系學習；1994年7月~1997年7月，在東北師範大學歷史系學習；1998年1月~2000年3月，在東北師範大學研究生班學習；1980年1月~1993年7月，在輝南一中任教師、教導主任；1993年8月~1997年1月，任輝南一高中校長；2007年8月9日開始履行本公司獨立董事的職務。



# Biographical Details of Directors and Senior Management

## 董事及高級管理層簡歷

### SUPERVISORS

#### Zhang Jing Zhou

Aged 63, male, he joined Changlong Bio-pharmacy in March 1995. He has acted as the Chairman of labour union and supervisory committee of the Company since 1996.

#### Wu Wei Men

Aged 42, male, graduated from Dandong Textile Training School with associated degree in industrial accounting in 1991. From 1991 to 2004, he worked as finance director of hardware factory of Huinan County. He joined Changlong Bio-pharmacy in 2004 and has acted as supervisor of the Company since 9 August 2007.

#### Li Bao Hai

Aged 55, male, he joined Changlong Bio-pharmacy in July 1990. He worked as an electrician and dean of electricity distribution office. He has acted as the Supervisor of the Company since 1996.

### 監事

#### 張景洲

男，63歲，1995年3月加入長龍藥業，1996年始任公司工會主席、監事會主席。

#### 吳尉民

男，42歲，1991年畢業於丹東紡織專科學校工業會計專業，大專學歷，1991年~2004年在輝南縣五金廠任財務科長，2004年加入長龍藥業，2007年8月9日始任公司監事。

#### 李寶海

男，55歲，1990年7月加入長龍藥業，曾任電工、配電室主任，1996年始任公司監事。

# Biographical Details of Directors and Senior Management

## 董事及高級管理層簡歷

### OTHER SENIOR MANAGEMENT

#### Mok Sai Cheong Mark

Aged 32, male, is the qualified accountant and company secretary. He holds a Bachelor's degree in accounting. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. He has over 11 years of experience in auditing and accounting.

#### Zhang Yan Jun

Aged 46, male, holds an associate degree and is the secretary of the board of Directors and senior economist. From August 1985 to October 1995, he worked as director of finance department of the Second Light Industrial Bureau of Huinan County; from November 1995 to October 1996, director of production department of economy and trade committee of Huinan County; from November 1996 to July 2007, deputy secretary of the Party committee of Huinan Taitai Bio-pharmacy Company Limited and the chairman of Supervisory Committee. He has acted as dean of security department of Huinan Changlong Bio-pharmacy Company Limited since August 2007 and secretary of the board of directors since November 2009.

#### Yang Ze Shu

Aged 44, male, graduated from Yanbian Medical College in 1992 with a bachelor degree. He is Chief Quality Officer and chief pharmacist and senior engineer. From 1992 to 1999, he acted as dean of Pharmaceutical office of Institute for Drug Control. He has worked as Chief Quality Officer of the Company since 2000.

### 其他高級管理層

#### 莫世昌

合資格會計師，公司秘書，男，32歲，會計學學士。現為香港會計師公會註冊會計師及英國特許公認會計師公會資深會員。莫先生已有逾十一年財務及審計經驗。

#### 張延軍

董事會秘書，男，46歲，大專學歷，高級經濟師。1985年8月~1995年10月在輝南縣二輕工業局財務科曾任科長；1995年11月~1996年10月在輝南縣經貿委任生產科科長；1996年11月~2007年7月在輝南天泰藥業股份有限公司任黨委副書記、監事會主席；2007年8月起任輝南長龍生化藥業股份有限公司證券部主任，2009年11月任董事會秘書。

#### 楊澤樞

質量總監，男，44歲，1992年畢業於延邊醫學院，本科學歷，主管藥師，高級工程師。1992年~1999年在輝南縣藥品檢驗所任西藥室主任，2000年到本公司任質量總監。

# Report of the Directors

## 董事會報告書

The Directors present their report and the audited financial statements of the Company and of the Group for the year ended 31 December 2011.

### BASIS OF PREPARATION

The Company was established as a state-owned enterprise in the People's Republic of China (the "PRC") in 1989. On 29 December 1995, under the relevant provisions of the PRC Company Law, the Company was re-organised from a state-owned enterprise to a limited liability company. On 16 August 1996, with the approval of the Economic Restructuring Commission of Jilin Province, the Company was further converted into a joint stock limited company. On 20 April 1999, the Company made a bonus issue from capitalisation of retained profits at the proportion of one bonus share for every two existing shares.

The Company's H shares are listed on the Growth Enterprise Market ("GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 24 May 2001.

### PRINCIPAL ACTIVITY

The Group is principally engaged in the manufacture and distribution of biochemical medicines in the PRC under the brand names of Changlong and Shendi. There were no changes in the nature of the Group's principal activities during the year.

### SEGMENTAL INFORMATION

The Group has only one business segment which is the manufacture and distribution of biochemical medicines in the PRC. In 2011, turnover of the Group was generated entirely from sales in the PRC and all identifiable assets of the Group are located in the PRC. Accordingly, no business or geographical segmental analysis is prepared for the year.

### RESULTS AND DIVIDENDS

The profit of the Group for the year ended 31 December 2011 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 38 to 111.

The Directors do not recommend the payment of a final dividend.

董事會欣然提呈其年報及本公司及本集團截至二零一一年十二月三十一日止年度經審核財務報表。

### 編製基準

本公司於一九八九年在中華人民共和國(「中國」)成立為一間國有企業。於一九九五年十二月二十九日，根據中國公司法有關條文，本公司由一間國有企業重組為一間有限責任公司。於一九九六年八月十六日，經吉林省經濟改革委員會的批准，本公司進一步改組為一間股份有限公司。於一九九九年四月二十日，本公司按兩股現有股份派發一股紅股的比例，將保留溢利化作資本以進行紅股發行。

本公司H股於二零零一年五月二十四日在香港聯合交易所有限公司(「聯交所」)創業板(「創業板」)上市。

### 主要業務

本集團業務主要在中國製造及分銷本集團長龍和神迪品牌生化藥及中成藥。本集團的主要業務性質於本年度期間並無改變。

### 分類資料

本集團只有一個業務分類，即於中國製造和分銷生化藥物及中成藥。於二零一一年，本集團營業額全部來自中國之銷售，且本集團所有可識別資產均位於中國。因此，本年度並無編製業務或地區分類分析。

### 業績及股息

本集團截至二零一一年十二月三十一日止年度之溢利，以及本公司及本集團於該日期之事務狀況已載列於財務報表第38至111頁。

董事不建議派發末期股息。

# Report of the Directors

## 董事會報告書

### SUMMARY FINANCIAL INFORMATION

The following is a summary of the published results and the assets and liabilities of the Group prepared on the basis set out in the notes below. This summary is not part of the audited financial statements.

#### Results

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Turnover	營業額	<b>274,294</b>	200,630
Profit before income tax	稅前溢利	<b>61,604</b>	43,282
Income tax expense	所得稅支出	<b>(10,711)</b>	(7,391)
Profit for the year from ordinary activities attributable to owners of the Company	本年度股權持有人應佔日常業務溢利	<b>50,893</b>	35,891

#### Assets and liabilities

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Total assets	總資產	<b>457,817</b>	379,672
Total liabilities	總負債	<b>(115,310)</b>	(88,058)
Net assets	資產淨值	<b>342,507</b>	291,614

### BEARER BIOLOGICAL ASSETS, PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Details of movements in bearer biological assets, property, plant and equipment, and intangible assets of the Group and the Company during the year are set out in Notes 16, 17 and 21 to the financial statements respectively.

### 財務資料概要

以下為本集團已公佈業績以及資產及負債之概要，乃按下文附註所載基準編製，本概要不屬經審核財務報表之一部分。

#### 業績

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Turnover	營業額	<b>274,294</b>	200,630
Profit before income tax	稅前溢利	<b>61,604</b>	43,282
Income tax expense	所得稅支出	<b>(10,711)</b>	(7,391)
Profit for the year from ordinary activities attributable to owners of the Company	本年度股權持有人應佔日常業務溢利	<b>50,893</b>	35,891

#### 資產及負債

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Total assets	總資產	<b>457,817</b>	379,672
Total liabilities	總負債	<b>(115,310)</b>	(88,058)
Net assets	資產淨值	<b>342,507</b>	291,614

### 不記名生物資產、物業、廠房及設備以及無形資產

於年內，本集團及本公司不記名生物資產、物業、廠房及設備以及無形資產之變動詳情分別載於財務報表附註16、17及21。

# Report of the Directors

## 董事會報告書

### MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group made no material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 December 2011. Save as described in note 36 to the financial statements, as at 31 December 2011, the Group had no other future plans for material investments or significant changes in capital assets of subsidiaries and affiliated companies.

### SUBSIDIARIES

Particulars of the subsidiaries of the Company are set out in Note 20 to the financial statements.

### BORROWINGS

Particulars of borrowings of the Group and the Company are set out in Note 30 and 31 to the financial statements.

### CAPITAL STRUCTURE

The operations of the Group were financed mainly by shareholders' equity. The Group will continue to adopt its treasury policy of placing the Group's cash and cash equivalents in interest bearing deposits, and to fund operations with internal resources.

### SHARE CAPITAL

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

### RESERVES

Details of movements in reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity and in Note 34 to the financial statements respectively.

### DISTRIBUTABLE RESERVES

As at 31 December 2011, the reserves of the Company available for cash distribution or distribution in specie was amounted to approximately RMB212,707,000 (2010: RMB161,977,000).

### 重大投資、收購及出售附屬公司及聯屬公司

本集團於截至二零一一年十二月三十一日止年度內概無作出任何附屬公司及聯屬公司之重大收購及出售。除財務報表附註36所述者外，於二零一一年十二月三十一日，本集團並無其他未來計劃對任何附屬公司及聯屬公司作重大投資或資本資產改動。

### 附屬公司

本公司附屬公司之詳情載於財務報表附註20。

### 借貸

本集團及本公司貸款之詳情載於財務報表附註30和31。

### 股本結構

本集團之營運主要由股權支付。本集團將繼續採納其財務政策，將本集團之現金及現金等值物存放於計息存款並以內部資源支付其營運所需資金。

### 股本

本公司於本年度內之股本變動詳情載於財務報表附註33。

### 儲備

本集團及本公司於年內之儲備變動詳情載於綜合權益變動表及財務報表附註34。

### 可分配儲備

於二零一一年十二月三十一日，本公司可用作現金分配或實物分配之儲備約達人民幣212,707,000元(二零一零年：人民幣161,977,000元)。

# Report of the Directors

## 董事會報告書

### MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group sold about 25% of its goods to its five largest customers (2010: 16%) and sales to the largest customer included therein accounted for 9% (2010: 6%) of the Group's total sales.

In the year under review, the Group's purchases from the five largest suppliers accounted for about 54% (2010: 37%) of the Group's total purchases and purchases from the largest suppliers therein accounted for 30% (2010: 12%) of the Group's total purchases.

None of the directors of the Company or any shareholders who, to the best knowledge of the directors, own more than 5% of the Company's issued share capital had any beneficial interest in the Group's five largest customers and five largest suppliers noted above.

### FOREIGN EXCHANGE RISK

For the years ended 31 December 2011 and 2010, the Group mainly generated revenue and incurred costs in Renminbi. The directors consider the impact on foreign exchange exposure of the Group is minimal. Accordingly the Group did not employ any financial instruments for hedging purposes.

### CAPITAL COMMITMENTS

Details of the capital commitments of the Group and the Company as at 31 December 2011 are set out in Note 35 to the financial statements.

### CONTINGENT LIABILITIES

As at 31 December 2011 and 2010, the Group had no material contingent liabilities.

### 主要客戶及供應商

於本年度內，本集團向五大客戶出售約25%（二零一零年：16%）之貨品，其中最大客戶佔本集團總銷售額9%（二零一零年：6%）。

於回顧年度內，本集團五大供應商佔本集團總採購額約54%（二零一零年：37%），其中最大供應商佔本集團總採購額約30%（二零一零年：12%）。

就董事所知，擁有本公司已發行股本5%以上的董事或任何股東概無於上述本集團五大客戶及五大供應商中擁有任何實益權益。

### 外匯風險

截至二零一一年及二零一零年十二月三十一日止年度，本集團之主要收益及成本乃以人民幣計算。董事認為，外匯風險對本集團之影響甚微。因此，本集團並無運用任何財務工具作對沖用途。

### 資本承擔

本集團及本公司於二零一一年十二月三十一日之資本承擔之詳情已載於財務報表附註35。

### 或然負債

於二零一一年及二零一零年十二月三十一日，本集團並無任何重大或然負債。

# Report of the Directors

## 董事會報告書

### DIRECTORS AND SUPERVISORS

The Directors and Supervisors of the Company during the year and up to the date of this report were as follows:

#### Executive Directors

Mr. Zhang Hong (*Chairman*)  
Mr. Zhang Xiao Guang  
Mr. Tian Xin Guo  
Mr. Chen Qi Ming  
Mr. Wu Guo Wen  
Mr. Zhao Bao Gang

#### Independent Non-Executive Directors

Mr. Shen Yu Xiang  
Mr. Xue Chang Qing  
Mr. Yan Li Jin

#### Supervisors

Mr. Zhang Jing Zhou  
Mr. Wu Wei Men  
Mr. Li Bao Hai

### DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out in the section "Biographical Details of Directors and Senior Management" of the annual report.

### EMOLUMENTS OF DIRECTORS AND SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' and Supervisors' emoluments and those of the five highest paid individuals in the Group are set out in Note 14 to the financial statements.

### DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS OR LETTERS OF APPOINTMENT

Each of the Directors and Supervisors (including the Independent Non-Executive Directors and the Supervisors) has entered into a service contract or letter of appointment with the Company for a term of three years. None of the Directors or the Supervisors had entered into any service contract or letter of appointment with the Company which is not terminable by the Company within one year without payment of compensation, other than statutory compensation.

### 董事及監事

本公司於本年內及截至本報告日期的董事及監事如下：

#### 執行董事

張弘先生(主席)  
張曉光先生  
田新國先生  
陳啟明先生  
吳國文先生  
趙寶剛先生

#### 獨立非執行董事

沈玉祥先生  
薛長清先生  
鄒禮金先生

#### 監事

張景洲先生  
吳尉民先生  
李寶海先生

### 董事及高級管理層簡介

本公司董事及本集團高級管理層之簡介詳情載於年報「董事及高級管理層簡歷」一節。

### 董事、監事及五位最高薪人士之酬金

董事、監事及本集團五位最高薪人士之酬金詳情載於財務報表附註14。

### 董事及監事之服務合約及委任書

各董事及監事(包括獨立非執行董事及監事)已與本公司訂立為期3年之服務合約或委任書。董事及監事概無與本公司訂有本公司不得於一年內終止而毋需支付賠償款項(法定賠償除外)之服務合約或委任書。

# Report of the Directors

## 董事會報告書

### DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

No directors had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or its subsidiaries was a party during the year.

### PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

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

### DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES

At 31 December 2011, the interests and short positions of the Directors, supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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 Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rule 5.46 to 5.67 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules") were as follows:

#### Long positions in shares

Director 董事	Type of Interests 權益類別	Capacity 身份	Number of Domestic Shares 內資股數目	Percentage of Domestic Shares 佔內資股百分比	Percentage of total registered Share Capital 佔總註冊股本的百分比
Zhang Hong 張弘	Personal 個人	Beneficial owner 實益擁有人	101,937,000	26.29	18.19
Zhang Xiao Guang 張曉光	Personal 個人	Beneficial owner 實益擁有人	42,315,000	10.91	7.55
Wu Guo Wen 吳國文	Personal 個人	Beneficial owner 實益擁有人	900,000	0.232	0.161
Chen Qi Ming 陳啟明	Personal 個人	Beneficial owner 實益擁有人	300,000	0.077	0.054

### 董事及監事於合約中之權益

董事於年內概無於本公司或其附屬公司作為一方且對本集團的業務屬重要的任何合約中擁有直接或間接的重大實益權益。

### 購買、出售或贖回上市證券

年內，本公司或其附屬公司概無購買、出售或贖回本公司任何上市證券。

### 董事及監事於股份的權益

於二零一一年十二月三十一日，本公司董事、監事及主要行政人員於本公司及其任何相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)的股份、相關股份及債券中擁有根據證券及期貨條例第352條，須列入該條所述登記冊的權益及淡倉，或根據聯交所創業板證券上市規則(「創業板上市規則」)第5.46條至5.67條所指董事買賣最低標準而須知會本公司及聯交所的權益及淡倉如下：

#### 於股份的長倉



# Report of the Directors

## 董事會報告書

Save as disclosed above, as at 31 December 2011, none of the Directors, supervisors and chief executives of the Company has any interests and short positions 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 Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rule 5.46 to 5.67 of the GEM Listing Rules.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES

Saved as disclosed under the headings "Directors' and supervisors' interests in shares" above, at no time during the year were there any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director, supervisor and chief executive or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the directors, supervisors and chief executives to acquire such rights in any other body corporate.

### INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 31 December 2011, the following persons (other than the Directors, supervisors and chief executives of the Company) had interests and 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.

#### Long positions in shares

Name of shareholder 股東名稱	Capacity/Nature of Interest 身份／權益性質	Number of Domestic Shares 內資股數目	Percentage of of Domestic Shares 佔內資股百分比	Percentage of total registered Share Capital 佔總註冊股本 的百分比
Huinan County SAB (Note) 輝南縣財源投資有限責任公司(附註)	Beneficial owner 實益擁有人	81,975,000	21.14	14.63

Note: Apart from the equity interest in the Company, Huinan County SAB does not have any direct or indirect interest in the Company, including representatives in the Board of Directors.

除上文所披露者外，於二零一一年十二月三十一日，本公司董事、監事及主要行政人員概無於本公司及其任何相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份及債券中擁有根據證券及期貨條例第352條，須列入該條所述登記冊的權益及淡倉，或根據創業板上市規則第5.46條至5.67條所指董事買賣最低標準而須知會本公司及聯交所的權益及淡倉。

### 董事購入股份的權利

除上文「董事及監事於股份的權益」一段所披露者外，各董事、監事及主要行政人員或彼等各自的配偶或十八歲以下子女概無獲授或行使任何透過購入本公司股份或債券而獲取利益之權利；而本公司、其控股公司或其任何附屬公司亦無訂立任何安排，讓董事、監事及主要行政人員可於任何其他法團購入該等權利。

### 根據證券及期貨條例須予披露的權益及主要股東

於二零一一年十二月三十一日，按照本公司根據證券及期貨條例第336條置存的股東名冊顯示，以下人士(本公司董事、監事及主要行政人員除外)於本公司股份及相關股份中持有權益及淡倉。

#### 於股份的長倉

附註：除卻佔本公司的股本權益外，輝南縣財源投資有限責任公司並無擁有本公司的任何直接或間接權益，包括在董事會內的代表。

# Report of the Directors

## 董事會報告書

Save as disclosed above, as at 31 December 2011, the Directors were not aware of any other person (other than the Directors, Supervisors and Chief Executives of the Company) who had interests and 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.

### MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group and the Company were entered into or were in existence during the year.

### COMPETING INTEREST

None of the Directors, the management shareholders, the significant shareholders or the substantial shareholders (as defined in the GEM Listing Rules) of the Company had any interest in a business, which competes or may compete with the business of the Group.

### PRE-EMPTIVE RIGHT

There are no provisions for pre-emptive rights under the article of association of the Company or the laws of the PRC, being the jurisdiction in which the Company was established, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

### CONNECTED TRANSACTIONS

During the year, the Group had no material related party transactions, which constituted connected transactions under the GEM Listing Rules.

### STAFF RETIREMENT SCHEME

Details of the staff retirement scheme of the Group and the employer's staff retirement costs charged to the profit and loss account for the year are set out in note 15 to the financial statements.

除上述所披露者外，於二零一一年十二月三十一日，按證券及期貨條例第336條置存之股東名冊所示，董事並不知悉任何其他人士(本公司董事、監事及主要行政人員除外)擁有本公司股份及相關股份的權益及淡倉。

### 管理合約

年內，本公司概無訂立任何有關本集團及本公司全部或任何重大部分業務之管理及行政之合約，亦無仍有效之該等合約。

### 競爭權益

本公司各董事、管理層股東、高持股量股東或主要股東(定義見創業板上市規則)概無於對本集團業務構成或可能構成競爭的任何業務中擁有任何權益。

### 優先購股權

本公司之公司章程或中國法律(即本公司註冊成立之司法權區)並無有關優先購股權之規定，並無要求本公司須按比例向現有股東發售新股。

### 關連交易

於本年度內，本集團並無根據創業板上市規則構成關連交易之重大關連人士交易。

### 僱員退休計劃

本集團之僱員退休計劃及於年內損益賬中扣除之僱主所承擔之僱員退休成本之詳情載於財務報表附註15。

# Report of the Directors

## 董事會報告書

### AUDIT COMMITTEE

The Company set up an Audit Committee on 24 May 2001 with written terms of reference in compliance with the requirements as set out in Rules 5.28 and 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and provide supervision over the financial reporting procedures and internal control system of the Group.

The committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, including a review of the audited results of the Group for the year ended 31 December 2011.

### FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and reclassified as appropriate, is set out on page 112 of the annual report. This summary does not form part of the audited financial statements.

### PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best of the directors' knowledge, as at the date of this annual report, there was a sufficient prescribed public float of the issued shares of the Company under the GEM Listing Rules.

### CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out on pages 27 to 34 of the annual report.

### AUDITORS

A resolution will be submitted to Annual General Meeting of the company to re-appoint the auditors, Reanda Lau & Au Yeung (HK) CPA Limited.

By order of the Board

**Zhang Hong**

*Chairman*

Jilin Province, the PRC  
29 March 2012

### 審核委員會

本公司於二零零一年五月二十四日成立審核委員會，並遵照創業板上市規則第5.28及5.29條之規定，訂立書面職權範圍。審核委員會之主要職責是審核及監督本集團之財務報告程序及內部監控系統。

委員會已與管理層檢討本集團採納之會計原則及慣例，並商討有關內部監控及財務報告事宜，包括審核本集團截至二零一一年十二月三十一日止年度之經審核業績。

### 五年財務摘要

本集團過去五個財政年度之業績、資產及負債摘要，乃摘錄自經審核財務報表，且已於合適時作出重新歸類，載於年報第112頁。該摘要並不構成經審核財務報表之一部分。

### 公眾持股量

根據本公司獲得之公開資料及據董事所知，於本年報刊發日期，本公司已發行股份之公眾持股量符合創業板上市規則指定水平。

### 企業管治

有關本公司所採納主要企業管治常規之報告載於年報第27至34頁。

### 核數師

本公司將於週年股東大會上提呈決議案以續聘利安達劉歐陽(香港)會計師事務所有限公司為本公司核數師。

承董事會命

**張弘**

*主席*

中國吉林省  
二零一二年三月二十九日

# Corporate Governance Report

## 企業管治報告

### COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with all the code provisions as set out in the Code on Corporate Governance Practice (the "Code") contained in Appendix 15 to the GEM Listing Rules throughout the financial year ended 31 December 2011 subject to the deviations disclosed hereof.

### CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less than the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors throughout the year ended 31 December 2011.

### BOARD OF DIRECTORS AND BOARD MEETINGS

The Directors of the Company during the year and up to the date of this report were:

#### Executive Directors

Mr. Zhang Hong (*Chairman*)  
Mr. Zhang Xiao Guang  
Mr. Tian Xin Guo  
Mr. Chen Qi Ming  
Mr. Wu Guo Wen  
Mr. Zhao Bao Gang

#### Independent Non-Executive Directors

Mr. Shen Yu Xiang  
Mr. Xue Chang Qing  
Mr. Yan Li Jin

As at the date of this report, the Board comprised nine Directors, six of whom are Executive Directors, three of whom are INEDs of the Company. Details of backgrounds and qualifications of each Director are set out on the section headed "Biographical Details of Directors and Senior Management" of this annual report.

### 遵守企業管治常規守則

董事會認為，於截至二零一一年十二月三十一日止財政年度全年，本公司已遵守創業板上市規則附錄十五所載之所有企業管治常規守則（「守則」），惟以下披露之偏離者除外。

### 董事進行證券交易的標準守則

本公司已就董事進行證券交易採納操守準則，條款不寬於創業板上市規則第5.48至5.67條所載董事進行證券交易的標準守則。本公司經向全體董事作出特定查詢後，於截至二零一一年十二月三十一日止年度全年，本公司並不知悉任何不遵守證券交易規定準則和有關董事進行證券交易操守準則之情況。

### 董事會及董事會會議

年內及截至本報告日期，本公司董事有：

#### 執行董事

張弘先生(主席)  
張曉光先生  
田新國先生  
陳啟明先生  
吳國文先生  
趙寶剛先生

#### 獨立非執行董事

沈玉祥先生  
薛長清先生  
鄒禮金先生

於本報告日期，董事會由九名董事組成，其中六名為本公司之執行董事，三名為本公司之獨立非執行董事。各董事的背景及資歷詳情載於本年報「董事及高級管理層簡歷」一節。

# Corporate Governance Report

## 企業管治報告

The Board is responsible for corporate strategy, annual and interim results, succession planning, risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. Major corporate matters that are specifically delegated by the Board of Directors to the management include the preparation of annual and interim accounts for Board approval before public reporting, execution of business strategies, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations. Executive Directors are responsible for running the Group and executing the strategies adopted by the Board. The INEDs serve the relevant function of bringing independent judgement on the development, performance and risk management of the Group through their contributions in board meeting.

All Directors have given sufficient time and attention to the affairs of the Group. Each executive Director has sufficient experience to hold the position so as to carry out his duties effectively and efficiently.

The Board considers that each INED of the Company is independent in character and judgement. The Company has received from each INED a written confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules.

The Board meets at least four times each year at approximately quarterly intervals to discuss the Group's business development, operation and financial performance. Board papers are circulated not less than 7 days before the Board meetings to enable the Directors to make informed decisions on matters to be raised at the board meetings. Minutes of board meetings are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

To the best knowledge of the Directors, there is no financial, business and family relationship among the members of the Board.

董事會負責企業策略、年度及中期業績、繼任籌劃、風險管理、主要收購、出售及資本交易，以及其他重大營運及財務事宜。董事會特別授予管理層處理之重大公司事宜包括編製年度及中期賬目並於公開公佈前供董事會批准、執行業務策略、實施足夠的內部控制系統及風險管理程序，以及遵守相關法律規定、規則和條例。執行董事負責集團之運作及執行董事會採納之政策。獨立非執行董事透過在董事會會議上發表意見，履行為本集團的發展、表現和風險管理計入獨立判斷的有關功能。

所有董事已獲給予充份時間和資料關注本集團事務。每名執行董事均有足夠經驗擔任其職位以有效和有效率執行職務。

董事會認為，各獨立非執行董事的身份及判斷均具獨立性。本公司已接獲各獨立非執行董事之確認書，確認彼等符合創業板上市規則第5.09條所載有關獨立性之規定。

董事會每年最少舉行四次會議，約每一季度舉行一次，討論本集團的發展、營運及財務表現。董事會文件須於董事會會議前最少7天發出，使董事可就提呈董事會會議的事項作出知情決定。董事會會議記錄由公司秘書備存，任何董事可在發出合理通知下於任何合理時段查閱董事會會議記錄。

據董事所知悉，董事會各成員之間並無財務、業務及親屬關係。

# Corporate Governance Report

## 企業管治報告

### Board meetings

During the year, six regular board meetings were held. Details of the attendance of the Directors are as follows:

Directors	董事	Meetings attended/Held 已出席/已舉行會議
Executive Directors	執行董事	
Mr. Zhang Hong ( <i>Chairman</i> )	張弘先生(主席)	6/6
Mr. Zhang Xiao Guang	張曉光先生	5/6
Mr. Tian Xin Guo	田新國先生	6/6
Mr. Chen Qi Ming	陳啟明先生	6/6
Mr. Wu Guo Wen	吳國文先生	6/6
Mr. Zhao Bao Gang	趙寶剛先生	6/6
Independent Non-Executive Directors	獨立非執行董事	
Mr. Shen Yu Xiang	沈玉祥先生	6/6
Mr. Xue Chang Qing	薛長清先生	5/6
Mr. Yan Li Jin	鄒禮金先生	6/6

Apart from the above regular board meetings of the years, the Board of Directors will meet on other occasions when a board-level decision on a particular matter is required. The Directors will receive details of agenda items for decision and minutes of committee meetings in advance of each board meeting.

### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zhang Hong assumes the role of both the chairman and the chief executive officer of the Company. The Board is of the view that this has not compromised accountability and independent decision making for the following reasons:

- the Audit Committee composes exclusively of Independent Non-executive Directors;
- the Independent Directors have free and direct access to the Company's external auditors and independent professional advice when considered necessary.

### 董事會會議

年內，已舉行六次常規董事會會議。董事會出席詳情如下：

除上述各年度之定期董事會會議外，董事會可在必須就特定事宜作出董事會層次之決定時另行召開會議。於每次召開董事會會議前，董事將預先收到須作決定之議程項目及委員會會議記錄詳情。

### 主席及行政總裁

根據守則條文A.2.1條規定，主席及行政總裁的角色應各自獨立，不應由同一人士所擔任。張弘先生現同時擔任本公司之主席及行政總裁。董事認為，此情況並未影響其問責及作出獨立決定，原因如下：

- 審核委員會僅由獨立非執行董事組成；
- 獨立董事可於認為有需要時隨時和直接尋求本公司外聘核數師意見及獨立專業意見。

# Corporate Governance Report

## 企業管治報告

Mr. Zhang Hong, the chairman, is a substantial shareholder of the Company and has considerable industry experience. He is motivated to contribute to the growth and profitability of the Group. The Board is of the view that it is in the best interests of the Group to have an executive chairman so that the Board can have the benefit of a chairman who is knowledgeable about the business of the Group and is most capable to guide discussions and brief the Board in a timely manner on pertinent issues and developments to facilitate open dialogue between the Board and the management.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company appointed INEDs who have appropriate and sufficient experience and qualification to carry out their duties so as to protect the interests of shareholders. Mr. Shen Yu Xiang, Mr. Xue Chang Qing and Mr. Yan Li Jin are the INEDs.

All INEDs are subject to retirement by rotation in accordance with the articles of association of the Company. All the existing INEDs are appointed for an initial term of three years and the term of office shall continue after the expiration of the initial term until at least 1 month's prior written notice is given by either party or the Company to terminate the same.

### REMUNERATION COMMITTEE

According to the Code, the Company has set up a Remuneration Committee on 29 September 2005. As at the date of this report, the chairman of the committee is Mr. Shen Yu Xiang, an INED, and other members include Mr. Xue Chang Qing, and Mr. Zhang Hong, the majority being INEDs. The remuneration committee schedules meet at least once a year and the quorum necessary for the transaction of business is two.

The role and function of the Remuneration Committee included the determination of the specific remuneration packages of all executive Directors, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the board of the remuneration of non-executive Directors. The remuneration committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration.

主席張弘先生現為本公司主要股東且具備資深行業經驗。彼受推動為本集團之增長及盈利能力作出貢獻。董事會認為，擁有一位執行主席乃符合本集團之最佳利益，因為藉此董事會可受惠於獲得一位對本集團業務具深厚認識，並有能力於有關事宜及發展適時引導董事會作出討論和向董事會進行簡報，藉以促進董事會與管理層之間的公開交流。

### 獨立非執行董事

本公司委任的獨立非執行董事擁有適當和足夠經驗及學歷履行職務，以保障股東權益。沈玉祥先生、薛長清先生及鄒禮金先生為獨立非執行董事。

所有獨立非執行董事均須根據本公司組織章程細則輪席告退。所有現有獨立非執行董事獲委任之任期初步為三年，初步任期屆滿後任期將會繼續，直至任何一方發出最少一個月書面通知或本公司予以終止為止。

### 薪酬委員會

根據守則，本公司已於二零零五年九月二十九日設立薪酬委員會。於本報告日期，委員會主席為獨立非執行董事沈玉祥先生，其他成員包括薛長清先生及張弘先生，大部分為獨立非執行董事。薪酬委員會定期每年最少舉行一次會議，議事所須之法定人數為兩人。

薪酬委員會之角色及功能包括釐定所有執行董事之特定薪酬組合包括實物利益、退休金及補償付款(包括因失去或終止彼等職位或委任應付之任何補償)以及向董事會就非執行董事之薪酬提供建議。薪酬委員會應考慮各種因素例如可比較公司支付之薪金、董事承擔之時間及責任、本集團其他地方之聘用條件及按表現釐定薪酬之可取性。

# Corporate Governance Report

## 企業管治報告

For the financial year ended 31 December 2011, the Remuneration Committee held two meetings. The individual attendance records of each member are as follows:

### Members

Mr. Shen Yu Xiang (*Chairman*)  
Mr. Xue Chang Qing  
Mr. Zhang Hong

### 成員

沈玉祥先生(主席)  
薛長清先生  
張弘先生

### Meetings attended/Held

已出席/已舉行會議

2/2  
2/2  
2/2

For the year ended 31 December 2011, the Remuneration Committee reviewed matters relating to remuneration for the Directors and members of senior management, and discussed the remuneration policy of the Group.

The remuneration committee of the Company has considered and reviewed the existing terms of employment contracts of the Executive Directors and appointment letters of the INEDs. The Remuneration Committee of the Company considers that the existing terms of employment contracts of the Executive Directors and appointment letters of the INEDs are fair and reasonable.

### NOMINATION COMMITTEE

The Company has established the Nomination Committee according to the relevant provisions of the GEM Listing Rules with written terms of reference. Its primary responsibilities include reviewing and supervising the framework, number of members and composition of the Board and making proposals to the Board in respect of any changes and identifying and nominating suitable persons for appointment of Director.

As at the date of this report, the Nomination Committee comprises of one Executive Director, Mr. Zhang Xiao Guang and two INEDs, Mr. Xue Chang Qing and Mr. Shen Yu Xiang, which is in compliance with the requirement of the GEM Listing Rules that INEDs should form the majority of the Nomination Committee. Mr. Shen Yu Xiang is the chairman of the Nomination Committee.

Nomination procedures include identification and acknowledgement of qualified individuals by the Nomination Committee, and review and approval of such nominations by the Board. The Nomination Committee will evaluate potential candidates considering factors such as professional expertise, relevant experience, personal ethics and integrity.

於截至二零一一年十二月三十一日止財政年度，薪酬委員會舉行了兩次會議。各成員之個別出席記錄如下：

於截至二零一一年十二月三十一日止年度，薪酬委員會審核了與董事及高級管理人員薪酬相關事宜，並商討了本集團之薪酬政策。

本公司薪酬委員會已考慮和審議執行董事受聘合約及獨立非執行董事委任書之現行條款。本公司薪酬委員會認為執行董事受聘合約及獨立非執行董事委任書之現行條款屬公平合理。

### 提名委員會

本公司已根據創業板上市規則相關條文成立提名委員會，並以書面訂立其職權範圍。其主要責任包括審核和監督董事會之架構、成員人數及組織，並就任何變動向董事會作出建議和提名適當董事委任人選。

於本報告日期，提名委員會由一名執行董事張曉光先生及兩名獨立非執行董事薛長清先生及沈玉祥先生所組成，符合創業板上市規則有關獨立非執行董事應佔提名委員會大多數之規定。沈玉祥先生擔任委員會主席。

提名程序包括由提名委員會甄別及認可合資格人士，並由董事會審核及批准。提名委員會將評估潛在候選人，考慮專業技能、相關經驗、個人操守及誠信等因素。



# Corporate Governance Report

## 企業管治報告

For the financial year ended 31 December 2011, the Nomination Committee held three meetings. During the meeting, the Nomination Committee has reviewed and discussed the framework, number of members and composition of the Board. Also, the Nomination Committee has identified and made proposals in respect of the outstanding appointment of Executive Directors and INEDs. The individual attendance records of each member are as follows:

Members	成員	Meetings attended/Held 已出席/已舉行會議
Mr. Shen Yu Xiang ( <i>Chairman</i> )	沈玉祥先生(主席)	3/3
Mr. Xue Chang Qing	薛長清先生	3/3
Mr. Zhang Xiao Guang	張曉光先生	3/3

### AUDITOR'S REMUNERATION

Reanda Lau & Au Yeung (HK) CPA Limited was the auditor of the Company for the year ended 31 December 2011. Other than annual auditing services, Reanda Lau & Au Yeung (HK) CPA Limited did not provide non-auditing services to the Company or any of the Group's companies during the year.

Auditor's remuneration for the year ended 31 December 2011 is set out in Note 9 to the financial statements.

### AUDIT COMMITTEE

The Audit Committee was established in 2001 and currently comprises three members, Mr. Shen Yu Xiang, Mr. Xue Chang Qing and Mr. Yan Li Jin. All of them are INEDs. The chairman of the Audit Committee is Mr. Shen Yu Xiang. The Board considers that each Audit Committee has broad commercial experience and there is a suitable mix of expertise in business, legal, accounting and financial management in the Audit Committee.

None of the members of the Audit Committee has any personal financial interests, conflicts of interests arising from cross-directorships or day-to-day involvement in the running of the business. The Audit Committee oversees the financial reporting process and the adequacy and effectiveness of the Company's system of internal control. During the year, the Audit Committee carried out their own independent review of the interim and annual financial statements and financial reports and statements included in circulars of the company published during the year. And with the assistance of the internal audit department, which reports directly to the committee, the Audit Committee completed its review of the adequacy and effectiveness of the Company's systems of internal control and reported its findings and recommendations to the Board.

截至二零一一年十二月三十一日止財政年度，提名委員會舉行了三次會議。會上提名委員會審議並討論了董事會架構、成員人數及組成。提名委員會亦就執行董事及獨立非執行董事之空缺人選作出甄別及建議。各成員之個別出席記錄如下：

### 核數師薪酬

截至二零一一年十二月三十一日止年度，本公司之核數師為利安達劉歐陽(香港)會計師事務所有限公司。除年度審核服務外，年內利安達劉歐陽(香港)會計師事務所有限公司並無向本公司或任何本集團其他成員公司提供非核數服務。

截至二零一一年十二月三十一日止年度核數師薪酬載於財務報表附註9。

### 審核委員會

審核委員會成立於二零零一年，目前由沈玉祥先生、薛長清先生及鄧禮金先生三名成員組成。彼等均為獨立非執行董事。審核委員會主席為沈玉祥先生。董事會認為各審核委員會成員均具有廣泛的商業經驗，審核委員會內適當地融合了商業、法律、會計及財務管理等方面的專業知識。

審核委員會概無成員擁有任何個人權益、自跨董事身份產生利益衝突或參與日常本公司業務經營。審核委員會監督財務報告程序及本公司內部監控系統之充足性和有效性。年內，審核委員會曾獨立審閱年內刊發載於本公司通函之中期及年度財務報表及財務報告及報表。審核委員會亦於直接向委員報告之內部審核部門協助下，完成審核本公司內部監控系統之充足性和有效性，並向董事會報告其調查結果及建議。

# Corporate Governance Report

## 企業管治報告

The Audit Committee held 4 meetings during the year under review. Details of the attendance of the audit committee meetings are as follows:

審核委員會於回顧年度內共舉行四次會議。審核委員會會議之出席詳情如下：

Members	成員	Meetings attended/Held 已出席／已舉行會議
Mr. Shen Yu Xiang ( <i>Chairman</i> )	沈玉祥先生(主席)	4/4
Mr. Xue Chang Qing	薛長清先生	4/4
Mr. Yan Li Jin	鄒禮金先生	4/4

The Group's unaudited quarterly and interim results and annual audited results during the year ended 31 December 2011 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results were complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

本集團截至二零一一年十二月三十一日止年度之未經審核季度、中期業績及年度經審核業績已由審核委員會審閱，彼等認為該等業績之編製乃符合適用會計準則及規定，並已適當作出披露。

### DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors have the responsibilities for the preparation of the financial statements of the Group and shall ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the financial statements of the Group.

### 董事對財務報表之責任

董事已負責編製本集團之財務報表，並確保該等財務報表乃遵照法定要求及適用會計準則編製。董事亦確保本集團之財務報表準時刊發。

The statements of the external auditors of the Company, Reanda Lau & Au Yeung (HK) CPA Limited, about its reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 36 and 37 of this annual report.

本公司外聘核數師利安達劉歐陽(香港)會計師事務所有限公司就其對本集團財務報表報告責任之陳述載於本年報第36及第37頁「獨立核數師報告書」。

### INTERNAL CONTROL

The Company has conducted review of its system of internal control periodically to ensure the effective and adequate internal control system. The Company convened meeting periodically to discuss financial, operational and risk management control. The Directors are of the view that the existing system of internal control is effective and adequate to the Group.

### 內部監控

本公司已審核其內部監控系統以確保該系統之有效性和充足性。本公司定期召開會議討論財務、營運及風險管理控制。董事認為現有內部監控系統對本集團而言屬有效和充足。

# Corporate Governance Report

## 企業管治報告

### INVESTOR RELATIONS

The Company disclosed all necessary information to the shareholders in compliance with GEM Listing Rules. Extensive information about the company's activities is provided in the Annual Report and the Interim Report which are sent to shareholders. There is regular dialogue with institutional investors. Enquiries from individuals on matters relating to their shareholdings and the business of the company are welcomed and are dealt with in an informative and timely manner.

All shareholders have 45 days' notice of the Annual General Meeting at which all directors and Committee chairs are available for questions. All shareholders are encouraged to attend the Annual General Meeting.

### LOOKING FORWARD

The Group will keep on reviewing its corporate governance standards on a timely basis and the Board endeavors to take necessary actions to ensure compliance with the required practices and standards including the provisions of the Code on Corporate Governance Practices introduced by the Stock Exchange.

### 投資者關係

本公司已遵照創業板上市規則之規定向股東披露所有必須之資料。有關本公司活動之廣泛資料於寄發股東之年報及中期報告內提供。本公司與機構投資者保持定期聯絡。本公司歡迎個別人士就其股權事宜及本公司業務提出查詢，並會詳盡和適時處理該等查詢。

所有股東均於舉行股東週年大會前獲發45日通知，所有董事及委員會主席均出席大會回答問題。本公司鼓勵所有股東出席股東週年大會。

### 未來前景

本集團將不斷適時審核其企業管治準則，而董事會則積極採取必須行動確保遵守所須常規及準則，包括聯交所頒佈之企業管治常規守則。

# Report of the Supervisory Committee

## 監事會報告書

### TO THE SHAREHOLDERS OF JILIN PROVINCE HUINAN CHANGLONG BIO-PHARMACY COMPANY LIMITED

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

During the year ended 31 December 2011, in accordance with the Company Law of the PRC, the requirements of the relevant laws and regulations of Hong Kong and the articles of association of the Company (the "relevant rules and regulations"), the Supervisory Committee of the Company exercised conscientiously its authority, safeguarded the interests of the shareholders of the Company and the Company, and followed the principle of honesty and integrity and worked cautiously and diligently.

During the year, we provided reasonable suggestions and advice on the operations and development plans to the Directors and strictly and effectively monitored whether the policies of the Company had conformed with the relevant rules and regulations or safeguarded the interests of the shareholders of the Company.

After investigation, we consider that the audited financial statements of the Company give a true and fair picture of the operating results and asset position of the Company. We also consider that the Report of the Directors and the profit distribution proposal meet the relevant rules and regulations. We have attended the meeting of the Board. We are of the opinion that the meeting was convened in accordance with the relevant rules and regulations. We consider that the members of the Board, the general manager and other senior management of the Company have strictly complied with the principle of honesty and trustworthiness, worked diligently and sincerely exercised their authority to the best interests of the Company. None of the Directors, general manager nor other senior management of the company have abused their powers, caused damage to the interests of the Company and infringed upon the interests of the Company shareholders and its staff, nor have they violated the relevant rules and regulations.

We are satisfied with the various accomplishments and the cost-effectiveness of the Company. We are confident that the Company will have a good prospect of future development.

By order of the Supervisory Committee  
**Jilin Province Huinan Changlong Bio-pharmacy Company Limited**

**Zhang Jing Zhou**  
Chairman

Jilin Province, the PRC  
29 March 2012

致吉林省輝南長龍生化藥業股份有限公司  
各位股東

(於中華人民共和國註冊成立之股份有限公司)

本公司監事會於截至二零一一年十二月三十一日止年度內，遵照《中華人民共和國公司法》、香港有關法規以及公司章程的規定（「有關法規」），遵守誠信原則，工作克勤盡職，認真履行職權，維護本公司股東及本公司權益。

在本年度內，本監事會向董事就業務及發展計劃方面提供合理的建議及意見，並對本公司政策是否符合有關法規或有否保障本公司股東的權益，進行了嚴謹及有效的監督。

經檢查，本監事會認為本公司的經審核財務報表，真實和公允地反映了本公司的經營業績和資產狀況。本監事會亦認為董事會報告及利潤分配方案建議，符合有關法規的規定。本監事會監事列席了董事會會議。本監事會認為該會議乃按有關法規召開。本監事會認為本公司董事會成員、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出發點行使職權。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的行為，亦未違反有關法規。

本監事會對本公司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  
吉林省輝南長龍生化藥業股份有限公司

主席  
張景洲

中國吉林省  
二零一二年三月二十九日

# Independent Auditor's Report

## 獨立核數師報告書



利安達劉歐陽（香港）會計師事務所有限公司

21/F, Tai Yau Building,  
181 Johnston Road,  
Wanchai, Hong Kong

香港灣仔  
莊士敦道181號  
大有大廈21樓

### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF JILIN PROVINCE HUINAN CHANGLONG BIO-PHARMACY COMPANY LIMITED

*(a joint stock limited company incorporated in the People's Republic of China with limited liabilities)*

We have audited the consolidated financial statements of Jilin Province Huinan Changlong Bio-pharmacy Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 38 to 111, which comprise the consolidated and Company balance sheet as at 31 December 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and 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.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

### 致吉林省輝南長龍生化藥業股份有限公司列位股東之獨立核數師報告書

*(於中華人民共和國註冊成立之股份有限公司)*

本核數師(以下簡稱「我們」)已審核載於第38至111頁吉林省輝南長龍生化藥業股份有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的綜合財務報表,其中包括於二零一一年十二月三十一日的綜合及公司資產負債表與截至該日止年度之綜合全面收入報表、綜合權益變動表及綜合現金流量表,以及主要會計政策概要及其他附註解釋資料。

### 董事就財務報表須承擔的責任

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

### 核數師的責任

我們的責任是根據我們的審核對該等綜合財務報表作出意見,僅向整體股東報告,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。

我們已根據香港會計師公會頒佈的香港審計準則進行審核。這些準則要求我們遵守道德規範,並規劃及執行審核,以合理確定此等綜合財務報表是否不存有任何重大錯誤陳述。

# Independent Auditor's Report

## 獨立核數師報告書



利安達劉歐陽（香港）會計師事務所有限公司

21/F, Tai Yau Building,  
181 Johnston Road,  
Wanchai, Hong Kong

香港灣仔  
莊士敦道181號  
大有大廈21樓

### AUDITOR'S RESPONSIBILITY (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

### OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

**Reanda Lau & Au Yeung (HK) CPA Limited**  
*Certified Public Accountants*

**Franklin Lau Shiu Wai**  
*Director*  
Practising Certificate number P1886

Hong Kong, 29 March 2012

### 核數師的責任(續)

審計涉及執行程序以獲取有關綜合財務報表所載金額及披露資料的審計憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製綜合財務報表以作出真實而公平的反映相關的內部控制，以設計適當的審計程序，但目的並非對公司內部控制的有效性發表意見。審計亦包括評價董事所採用會計政策的合適性及作出會計估計的合理性，以及評價綜合財務報表的整體列報方式。

我們相信，我們所獲得的審核憑證是充足和適當地為我們的審核意見提供基礎。

### 意見

我們認為該等綜合財務報表均根據香港財務報告準則真實而公平地反映 貴公司及 貴集團於二零一一年十二月三十一日的財務狀況，及截至該日止年度的溢利及現金流量，並已按照香港《公司條例》妥善地編製。

利安達劉歐陽(香港)會計師事務所有限公司  
執業會計師

**劉兆璋**  
*董事*  
執業證書編號P1886

香港，二零一二年三月二十九日

# Consolidated Statement of Comprehensive Income

## 綜合全面收入報表

For the year ended 31 December 2011

截至二零一一年十二月三十一日止年度

(Expressed in Renminbi)

(以人民幣呈示)

		Notes 附註	2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Turnover	營業額	4	274,294	200,630
Cost of sales	銷售成本		(44,207)	(42,658)
Gross profit	毛利		230,087	157,972
Other income	其他收入	6	5,679	5,655
Other gains	其他收益	7	492	446
Distribution and selling costs	分銷及銷售開支		(148,464)	(94,306)
Administrative expenses	行政開支		(25,937)	(26,307)
Profit from operations	經營溢利		61,857	43,460
Finance costs	融資成本	8	(253)	(178)
Profit before income tax	稅前溢利	9	61,604	43,282
Income tax expense	所得稅支出	10(a)	(10,711)	(7,391)
Profit for the year	本年度溢利		50,893	35,891
Other comprehensive income	其他全面收入		–	–
<b>Total comprehensive income for the year</b>	<b>本年度全面收入總額</b>		<b>50,893</b>	35,891
<b>Profit attributable to:</b>	<b>以下應佔溢利：</b>			
Owners of the Company	本公司擁有人		50,893	35,891
<b>Total comprehensive income attributable to:</b>	<b>以下應佔全面收入總額：</b>			
Owners of the Company	本公司擁有人		50,893	35,891
Earnings per share	每股盈利			
– Basic (RMB cents)	– 基本(人民幣分)	11	9.08	6.41

The accompanying notes form an integral part of these financial statements.

隨附之附註屬本財務報表整體之一部分。

# Consolidated Balance Sheet

## 綜合資產負債表

As at 31 December 2011

於二零一一年十二月三十一日

(Expressed in Renminbi)

(以人民幣呈示)

		Notes 附註	2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
<b>ASSETS AND LIABILITIES</b>	<b>資產及負債</b>			
<b>Non-current assets</b>	<b>非流動資產</b>			
Bearer biological assets	不記名生物資產	16	2,615	2,504
Property, plant and equipment	物業、廠房及設備	17	82,728	55,330
Prepaid land lease payments	預付土地租金	18	2,098	2,223
Construction in progress	在建工程	19	32,712	28,959
Intangible assets	無形資產	21	18,714	24,135
Deposit for acquisition of land use rights	收購土地使用權 按金	22	10,000	10,000
Other receivables, deposits and prepayments	其他應收款項、訂金及 預付款項	26	2,100	5,100
			<b>150,967</b>	128,251
<b>Current assets</b>	<b>流動資產</b>			
Inventories	存貨	23	30,287	23,303
Trade receivables	應收貿易賬款	25	101,092	91,323
Other receivables, deposits and prepayments	其他應收款項、訂金及 預付款項	26	51,596	21,318
Loans receivables	應收貸款	27	33,691	15,793
Prepaid land lease payments	預付土地租金	18	125	125
Available-for-sale financial assets	可供出售財務資產	24	20,000	2,000
Cash and cash equivalents	現金及現金等值物	28	70,059	97,559
			<b>306,850</b>	251,421
<b>Current liabilities</b>	<b>流動負債</b>			
Trade payables	應付貿易賬款	29	8,909	6,879
Other payables, deposits received and accruals	其他應付款項、 已收訂金及應計費用		72,484	64,123
Income tax payable	應付所得稅		12,097	914
Other tax payables	其他應付稅項		13,941	8,166
Bank borrowings	銀行借貸	30	1,000	–
Loans from government authority	政府機關貸款	31	651	636
Dividend payable	應付股息		325	330
			<b>109,407</b>	81,048
<b>Net current assets</b>	<b>流動資產淨值</b>		<b>197,443</b>	170,373
<b>Total assets less current liabilities</b>	<b>總資產減流動負債</b>		<b>348,410</b>	298,624



# Consolidated Balance Sheet

## 綜合資產負債表

As at 31 December 2011

於二零一一年十二月三十一日

(Expressed in Renminbi)

(以人民幣呈示)

		Notes 附註	2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
<b>Non-current liabilities</b>	<b>非流動負債</b>			
Loans from government authority	政府機關貸款	31	5,419	6,054
Deferred tax liabilities	遞延稅項負債	32	484	956
			<b>5,903</b>	7,010
<b>Net assets</b>	<b>資產淨值</b>		<b>342,507</b>	291,614
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>本公司擁有人應佔權益</b>			
Share capital	股本	33	56,025	56,025
Reserves	儲備		286,482	235,589
<b>Total equity</b>	<b>權益總額</b>		<b>342,507</b>	291,614

These financial statements were approved and authorised for issue by the board of directors on 29 March 2012.

該等財務報表於二零一二年三月二十九日獲董事會批准及授權發佈。

### ZHANG HONG

張弘

Director

董事

### ZHANG XIAO GUANG

張曉光

Director

董事

The accompanying notes form an integral part of these financial statements.

隨附之附註屬本財務報表整體之一部分。

# Balance Sheet

## 資產負債表

As at 31 December 2011

於二零一一年十二月三十一日

(Expressed in Renminbi)

(以人民幣呈示)

		Notes 附註	2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
<b>ASSETS AND LIABILITIES</b>	<b>資產及負債</b>			
<b>Non-current assets</b>	<b>非流動資產</b>			
Bearer biological assets	不記名生物資產	16	2,615	2,504
Property, plant and equipment	物業、廠房及設備	17	82,728	55,330
Prepaid land lease payments	預付土地租金	18	2,098	2,223
Construction in progress	在建工程	19	32,712	28,959
Investment in subsidiaries	於附屬公司的投資	20	25,500	10,500
Intangible assets	無形資產	21	18,714	24,135
Deposit for acquisition of land use rights	收購土地使用權 按金	22	10,000	10,000
Other receivables, deposits and prepayments	其他應收款項、訂金及 預付款項	26	2,100	5,100
			<b>176,467</b>	138,751
<b>Current assets</b>	<b>流動資產</b>			
Inventories	存貨	23	30,287	23,303
Trade receivables	應收貿易賬款	25	124,175	105,959
Other receivables, deposits and prepayments	其他應收款項、訂金及 預付款項	26	49,893	20,906
Loans receivables	應收貸款	27	33,691	15,793
Prepaid land lease payments	預付土地租金	18	125	125
Available-for-sale financial assets	可供出售財務資產	24	20,000	2,000
Cash and cash equivalents	現金及現金等值物	28	56,500	92,472
			<b>314,671</b>	260,558
<b>Current liabilities</b>	<b>流動負債</b>			
Trade payables	應付貿易賬款	29	8,909	6,879
Other payables, deposits received and accruals	其他應付款項、已收 訂金及應計費用		71,739	63,721
Amounts due to subsidiaries	應付附屬公司款項	20	24,660	9,990
Income tax payable	應付所得稅		12,097	914
Other tax payables	其他應付稅項		12,783	7,487
Bank borrowings	銀行借貸	30	1,000	-
Loans from government authority	政府機關貸款	31	651	636
Dividend payable	應付股息		325	330
			<b>132,164</b>	89,957
<b>Net current assets</b>	<b>流動資產淨值</b>		<b>182,507</b>	170,601
<b>Total assets less current liabilities</b>	<b>總資產減流動負債</b>		<b>358,974</b>	309,352

# Balance Sheet

## 資產負債表

As at 31 December 2011

於二零一一年十二月三十一日

(Expressed in Renminbi)

(以人民幣呈示)

		Notes 附註	2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
<b>Non-current liabilities</b>	<b>非流動負債</b>			
Loans from government authority	政府機關貸款	31	5,419	6,054
Deferred tax liabilities	遞延稅項負債	32	484	956
			<b>5,903</b>	7,010
<b>Net assets</b>	<b>資產淨值</b>		<b>353,071</b>	302,342
<b>EQUITY</b>	<b>權益</b>			
Share capital	股本	33	56,025	56,025
Reserves	儲備	34	297,046	246,317
<b>Total equity</b>	<b>權益總額</b>		<b>353,071</b>	302,342

These financial statements were approved and authorised for issue by the board of directors on 29 March 2012.

該等財務報表於二零一二年三月二十九日獲董事會批准及授權發佈。

**ZHANG HONG**

張弘

Director

董事

**ZHANG XIAO GUANG**

張曉光

Director

董事

The accompanying notes form an integral part of these financial statements.

隨附之附註屬本財務報表整體之一部分。

# Consolidated Statement of Changes in Equity

## 綜合權益變動表

For the year ended 31 December 2011

截至二零一一年十二月三十一日止年度

(Expressed in Renminbi)

(以人民幣呈示)

		Share capital	Share premium	Exchange reserve	Statutory surplus reserve	Retained profits	Total
		股本	股份溢價	匯兌儲備	法定盈餘儲備	保留溢利	總計
		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
		(Note 33)	(Note 34(a))	(Note 34)	(Note 34(b))		
		(附註33)	(附註34(a))	(附註34)	(附註34(b))		
Balance at 1 January 2010	於二零一零年一月一日之結餘	56,025	51,098	259	30,365	118,235	255,982
<b>Comprehensive income</b>	<b>全面收入</b>						
Profit for the year	本年度溢利	-	-	-	-	35,891	35,891
<b>Other comprehensive income</b>	<b>其他全面收入</b>						
Disposal of a subsidiary	出售附屬公司	-	-	(259)	-	-	(259)
Total comprehensive income	全面收入總額	-	-	(259)	-	35,891	35,632
Appropriation to statutory surplus reserve	撥款至法定盈餘儲備	-	-	-	2,877	(2,877)	-
At 31 December 2010	於二零一零年十二月三十一日	56,025	51,098	-	33,242	151,249	291,614
Balance at 1 January 2011	於二零一一年一月一日之結餘	<b>56,025</b>	<b>51,098</b>	-	<b>33,242</b>	<b>151,249</b>	<b>291,614</b>
<b>Comprehensive income</b>	<b>全面收入</b>						
Profit for the year	本年度溢利	-	-	-	-	<b>50,893</b>	<b>50,893</b>
<b>Other comprehensive income</b>	<b>其他全面收入</b>						
		-	-	-	-	-	-
Total comprehensive income	全面收入總額	-	-	-	-	<b>202,142</b>	<b>342,507</b>
Appropriation to statutory surplus reserve	撥款至法定盈餘儲備	-	-	-	-	-	-
At 31 December 2011	於二零一一年十二月三十一日	<b>56,025</b>	<b>51,098</b>	-	<b>33,242</b>	<b>202,142</b>	<b>342,507</b>

The accompanying notes form an integral part of these financial statements.

隨附之附註屬本財務報表整體之一部分。

# Consolidated Statement of Cash Flows

## 綜合現金流量表

For the year ended 31 December 2011

截至二零一一年十二月三十一日止年度

(Expressed in Renminbi)

(以人民幣呈示)

	Notes 附註	2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
<b>Cash from operating activities</b>	<b>經營活動產生之現金流量</b>		
Profit before income tax	所得稅前溢利	61,604	43,282
Adjustments for:	調整項目：		
Interest income	利息收入	(2,380)	(2,990)
Yield gain on available-for-sale financial assets	可供出售財務資產回報收益	(220)	(39)
Interest expenses	利息支出	253	178
Written off and provision for obsolete and slow-moving inventories	廢棄及滯銷存貨撇銷及撥備	5,642	2,864
Additional provision for impairment loss on trade, other receivables and tax recoverable	增加貿易、其他應收款項及可收回所得稅減值虧損撥備	2,997	9,284
Provision for impairment loss on loans receivables	應收貸款減值虧損撥備	2,550	-
Amortisation of intangible assets	無形資產攤銷	3,961	7,255
Impairment loss on intangible assets	無形資產減值虧損	1,460	1,960
Impairment loss on property, plant and equipment	物業、廠房及設備減值虧損	472	705
Amortisation of prepaid land lease payments	預付土地租金攤銷	125	125
Depreciation of property, plant and equipment	物業、廠房及設備折舊	5,964	5,955
Fair value loss on biological assets – deers	生物資產一鹿公平值虧損	42	38
Gain on disposal of property, plant and equipment	出售物業、廠房及設備盈利	(534)	(271)
Gain on disposal of a subsidiary	出售附屬公司收益	-	(213)
Government subsidy	政府補貼	(1,842)	(2,320)
Operating cash flows before working capital changes	營運資金變動前之經營現金流量	80,094	65,813
Increase in inventories	存貨增加	(12,606)	(5,438)
Increase in trade receivables	應收貿易賬款增加	(9,937)	(12,802)
Increase in other receivables, deposits and prepayments	其他應收款項、訂金及預付款項增加	(30,107)	(2,774)
(Increase)/decrease in loans receivable	應收貸款(增加)/減少	(20,448)	2,357
Increase in trade payables	應付貿易賬款增加	2,030	171
Increase in other payables, deposits received and accruals	其他應付款項、已收訂金及應計費用之增加	8,361	8,054
Increase/(decrease) in other tax payables	其他應付稅項增加/(減少)	5,775	(34)
Cash generated from operations	經營業務產生之現金	23,162	55,347

# Consolidated Statement of Cash Flows

## 綜合現金流量表

For the year ended 31 December 2011

截至二零一一年十二月三十一日止年度

(Expressed in Renminbi)

(以人民幣呈示)

		Notes 附註	2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
<b>Cash flows from operating activities</b>	<b>經營活動產生之現金流量</b>			
Cash generated from operations	經營業務產生之現金		23,162	55,347
Interest paid	已付利息	8	(253)	(178)
<b>Net cash generated from operating activities</b>	<b>經營活動產生之現金淨額</b>		<b>22,909</b>	55,169
<b>Cash flows from investing activities</b>	<b>投資業務產生之現金流量</b>			
Purchase of bearer biological assets	購買不記名生物資產	16	(325)	(373)
Purchase of property, plant and equipment	購買物業、廠房及設備	17	(3,755)	(1,157)
Purchase of construction in progress	購買在建工程	19	(33,964)	(3,009)
Purchase of available-for-sale financial assets	購買可供出售財務資產	24	(70,000)	(20,000)
Proceeds from disposal of bearer biological assets	出售不記名生物資產所得款項	16	152	-
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項		648	334
Proceeds from disposal of construction in progress	出售在建工程所得款項	19	18	107
Proceeds from settlement of available-for-sale financial assets	出售可供出售財務資產所得款項	24	52,000	18,000
Disposal of a subsidiary	出售附屬公司		-	(36)
Interest received	已收利息	6	2,380	2,990
Yield gain on available-for-sale financial assets	可供出售財務資產回報收益	6	220	39
<b>Net cash used in investing activities</b>	<b>投資業務所用現金淨額</b>		<b>(52,626)</b>	(3,105)
<b>Cash flows from financing activities</b>	<b>融資業務產生之現金流量</b>			
Proceeds from government subsidy	政府補貼所得款項	6	1,842	2,320
Repayment of loans from government authority	償還政府機關貸款	31	(620)	(300)
Dividends paid	已付股息		(5)	(15)
Drawdown of bank borrowings	提取銀行借貸	30	1,000	-
<b>Net cash generated from financing activities</b>	<b>融資業務產生之現金淨額</b>		<b>2,217</b>	2,005
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>現金及現金等值物 (減少)/增加淨額</b>		<b>(27,500)</b>	54,069
<b>Cash and cash equivalents at beginning of year</b>	<b>年初現金及現金等值物</b>		<b>97,559</b>	43,490
<b>Cash and cash equivalents at end of year</b>	<b>年終現金及現金等值物</b>		<b>70,059</b>	97,559
<b>Analysis of the balance of cash and cash equivalents</b>	<b>現金及現金等值物結餘分析</b>			
Cash and bank balances	現金及銀行結餘		70,059	97,559

The accompanying notes form an integral part of these financial statements.

隨附之附註屬本財務報表整體之一部分。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 1. GENERAL INFORMATION

The Company was established as a state-owned enterprise in the People's Republic of China (the "PRC") in 1989. On 29 December 1995, under the relevant provisions of the Company Law of the PRC, the Company was re-organised from a state-owned enterprise to a limited liability company. On 16 August 1996, with the approval of the Economic Restructuring Commission of Jilin Province, the Company was further converted into a joint stock limited company. On 20 April 1999, the Company made a bonus issue from capitalisation of retained profits in the proportion of one bonus share for every two existing shares.

The Company's H shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 24 May 2001.

The Company is principally engaged in the manufacture and distribution of biochemical medicines in the PRC under the brand names of Changlong and Shendi. The principal activities of the subsidiaries are set out in Note 20.

### 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.

#### (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") (which includes all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretation) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Company Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

### 1. 一般資料

本公司於一九八九年在中華人民共和國(「中國」)成立為一間國有企業。一九九五年十二月二十九日，根據中國公司法有關條文，本公司由一間國有企業重組為一間有限責任公司。其後於一九九六年八月十六日，經吉林省經濟改革委員會的批准，本公司再改組為一間股份有限公司。於一九九九年四月二十日，本公司按每兩股現有股份派發一股紅股的比例，將保留溢利撥充資本以發行紅股。

本公司H股於二零零一年五月二十四日在香港聯合交易所有限公司(「聯交所」)創業板(「創業板」)上市。

本公司主要以長龍及神迪品牌在中國從事製造及分銷生化藥物。附屬公司的主要業務載於附註20。

### 2. 重大會計政策概要

編製該等綜合財務報表所採納之會計政策載於下文。除另有指明外，該等政策乃貫徹應用於所呈報之年度。

#### (a) 遵例聲明

本綜合財務報表乃按照香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」，此統稱包括所有香港財務報告準則、香港會計準則(「香港會計準則」)及其詮釋)及香港普遍採納的會計原則及香港公司條例之披露規定而編製。綜合財務報表亦符合香港聯合交易所有限公司創業板證券上市規則(「創業板上市規則」)適用的披露條文。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (b) Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, as modified by certain biological assets and available-for-sale financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS 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 3.

#### (c) Changes in accounting policy and disclosures

In 2011, the Group adopted the new and amended standards, interpretations to the published standards and the improvements to HKFRS which are relevant to its operation.

HKFRS 1 (amendment)	Amendment to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters</i>
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC)-Int 14 amendments	Amendments to HK(IFRIC)-Int 14 <i>Prepayments of a Minimum Funding Requirement</i>
<i>Improvements to HKFRSs 2010</i>	Amendments to a number of HKFRSs issued in May 2010

The adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

### 2. 重大會計政策概要(續)

#### (b) 編製基準

本綜合財務報表已按歷史成本法慣例編製，並就透過損益以公平值計量之若干生物資產和可供出售財務資產作出修訂。

根據香港財務報告準則編製財務報表須運用若干關鍵會計估計，而管理層於應用本集團會計政策亦須作出判斷。涉及作出較高水平判斷或較為複雜之範疇或有關假設及估計對綜合財務報表而言屬重大之範疇於附註3披露。

#### (c) 會計政策及披露之變更

於二零一一年，本集團採納以下與其業務有關的新訂及經修訂準則及對已頒佈準則的詮釋以及對香港財務報告準則之改善。

香港財務報告準則第1號(修訂本)	香港財務報告準則第1號首次採納香港財務報告準則-首次採納者有關根據香港財務報告準則第7號披露比較資料的有限豁免的修訂
香港會計準則第24號(經修訂)	關連人士披露
香港(國際財務報告詮釋委員會)-詮釋第14號(修訂本)	香港(國際財務報告詮釋委員會)-詮釋第14號最低資金規定的預付款項的修訂
二零一零年香港財務報告準則的改進	於二零一零年五月頒佈的若干香港財務報告準則的修訂

新訂及經修訂香港財務報告準則對本財務報表無重大財務影響。



# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Change in accounting policy and disclosures (continued)

##### ***New standards, amendments to standards and interpretations***

At the date of authorisation of this consolidated financial statements, the following new or revised HKAS and HKFRS, amendments and interpretation to existing HKAS and HKFRS have been issued but are not yet effective:

HKAS 1 (amendments)	Presentation of Financial Statements (effective from 1 January 2013)
HKAS 1 (amendments)	Amendments to HKAS 1 <i>Presentation of Financial Standards – Presentation of Items of Other Comprehensive Income</i> (effective from 1 January 2013)
HKAS 12 (amendments)	Income Taxes (effective from 1 January 2012)
HKAS 19 (revised 2011)	Employee Benefits (effective from 1 January 2013)
HKAS 27 (revised 2011)	Separate Financial Statements (effective from 1 January 2013)
HKAS 28 (revised 2011)	Associates and Joint Ventures (effective from 1 January 2013)
HKAS 32 (amendments)	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i> (effective from 1 January 2014)

### 2. 重大會計政策概要(續)

#### (c) 會計政策及披露之變更(續)

##### ***新訂準則、準則修訂及詮釋***

於授權刊發本綜合財務報表當日，已頒佈但尚未生效之新訂或經修訂香港會計準則及香港財務報告準則、對現有香港會計準則及香港財務報告準則之修訂及詮釋如下：

香港會計準則 第1號(修訂本)	財務報表呈列 (自2013年1月1日起生效)
香港會計準則 第1號(修訂本)	香港會計準則第1號 <i>財務報表呈列 – 其 全面收入項目的呈 列</i> (自2013年1月1 日起生效)
香港會計準則 第12號(修訂本)	所得稅(自2012年 1月1日起生效)
香港會計準則 第19號 (2011年修訂)	僱員福利 (自2013年1月1日 起生效)
香港會計準則 第27號 (2011年修訂)	獨立財務報表 (自2013年1月1日 起生效)
香港會計準則 第28號 (2011年修訂)	聯營公司及合營公司 (自2013年1月1日 起生效)
香港會計準則 第32號(修訂本)	香港會計準則第32號 <i>金融工具：呈列 – 抵銷金融資產及金 融負債的修訂</i> (自 2014年1月1日起生 效)

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Change in accounting policy and disclosures (continued)

##### ***New standards, amendments to standards and interpretations (continued)***

HKFRS 1 (amendment)	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i> (effective from 1 January 2012)
HKFRS 7 (amendments)	Disclosure – Transfer of Financial Assets (effective from 1 January 2012)
HKFRS 7 (amendments)	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i> (effective from 1 January 2013)
HKFRS 9	Financial Instruments (effective from 1 January 2015)
HKFRS 10	Consolidated Financial Statements (effective from 1 January 2013)
HKFRS 11	Joint Arrangements (effective from 1 January 2013)
HKFRS 12	Disclosure of Interests in Other Entities (effective from 1 January 2013)
HKFRS 13	Fair Value Measurement (effective from 1 January 2013)

The Group did not early adopt any of these new or revised HKAS and HKFRS, amendments and interpretation to existing HKAS and HKFRS. Management is currently assessing the financial impact of these revisions to the Group's financial position and performance.

### 2. 重大會計政策概要(續)

#### (c) 會計政策及披露之變更(續)

##### ***新訂準則、準則修訂及詮釋(續)***

香港財務報告準則第1號(修訂本)	香港財務報告準則第1號首次採納香港財務報告準則 – 嚴重高通脹及移除首次採納者的固定日期的修訂(自2012年1月1日起生效)
香港財務報告準則第7號(修訂本)	披露 – 金融資產轉移(自2012年1月1日起生效)
香港財務報告準則第7號(修訂本)	香港財務報告準則第7號金融工具：披露 – 抵銷金融資產及金融負債的修訂(自2013年1月1日起生效)
香港財務報告準則第9號	金融工具(自2015年1月1日起生效)
香港財務報告準則第10號	綜合財務報表(自2013年1月1日起生效)
香港財務報告準則第11號	合營安排(自2013年1月1日起生效)
香港財務報告準則第12號	於其他實體之權益之披露(自2013年1月1日起生效)
香港財務報告準則第13號	公平值計量(自2013年1月1日起生效)

本集團並無提早採納任何此等新訂或經修訂香港會計準則及香港財務報告準則、對現有香港會計準則及香港財務報告準則之修訂及詮釋。管理層目前正在評估該等修訂對本集團財務狀況及表現之影響。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (d) Consolidation

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

#### (e) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. 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, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

### 2. 重大會計政策概要(續)

#### (d) 綜合

綜合財務報表包括本公司及其附屬公司截至十二月三十一日止之財務報表。

#### (e) 附屬公司

附屬公司指由本集團有權控制其財務及營運政策的所有公司(包括特別功能機構)，通常擁有其過半數投票權的股權。於評估本集團是否控制另一實體時，會考慮現時可行使或可轉換的潛在投票權及其影響。

附屬公司之財務報表自控制權轉讓予本集團之日起全面綜合計算，並自該控制權終止之日停止綜合計算。

本集團採用購買法將業務合併入賬。購買附屬公司的轉讓對價為本集團所轉讓資產、對被收購方前擁有人所產生負債及所發行股權的公平值。轉讓對價包括或有對價安排產生的任何資產或負債的公平值。於業務合併時所購買的可識別資產及所承擔的負債及或然負債，初步按購買日的公平值計量。就個別收購基準，本集團以公平值或按非控制性權益所佔被購買方資產淨值可確認的比例確認於被購買方之任何非控制性權益。

收購相關成本於產生時支銷。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Subsidiaries (continued)

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 this 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.

Intercompany transactions, balances and income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

#### (f) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between 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. 重大會計政策概要(續)

#### (e) 附屬公司(續)

所轉讓代價、被收購人的任何少數股東權益金額及任何先前於被收購人的股權於收購日期的公平值超逾所收購可識別資產淨值的公平值的差額入賬列作商譽。倘其低於所收購附屬公司的資產淨值的公平值(在議價購買的情況下)，則該差額會直接於收入表內確認。

集團內公司之間的交易、交易的結餘、收入及開支予以對銷。來自集團內公司間的利潤和損失(確認於資產)亦予以對銷。附屬公司的會計政策已按需要作出改變，以確保與本集團採用的政策保持一致。

在本公司的資產負債表中，於附屬公司的投資均以成本值扣除減值虧損撥備列賬。附屬公司的業績由本公司按已收及應收股息為基準入賬。

#### (f) 少數股東權益交易

本集團將其與少數股東權益進行的交易視為與集團權益擁有人之間進行的交易。向少數股東權益採購，所支付的任何代價與所取得的權益對應附屬公司淨資產賬面價值的差額，於權益中入賬。對於向少數股東權益進行的出售所產生的盈虧亦於權益入賬。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (f) Transactions with non-controlling interests (continued)

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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

#### (g) Biological assets

Biological assets are living animals and plants managed by the Group which is involved in the agricultural activities of the transformation of biological assets for sale or into agricultural product.

Biological assets are measured at fair value less estimated point-of-sale costs at initial recognition and at each balance sheet date. The fair value of these biological assets is determined based on active market prices in the local market with reference to comparable age, breed and genetic merit. The gain or loss arising on initial recognition and subsequent changes in fair values less estimated point-of-sale costs of biological assets is recognised in profit or loss in the period in which it arise. Biological assets that are in the stage of cultivation or do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less any impairment losses.

### 2. 重大會計政策概要(續)

#### (f) 少數股東權益交易(續)

倘本集團不再擁有控制權或重大影響力，其於該實體之任何保留權益在不再擁有控制權當日按其公平值重新計量，而賬面值變動則於損益中確認。就其後入賬列作聯營公司、合營公司或財務資產之保留權益而言，公平值指初始賬面值。此外，先前於其他全面收益內確認與該實體有關之任何金額按猶如該集團已直接出售有關資產或負債之方式入賬。這可能意味著先前在其他全面收益內確認之金額重新劃分為溢利或虧損。

倘於聯營公司之所有權權益減少，而重大影響力獲保留，則先前於其他全面收益內確認之金額僅有一定比例部分重新劃分為溢利或虧損(如適用)。

#### (g) 生物資產

生物資產為本集團管理之牲畜及植物，包括通過農業活動而轉變待售的生物資產或農產品之生物資產。

生物資產於初始確認及於各結算日以公平值減估計銷售點成本計量。該等生物資產之公平值乃根據當地市場之活躍市價參考可資比較之年期、品種及基因優點釐定。生物資產於初步確認時及其後公平值變動減估計銷售點成本所產生之溢利或虧損於產生期間於損益賬確認。在種植階段或在活躍市場並無市場報價且其公平值不能可靠計量之生物資產按成本值扣減任何減值虧損確認入資產負債表。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (h) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets 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 statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs or revalued amounts to their residual value over their estimated useful lives. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The principal annual rates are as follows:

Buildings	10 to 30 years
Plant and machinery	10 years
Transportation equipment	8 years
Furniture, fixtures and equipment	5 years

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

Gain or loss on the disposal are determined by comparing the proceeds with the carrying amount and are recognised in the income statement of comprehensive income.

#### (i) Prepaid land lease payments

Prepaid land lease payments under operating leases are initially stated at historical cost and subsequently recognised on the straight-line basis over the lease terms.

### 2. 重大會計政策概要(續)

#### (h) 物業、廠房及設備

物業、廠房及設備按歷史成本值減累計折舊及任何減值虧損列賬。歷史成本值包括收購項目直接應佔的開支。其後成本僅於項目隨附未來經濟利益可能流入本集團及項目成本可以可靠地計量時計入資產賬面值或確認為個別資產(倘適用)。被取代部份之賬面值獲終止確認。所有其他維修及保養開支均於產生之財政期間於全面收入報表扣除。

折舊乃以直線法按其估計使用年限將成本值或重估金額分攤至其剩餘價值計算。該資產之剩餘價值以及使用年限於各報告期末進行審閱。主要之折舊年率如下：

樓宇	10至30年
廠房及機械	10年
運輸設備	8年
傢俬、裝置及設備	5年

倘一項資產之賬面值大於其估計可收回金額，其賬面值將即時減至其可收回金額。

出售所產生的盈虧乃指該款項與賬面值的比較數字，有關盈虧於全面收入表確認。

#### (i) 預付土地租金

經營租賃下之預付土地租金初始按歷史成本值入賬及隨後於租約期間以直線法確認。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (j) Construction in progress

Construction in progress represents buildings, plant and equipment under construction and pending installation, and is stated at historical cost less any impairment losses. No depreciation is made on construction in progress until such time as the relevant property, plants and equipment are available for use. Cost comprises all construction expenditure and other direct costs of construction. Construction in progress is transferred to the appropriate category of property, plant and equipment when the asset being constructed becomes available to use.

#### (k) Intangible assets

##### (i) Purchased know-how and prescription

Purchased know-how and prescription are stated at historical cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives, which range from 5 to 12 years from the date of commercial production. The estimated useful life and amortisation method are reviewed at the end of each balance sheet date, with the effect of any changes in estimate being accounted for on a prospective basis.

##### (ii) Research and development expenditure

Expenditure on research activities is recognised as an expense in the financial period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and appropriate proportion of overheads and borrowing costs, where applicable. Capitalised development costs are stated at historical cost less accumulated amortisation and impairment losses. Amortisation begins when development is completed and the assets is available for use. Other development expenditure is recognised as an expense in the financial period in which it is incurred.

### 2. 重大會計政策概要(續)

#### (j) 在建工程

在建工程指興建中的樓宇、廠房及待安裝的設備，以歷史成本值扣除減值虧損入賬。直至有關物業、廠房及設備可供使用前，在建工程並無折舊。成本包括所有建造支出及其他直接建造成本。在建工程於在建資產可使用時重新轉撥為物業、廠房及設備之適當類別。

#### (k) 無形資產

##### (i) 購入技術及藥方

購入技術及藥方按歷史成本值扣除累計攤銷及減值虧損入賬。購入技術及藥方乃以直線法按其估計可使用年期(於商業生產日期起5至12年)進行攤銷。估計可使用年期及攤銷方法乃於各結算日結束時檢討，估計變動之影響按預先計提之基準入賬。

##### (ii) 研發開支

研究活動的費用於其產生財政期間內確認為開支。倘若產品或程序在技術上和商業上可行，且本集團有足夠的資源和意願完成開發，則開發活動的費用會予以資本化。資本化的費用包括材料成本、直接員工成本及適當比例の間接費用及借貸成本。資本化之開發成本以歷史成本值減除累計攤銷及減值撥備列帳。攤銷於開發完成及資產可用時開始。其他開發開支於其產生財政期間內確認為開支。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (k) Intangible assets (continued)

#### (iii) *Purchased in-process research and development assets acquired through separate purchase*

In-process research and development assets acquired through separate purchase are recognised as intangible assets at historical cost less accumulated amortisation and impairment losses.

Amortisation and impairment assessment are accounted for in a similar manner as internal development expenditure set out in (ii) above.

#### (l) Impairment of 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 purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### (m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost formula. 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 applicable variable selling expenses.

### 2. 重大會計政策概要(續)

#### (k) 無形資產(續)

#### (iii) 個別購入而獲得的進行之研發資產

個別購入而獲得的進行之研發資產按歷史成本值減除累計攤銷及減值虧損確認為無形資產。

攤銷及減值評估按類似方法作上述(ii)中所載之內部開發開支列賬。

#### (l) 資產減值

擁有限期可用年期(如商譽)或尚未可用之無形資產毋須作出攤銷，並每年測試減值情況。每當發生事件或環境轉變顯示賬面值可能無法收回時，則應對須作攤銷的資產作減值檢討。倘該項資產之賬面值超過其可收回金額時，會就其差額確認減值虧損。資產之可收回金額為公平值減出售成本與其可使用價值中之較高者。評估資產減值準備時，資產乃按最低水平之可單獨識別之現金流量(現金產生單位)予以分類。對已發生減值之除商譽外之非財務資產於每個報告日檢討其可能之轉回。

#### (m) 存貨

存貨按成本值及可變現淨值兩者之較低者列賬。成本值乃按加權平均成本法釐定。製成品及在製品之成本包括原料、直接員工成本、其他直接成本及相關之產品間接費用(根據正常經營能力)，惟不包括借貸成本。可變現淨值乃按正常業務過程中的估計售價，減去適用的變動銷售開支計算。



# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (n) Financial assets

##### (i) Classification

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### (a) *Financial assets at fair value through profit or loss*

Financial assets are fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

##### (b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise "trade and other receivables", "loan receivables" and "cash and cash equivalents" in the balance sheet.

##### (c) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

### 2. 重大會計政策概要(續)

#### (n) 財務資產

##### (i) 分類

本集團將其財務資產分為以下三個類別：按公平值列賬及於損益表處理；貸款及應收款項；及可供出售。分類視乎收購財務資產之目的而定。管理層會於初次確認時釐定其財務資產的分類。

##### (a) *按公平值列賬及於損益表處理之財務資產*

按公平值列賬及於損益表處理之財務資產乃持有作買賣之財務資產。倘若購入財務資產之主要目的是用作短期內出售，即歸入此類。除非衍生工具被指定為對沖工具，否則歸類為持有作買賣用途。於此類別之資產如預期於12個月內償還，會分類作流動資產；否則分類為非流動。

##### (b) *貸款及應收款項*

貸款及應收款項為有固定或可確定付款額且沒有在活躍市場報價的非衍生工具財務資產。此等款項列入流動資產，惟不包括於報告期末起計十二個月後結算或預期結算之金額，該等金額會列作非流動資產。本集團貸款及應收款項包括資產負債表「應收貿易賬款及其他應收款項」、「貸款及應收款項」以及「現金及現金等價物」。

##### (c) *可供出售財務資產*

可供出售財務資產為被指定為此類別或並無分類為任何其他財務資產類別的非衍生工具。除非投資到期或管理層計劃於報告期末起計十二個月內出售有關投資，否則此等資產將計入非流動資產內。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (n) Financial assets (continued)

##### (ii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are presented in the income statement within “other (losses)/gains – net” in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group’s right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as “gains and losses from investment securities”.

### 2. 重大會計政策概要(續)

#### (n) 財務資產(續)

##### (ii) 確認及計量

正規買賣財務資產於交易日(即本集團承諾買賣該資產之日期)獲確認。投資初步按公平值加並非透過損益按公平值計值之所有財務資產之交易成本確認。透過損益按公平值計值之財務資產初步按公平值計值，交易成本於收益表扣除。財務資產於自投資收取現金流之權利屆滿或已獲轉移且本集團已轉移擁有權之大部份風險與回報時終止確認。可供出售財務資產及透過損益按公平值計值之財務資產主要以公平值計量。貸款及應收款項主要按實際利率法以攤銷成本計值。

自「透過損益按公平值計值之財務資產」類別之公平值變動產生之收益或虧損在產生期間呈列於收益表之「其他(虧損)/收益—淨額」。當本集團收取款項之權利獲確立後，來自透過損益按公平值計值之財務資產之股息收入於收益表確認為其他收入一部份。

分類為可供出售貨幣及非貨幣證券之公平值變動，於其他全面收益確認。

當獲分類為可供出售之證券獲出售或出現減值時，於權益確認之累計公平值調整計入收益表之「來自投資證券之收益及虧損」。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (n) Financial assets (continued)

##### (ii) Recognition and measurement (continued)

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the group's right to receive payments is established.

##### (iii) Impairment of financial assets

*Assets carried at amortised cost*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

### 2. 重大會計政策概要(續)

#### (n) 財務資產(續)

##### (ii) 確認及計量(續)

按實際利率法計算之可供出售證券利息於收益表確認為其他收入一部份。可供出售股本工具之股息在本集團收取款項之權利獲確立後於收益表確認為其他收入一部份。

##### (iii) 財務資產減值

*以攤銷成本列賬之資產*

集團於各報告期末評核有否客觀證據證明有一項或一組財務資產出現減值。僅當存在客觀證據證明於首次確認資產後發生一宗或多宗事件(「虧損事件」)，而該宗(或該等)虧損事件導致出現減值及對該項或該組財務資產的未來估計之現金流構成可以合理估計的影響，有關的財務資產才算出現減值及產生減值虧損。

本集團用以釐定存在客觀證據證明出現減值虧損之標準包括：

- 發行人或債務人陷於重大財務困難；
- 嚴重毀約，包括嚴重負債或不清還本金或利息；
- 本集團因借款人的財務困難而基於經濟或法律原因而授予貸款人一般不會考慮的寬減；

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (n) Financial assets (continued)

##### (iii) Impairment of financial assets (continued)

Assets carried at amortised cost (continued)

- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - (i) adverse changes in the payment status of borrowers in the portfolio;
  - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivable category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

### 2. 重大會計政策概要(續)

#### (n) 財務資產(續)

##### (iii) 財務資產減值(續)

以攤銷成本列賬之資產(續)

- 借款人可能變為破產或進行其他財務重組；
- 因財政困難至使該財務資產之活躍市場消失；或
- 可觀察的資料顯示某一財務資產組合所產生之未來預計現金流量將較最初確認時有可量度之下降，雖然有關下降並未能明確為該組合內之個別財務資產。資料包括：
  - (i) 該組合之借款人之還款狀況有不利轉變；
  - (ii) 與該組合資產之逾期還款相關之全國性或本地經濟狀況。

本集團首次評核是否存在減值之客觀證據。

就貸款及應收款項類別而言，虧損金額以該資產之賬面值與按財務資產原本之實際利率用折現方式計算預計未來現金流量之現值差額(但不包括未發生之信貸損失)來計算。該資產之賬面值會在收入表扣除，而虧損會在綜合收入表確認。倘一項貸款或持至到期日投資具可變動利率，用於計算任何減值虧損之折讓率則為合約項下釐訂之現時實際利率。作為一項實際合宜事項，集團可採用可供觀察之市價以工具之公平值基準計算減值。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (n) Financial assets (continued)

##### (iii) Impairment of financial assets (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

Impairment testing of trade and other receivables is described in note 3b.

##### (iv) Assets classified as available-for-sale

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the group uses the criteria refer to (a) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the that financial asset previously recognised in profit or loss – is removed from equity and recognised in the profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

### 2. 重大會計政策概要(續)

#### (n) 財務資產(續)

##### (iii) 財務資產減值(續)

倘於之後期間，減值虧損之數額減少，而減少的原因客觀上與減值虧損確認後所發生之事件(例如債務人信貸評級改善)相關，則就先前確認之減值虧損之回撥將於綜合收入表確認。

應收貿易賬款及其他應收款項之減值測試於附註3b論述。

##### (iv) 分類為可供出售之資產

本集團於各報告期末評估財務資產或一組財務資產有否出現客觀之減值憑證。就債務證券而言，本集團使用上文(a)項所述之準則。就分類為可供出售之股本投資而言，證券公平值之重大或持續下跌至低於其成本亦為資產出現減值之憑證。倘可供出售財務資產出現任何有關憑證，其累計虧損(收購成本與當前公平值兩者之差額減該財務資產以往於損益內確認之任何減值虧損)則於權益中撇銷，並於損益表中確認。於綜合收入表中確認之權益工具減值虧損不會透過綜合收入表撥回。倘於其後之期間，分類為可供出售之債務工具之公平值增加，而且能夠客觀地釐定增加與於損益確認減值虧損後發生之事項相關，減值虧損則透過綜合收入表撥回。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (n) Financial assets (continued)

#### (iv) Assets classified as available-for-sale (continued)

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

#### (o) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within "bank borrowings" in current liabilities.

#### (p) Current and deferred income tax

The tax expense for the period comprises current and deferred 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.

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's subsidiaries 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. 重大會計政策概要(續)

#### (n) 財務資產(續)

#### (iv) 分類為可供出售之資產(續)

投資於附屬公司或聯營公司之減值測試於自此等投資收取之股息超逾附屬公司或聯營公司宣派股息期間內之全面收益總額或投資賬面值於個別財務報表超逾被投資公司之淨資產(包括商譽)於綜合財務報表內之賬面值而作出。

#### (o) 現金及現金等值物

綜合現金流量表之現金及現金等值物包括手頭現金及銀行通知存款，以及於三個月或以內到期之其他短期高流動性投資及銀行透支。銀行透支於綜合資產負債表中流動負債之「銀行借貸」呈列。

#### (p) 即期及遞延所得稅

期內稅項開支包括即期及遞延稅。稅項於收入表確認，惟與於其他全面收入或直接於權益確認的項目有關的稅項則除外。在此情況下，稅項亦分別於其他全面收入或直接於權益內確認。

即期所得稅開支根據該公司之附屬公司經營業務及產生應課稅收入的國家於結算日已頒佈或實際上於報告期末已頒佈的稅法計算。管理層會定期評估須對適用稅項法規作出詮釋的情況下在報稅中的稅務狀況，並在恰當時按預期須向稅務機關繳納的金額為基準設定撥備。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (p) Current and deferred income tax (continued)

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 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 (or laws) that have been enacted or substantially 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.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes 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.

#### (q) Provisions

Provisions for environmental restoration, restructuring costs and legal claims 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 resource will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprised lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

### 2. 重大會計政策概要(續)

#### (p) 即期及遞延所得稅(續)

遞延所得稅採用負債法就資產及負債的稅基與資產及負債在綜合財務報表內之賬面值產生的暫時性差額進行確認。然而，若遞延所得稅負債因初步確認商譽而產生，則不予以確認。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步確認，而在交易時不影響會計損益或應課稅盈虧，則不予列賬。遞延所得稅採用在結算日前已頒佈或實質頒佈，並預期在有關遞延所得稅項資產變現或遞延所得稅項負債結算時預期適用之稅率(或法例)釐定。

遞延所得稅項資產僅於很有可能於日後可取得應課稅溢利，而暫時性差異可以被使用時，方予以確認。

當有可依法執行之權利以即期稅項資產抵銷即期稅項負債時，以及當遞延所得稅資產及負債涉及同一稅務機關對應課稅實體或不同應課稅實體徵收之所得稅，且有意按淨額結算結餘，則可將遞延所得稅資產及負債抵銷。

#### (q) 撥備

環境恢復撥備、重建成本及法律索償於出現下列情況時確認：本集團由於過往事件而須負上現時法律或建設責任；可能需要自資源撥付以履行責任；且該金額已作出可靠估計。重建成本撥備包括終止租約罰款及終止僱員合約賠款。未來經營虧損並無確認撥備。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (q) Provisions (continued)

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.

#### (r) Foreign currency translation

##### (i) 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 Renminbi ("RMB"), which is the Company's functional and the group's presentation currency.

##### (ii) 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 equity as qualifying cash flow hedges and qualifying net investment hedges.

### 2. 重大會計政策概要(續)

#### (q) 撥備(續)

當有若干類似責任時，須就該等責任類別整體釐定付款現金流出。即使同類責任包括之任何一個項目之現金流出金額較小，仍須作出撥備。

撥備採用稅前利率按照預期需結算有關責任的支出現值計量，該利率反映當時市場對金錢時間值和有關責任固有風險的評估。隨著時間過去而增加的撥備確認為利息費用。

#### (r) 外幣兌換

##### (i) 功能及呈列貨幣

各集團實體財務報表中包括的項目採用其經營所在地區的主要經濟環境通行的貨幣(「功能貨幣」)計量。綜合財務報表以人民幣(「人民幣」)呈列，人民幣為本公司的功能及本集團呈列貨幣。

##### (ii) 交易及結餘

外幣交易採用交易當日或進行項目重估的估值當日的匯率換算為功能貨幣。清償該等交易及按年終匯率換算以外幣列值的貨幣資產及負債而產生的匯兌損益乃在收入報表確認，惟於權益中遞延作為合資格現金流量對沖及合資格淨投資對沖者除外。



# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (r) Foreign currency translation (continued)

##### (ii) Transactions and balances (continued)

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within “finance income or cost”. All other foreign exchange gains and losses are presented in the income statement within “other gains and /(losses)”.

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

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

##### (iii) 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:

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

### 2. 重大會計政策概要(續)

#### (r) 外幣兌換(續)

##### (ii) 交易及結餘(續)

與借貸和現金及現金等值項目有關的匯兌損益，均於收入報表的「融資收入或成本」內呈列。全部其他匯兌損益乃於收入報表的「其他收益及／(虧損)」內呈列。

以外幣計值之貨幣性證券之公平值變動乃就因證券之攤銷成本變動及證券賬面值之其他變動產生之換算差額分析。有關攤銷成本變動之換算差額乃於收益表內確認，而賬面值之其他變動乃於其他全面收益確認。

非貨幣財務資產及負債(如透過損益按公平值持有之權益)的換算差額乃於損益確認為透過損益按公平值計值之一部份。非貨幣財務資產之換算差額(如分類為持作出售之權益計入其他全面收益)。

##### (iii) 集團公司

功能貨幣與呈列貨幣不同的所有集團實體(當中沒有嚴重通脹貨幣)的業績及財務狀況，按如下方式換算為呈列貨幣：

- (a) 於各所示資產負債表內之資產及負債乃按於該結算表日期之收市匯率換算；

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (r) Foreign currency translation (continued)

##### (iii) Group companies (continued)

(b) 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 dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statements part of the gain or loss on sale.

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.

#### (s) Government grants

Grants from the PRC 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 the 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 that compensate the Group for the costs of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expenses.

### 2. 重大會計政策概要(續)

#### (r) 外幣兌換(續)

##### (iii) 集團公司(續)

(b) 每份收入報表內的收入和開支按平均匯率換算(除非此平均值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,收支則按交易日期的匯率換算);及

(c) 所有由此而產生的匯兌差額於其他全面收益確認。

在綜合賬目時,換算海外業務的淨投資以及換算貸款及其他指定作為該等投資對沖的貨幣工具所產生的匯兌差額列入其他全面收益。當部分處理或售海外業務時,該等於權益入賬之匯兌差額在收入報表確認為出售盈虧的一部分。

因收購海外實體產生的商譽及公平值調整視為海外實體資產和負債,並按收市匯率換算。

#### (s) 政府補助

中國政府補助於可合理確定將會收取而本集團符合所有相關條件時,按公平值確認入賬。

有關成本之政府補助均會於對應擬彌償成本所需之期間遞延並在收入報表確認入賬。

彌償本集團一項資產成本之政府補助將於該資產之賬面值扣除,其後將於該資產之可使用年期內透過減去折舊開支於損益實際確認。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (t) Employee benefits

##### (i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

##### (ii) Pension obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' relevant income and are expensed in the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

In addition, pursuant to the government regulations in the People's Republic of China (the "PRC"), the Group is required to contribute an amount to certain retirement benefit schemes based on the wages for the year of those employees in the PRC. The local municipal government undertakes to assume the retirement benefits obligations of those employees of the Group. Contributions to these retirement benefits schemes are charged to the statement of comprehensive income as incurred.

### 2. 重大會計政策概要(續)

#### (t) 僱員福利

##### (i) 僱員應享假期

僱員在年假之權利於僱員應享有時確認。本集團為截至報告期末止僱員已提供之服務而產生之年假之估計負債作出撥備。

僱員之病假及產假不作確認，直至僱員正式休假為止。

##### (ii) 退休金責任

本集團根據強制性公積金計劃條例，為其所有香港僱員設立一項定額供款之強制性公積金退休福利計劃(「強積金計劃」)。供款按僱員有關薪金之某一百分比作出，並於按照強積金計劃之規則應付時於收入表支銷。強積金計劃之資產與本集團之資產分開，由獨立管理基金持有。本集團向強積金計劃作出之僱主供款，在作出時已全數歸僱員所有。

此外，根據中華人民共和國(「中國」)政府之規例，本集團須按中國員工該年度之工資若干退休福利計劃作出供款，由當地市政府承擔該等本集團員工之退休福利責任。就該等退休福利計劃作出之供款於產生時在全面收入報表中扣除。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (t) Employee benefits (continued)

##### (ii) Pension obligations (continued)

The employee's of the Group's which operates in the PRC are required to participate in the state-managed retirement scheme operated by the local municipal government. Contributions are made based on a certain percentage of the payroll costs and are charged to the statement of comprehensive income as they become payable in accordance with the rules of the state-managed retirement scheme.

#### (u) 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 statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

### 2. 重大會計政策概要(續)

#### (t) 僱員福利(續)

##### (ii) 退休金責任(續)

本集團於中國之僱員須參與由國家規管、當地市政府運作之退休金計劃。供款按僱員有關薪金之某一百分比作出，並於按照國家規管之退休金計劃之規則應付時於全面收入報表扣除。

#### (u) 借貸

借貸初步按公平值(經扣除所產生的交易成本)確認。借貸其後按攤銷成本列賬；所得款項(經扣除交易成本)與贖回價值之間的任何差額乃採用實際利率法於借貸期內在全面收入報表確認。

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

除非本公司有權無條件遞延償付負債至報告期末後至少十二個月，否則借貸會分類為流動負債。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (v) Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

### 2. 重大會計政策概要(續)

#### (v) 關連人士

一名人士被視為與本集團有關連，倘：

(a) 該人士或其直系親屬

(i) 控制或共同控制本集團；

(ii) 對本集團有重大影響；或

(iii) 為本集團或本集團母公司的主要管理層成員；

或

(b) 該人士為實體，且符合下列任何條件：

(i) 該實體與本集團屬同一集團的成員公司；

(ii) 一間實體為另一間實體的聯營公司或合營企業(或另一間實體的母公司，附屬公司或同系附屬公司)；

(iii) 該實體與本集團為同一第三方的合營企業；

(iv) 該實體為本集團或與本集團有關連的實體就僱員福利設立的離職後福利計劃；

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (v) Related parties (continued)

- (b) the party is an entity where any of the following conditions applies: (continued)
- (v) the entity controlled or jointly controlled by a person identified in (a); and
- (vi) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

#### (w) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales with the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

#### (i) Sales of goods

Sales revenue is recognised when the merchandise is delivered and title has been passed to the customers.

#### (iii) Interest income

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

#### (x) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable 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.

### 2. 重大會計政策概要(續)

#### (v) 關連人士(續)

- (b) 該人士為實體，且符合下列任何條件：(續)
- (v) 該實體受(a)定義之人士控制或共同控制；及
- (vi) (a)(i)定義之人士對該實體有重大影響力或屬該實體(或該實體的母公司)的主要管理層成員。

#### (w) 收入確認

收入包括本集團日常業務過程中就出售產品及服務而已收或應收代價的公平值。所示收入已扣除增值稅、退貨、回扣及折扣及已對銷集團間之銷售。

本集團於收入金額能可靠計算，及日後很可能有經濟利益流入本集團，且已符合下述本集團各業務的特定條件時確認收入。本集團按過往業績作出估計，並考慮客戶種類、交易種類及各項安排的細節。

#### (i) 銷售貨品

倘商品已予付運及所有權轉至客戶時，銷售收入予以確認。

#### (iii) 利息收入

利息收入採用實際利率法按累計確認。

#### (x) 應付貿易賬款及其他應付款項

應付貿易賬款是本集團在日常運作過程中從供應商購買貨品或使用服務產生的支付責任。如果應付賬款預計將在一年或一年以內支付(或更長的業務正常經營周期範圍內的時間)，則分類為流動負債。否則，其將呈列為非流動負債。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (y) Segment reporting

Operating segment, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various line of business and geographical locations.

#### (z) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously 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 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 discussed below.

#### (a) Impairment of assets (other than trade and other receivables)

The Group tests annually whether assets have suffered any impairment in accordance with the accounting policy stated in note 2(l). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value, which has been prepared on the basis of management's assumptions and estimates.

### 2. 重大會計政策概要(續)

#### (y) 分類報告

經營分類及財務報表所呈報之各分類項目金額，乃根據就分配資源予本集團各業務及地區分類及評估其表現而定期提供予本集團最高層管理人員之財務資料而確定。

#### (z) 股息分派

分派予本公司股東的股息於本公司股東批准有關股息的期間內在本集團財務報表中確認為一項負債。

### 3. 關鍵會計估計及判斷

估計及判斷會不斷予以評估，並以過往經驗及其他因素(包括在有關情況下相信為合理的未來事件預測)為依據。

本集團會對未來作出估計及假設。所導致的會計估計，顧名思義，甚少與有關實際結果相符。具有重大風險須於下一財政年度內對資產及負債的賬面值作出重大調整的估計及假設討論如下。

#### (a) 資產減值(應收貿易賬款及其他應收款項除外)

根據附註2(l)所述的會計政策，本集團每年測試資產是否出現減值。現金產生單位之可收回金額以使用價值法釐定。在計算使用價值時，本集團需估計現金產生單位之未來現金流量，並以適當之折現率計算其現值，此乃根據管理層的假設及估計編製。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

#### (b) Impairment of trade and other receivables

Provision for impairment of trade and other receivables is made based on assessment of the recoverability of trade receivables and other receivables. The identification of doubtful debts requires management judgement and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of trade receivables and other receivables and doubtful debt expenses/written back in the period in which the estimate has been changed.

#### (c) Estimation of useful lives of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives and related depreciation or amortisation charges for its property, plant and equipment and intangible assets. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment and purchase know-how and prescription of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation or amortisation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

#### (d) Income taxes

The Company is subject to income tax in the PRC. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company 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.

### 3. 關鍵會計估計及判斷(續)

#### (b) 應收貿易賬款及其他應收款項減值

應收貿易賬款及其他應收款項減值撥備是在應收貿易賬款及其他應收款項的可回收性的評估上作出。呆賬的識別要求管理層作出判斷及估計。當實際結果或未來預期和原有估計不同，該差異將影響應收貿易賬款及其他應收款項的賬面值和呆賬在已改變所作估計的期間的支出／撥回。

#### (c) 物業、廠房及設備以及無形資產可使用年期之估計

本集團之管理層釐定其物業、廠房及設備以及無形資產之估計可用年期及相關折舊或攤銷開支。此估計乃根據性質及功能相近的物業、廠房及設備以及購買的技術和藥方之實際可用年期的以往經驗作出。技術創新及競爭對手因應嚴重行業週期起伏而採取之行動可能使估計有重大改變。倘可用年期少於先前估計的年期，管理層將增加折舊或攤銷開支；管理層亦可能將已棄置或出售而技術上屬陳舊之資產或非策略資產予以撇銷或撇減。

#### (d) 所得稅

本公司須繳納中國之所得稅。於釐定相關所得稅之所得稅撥備金額時須作出重大判斷。本公司有頗多未能確定最終稅項之交易及計算。本公司於確認預期稅項審核事宜之負債時，建基於會否出現額外應繳稅項之預測。倘該等事宜之最終稅務結果與初步記錄之金額不同，有關差額將影響作出釐定之期間內之即期及遞延所得稅資產及負債。



# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 4. TURNOVER

The principal activities of the Group are manufacture and distribution of biochemical medicines. Revenue represents the invoiced value of merchandise sold less allowances for returns, discounts, value-added tax and other sales related taxes.

### 4. 營業額

本集團之主要業務是製造及分銷生化藥物。收入指銷售商品的發票值，並已減去有關退貨、折扣、增值稅及其他銷售相關稅項的金額。

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Sales of medicine	藥物銷售	274,294	200,630

### 5. SEGMENT INFORMATION

The Group has only one business segment which is the manufacture and distribution of biochemical medicines in the PRC. During the years ended 31 December 2011 and 2010, turnover of the Group is generated entirely from sales in the PRC and all identifiable assets of the Group are located in the PRC. Accordingly, no business and geographical segments information is presented. This is consistent with the way in which information is reported internally to the group's top management for the purposes of resource allocation and performance assessment.

### 5. 分類資料

本集團只有一個業務分類，即於中國製造和分銷生化藥物。截至二零一一年及二零一零年十二月三十一日止年度，本集團營業額全部來自中國之銷售，且本集團所有可識別資產均位於中國。因此，並無呈列業務及地區分類資料，並與就資源分配及表現評估向本集團最高行政管理層內部呈報資料方式一致。

### 6. OTHER INCOME

### 6. 其他收入

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Recovery of bad debts previously written off	收回已撇銷壞賬	992	163
Bank interest income	銀行利息收入	706	294
Government subsidy (Note)	政府補貼(附註)	1,842	2,320
Interest income on loan receivables	應收貸款利息收入	1,674	2,696
Yield gain on available-for-sale financial assets	可供出售財務資產回報收益	220	39
Others	其他	245	143
		5,679	5,655

Note: During the year ended 31 December 2011, the Group received subsidies from various local municipal government bodies in the PRC, which aimed at the general financing of the business and technology development of the Group.

附註：於截至二零一一年十二月三十一日止年度，本集團獲得中國不同地方市政府機關的資助，旨在為本集團的業務及技術發展提供一般性資金。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 7. OTHER GAINS

### 7. 其他收益

			2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
		Notes 附註		
Fair value losses on biological assets – deers	生物資產一鹿之公平值虧損	16	(42)	(38)
Gains on disposal of property, plant and equipment	出售物業、廠房及設備盈利		534	271
Gain on disposal of a subsidiary	出售附屬公司收益	36	–	213
			492	446

### 8. FINANCE COSTS

### 8. 融資成本

			2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Interest expenses on loans from government authority	政府機關貸款之利息費用		253	178

# Notes to the Financial Statements

## 財務報表附註

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(以人民幣呈示)

### 9. PROFIT BEFORE INCOME TAX

### 9. 所得稅前溢利

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
	Notes 附註		
Operating profit before income tax for the year is arrived at after-charging/(crediting):-	除所得稅前之本年經營溢利已扣除/(計入)下列各項：—		
Cost of inventories sold (excluding additional provision for, and write off of obsolete and slow-moving inventories)	已出售存貨成本(不包括增加撥備及撇銷廢棄及滯銷存貨)	<b>40,407</b>	40,439
Provision for obsolete and slow-moving inventories	廢棄及滯銷存貨撥備	<b>2,897</b>	2,864
Write off of obsolete and slow-moving inventories	撇銷廢棄及滯銷存貨	<b>2,745</b>	—
Impairment loss on loans receivables	應收貸款之減值虧損	<b>2,550</b>	—
Impairment loss on trade receivables	應收貿易賬款之減值虧損	<b>168</b>	2,721
Impairment loss on other receivables	其他應收款項之減值虧損	<b>1,762</b>	3,009
Impairment loss on deposit and prepayment	訂金及預付款項之減值虧損	<b>1,067</b>	—
Impairment loss on property, plant and equipment	物業、廠房及設備減值虧損	<b>472</b>	705
Provision for tax recoverable	可收回稅項撥備	—	3,554
Auditor's remuneration:-	核數師酬金：—		
Provision for the year	年內撥備	<b>300</b>	254
Under-provision in prior years	過往年度撥備不足	—	21
Amortisation of intangible assets (included in cost of sales)	無形資產攤銷(列入銷售成本)	<b>3,961</b>	7,255
Impairment loss on intangible assets	無形資產減值虧損	<b>1,460</b>	1,960
Research and development cost	研發費用	<b>545</b>	503
Amortisation of prepaid land lease payments (included in cost of sales)	預付土地租金攤銷(列入銷售成本)	<b>125</b>	125
Depreciation of property, plant and equipment	物業、廠房及設備折舊	<b>5,964</b>	5,955
Employee benefits expenses (excluding directors' and supervisors' remuneration):	員工福利費用(不包括董事及監事酬金)：		
Salaries and allowances	薪金及津貼	<b>67,003</b>	44,665
Pension scheme contributions	退休金計劃供款	<b>575</b>	669
Fair value losses on biological assets – deers	生物資產—鹿之公平值虧損	<b>42</b>	38
Gain on disposal of property, plant and equipment	出售物業、廠房及設備盈利	<b>(534)</b>	(271)

# Notes to the Financial Statements

## 財務報表附註

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### 10. INCOME TAX EXPENSE

#### (a) Income tax represents:

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
PRC enterprise income tax	中國企業所得稅		
– Current year	– 本年度	11,183	8,441
– Over-provision in prior years	– 去年多提撥備	–	(507)
Deferred taxation (Note 32)	遞延稅項 (附註32)	(472)	(543)
		<b>10,711</b>	7,391

The PRC enterprise income tax is provided according to the relevant laws and regulations in the PRC.

On 16 March 2007, the National People's Congress approved the PRC Enterprise Income Tax Law, which became effective from 1 January 2008. In accordance with the new tax law, a unified enterprise income tax rate of 25% is applied to both domestic-invested enterprises and foreign-invested enterprises.

On 24 July, 2009, the Company was accredited as a "National New and High-tech Enterprise" by the Jilin Provincial Science and Technology Bureau (吉林省科學技術廳) and is entitled to a reduced PRC Enterprise Income tax rate of 15% for the year ended 31 December 2011 (2010: 15%).

中國企業所得稅乃根據中國有關法律及法規撥備。

於二零零七年三月十六日，全國人大會議批准中國企業所得稅法，由二零零八年一月一日起生效。根據新稅法，所有內資及外資企業按統一稅率25%繳納企業所得稅。

本公司於二零零九年七月二十四日獲吉林省科學技術廳譽為國家高新企業。本公司於截至二零一一年十二月三十一日止年度可按減免中國企業所得稅率至15%繳納稅項(二零一零年：15%)。

### 10. 所得稅支出

#### (a) 所得稅包括：

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
PRC enterprise income tax	中國企業所得稅		
– Current year	– 本年度	11,183	8,441
– Over-provision in prior years	– 去年多提撥備	–	(507)
Deferred taxation (Note 32)	遞延稅項 (附註32)	(472)	(543)
		<b>10,711</b>	7,391

中國企業所得稅乃根據中國有關法律及法規撥備。

於二零零七年三月十六日，全國人大會議批准中國企業所得稅法，由二零零八年一月一日起生效。根據新稅法，所有內資及外資企業按統一稅率25%繳納企業所得稅。

本公司於二零零九年七月二十四日獲吉林省科學技術廳譽為國家高新企業。本公司於截至二零一一年十二月三十一日止年度可按減免中國企業所得稅率至15%繳納稅項(二零一零年：15%)。

# Notes to the Financial Statements

## 財務報表附註

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### 10. INCOME TAX EXPENSE (continued)

#### (b) Reconciliation between tax expense and accounting profit at applicable tax rate:

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Profit before income tax	除所得稅前溢利	61,604	43,282
National tax calculated at PRC enterprise income tax rate of 15% (2010: 15%)	按中國企業所得稅率15% (二零一零年：15%) 計算的國稅	9,241	6,492
Tax effect of non-taxable income	毋須課稅收入的稅務影響	-	(537)
Tax effect of non-deductible expenses	不可扣稅開支的稅務影響	1,942	2,486
Deferred tax on temporary differences in prior year	過往年度暫時差額之遞延稅項	(472)	(543)
Over-provision in prior years	去年多提撥備	-	(507)
Income tax expense	所得稅支出	10,711	7,391

### 10. 所得稅支出(續)

#### (b) 稅項支出與會計溢利按適用稅率對賬如下：

### 11. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2011 is based on the profit attributable to owners of the Group for the year of RMB50,893,000 (2010: RMB35,891,000) and 560,250,000 shares in issue during the year (2010: 560,250,000 shares).

Diluted earnings per share is not presented as there were no dilutive potential ordinary shares in existence during the years ended 31 December 2011 and 2010.

### 12. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to owners of the Company for the year ended 31 December 2011 includes a profit of RMB50,729,000 (2010: RMB32,882,000) which has been dealt with in the financial statements of the Company (Note 34).

### 11. 每股盈利

截至二零一一年十二月三十一日止年度，每股基本盈利乃根據年內本集團擁有人應佔溢利人民幣50,893,000元(二零一零年：人民幣35,891,000元)及年內已發行股份560,250,000股(二零一零年：560,250,000股)計算。

由於截至二零一一年及二零一零年十二月三十一日止兩個年度並無潛在攤薄普通股，故並無呈列每股攤薄盈利。

### 12. 本公司擁有人應佔溢利

截至二零一一年十二月三十一日止年度內，本公司擁有人應佔溢利包括溢利人民幣50,729,000元(二零一零年：人民幣32,882,000元)，該溢利已於本公司之財務報表中處理(附註34)。

# Notes to the Financial Statements

## 財務報表附註

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### 13. DIVIDENDS

No dividend has been proposed or paid by the Company in respect of the year ended 31 December 2011 (2010: Nil).

### 13. 股息

本公司並不建議或派付截至二零一一年十二月三十一日止年度之任何股息(二零一零年：無)。

### 14. DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION

#### (a) Directors' remuneration

Details of remuneration paid to the Directors of the Company, which were all below HK\$1,000,000 (equivalent to RMB811,000 for the year ended 31 December 2011 and RMB846,000 for the year ended 31 December 2010) and disclosed pursuant to the GEM Listing Rules and Section 161 of the Hong Kong Companies Ordinance, are as follows:-

### 14. 董事及高級行政人員酬金

#### (a) 董事酬金

本集團向本公司各董事支付之酬金均低於1,000,000港元(於截至二零一一年十二月三十一日止年度相當於人民幣811,000元及於截至二零一零年十二月三十一日止年度相當於人民幣846,000元)並根據創業板上市規則及香港公司條例第161條披露，其詳情如下：

2011

二零一一年

		Salaries, allowances and other benefits 薪金、津貼 及其他利益	Pension fund contributions 退休金供款	2011 Total 二零一一年 總酬金	
	Directors' fees 董事袍金	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	
<i>Executive Directors:</i>	<i>執行董事：</i>				
Zhang Hong	張弘	-	38	16	54
Zhang Xiao Guang	張曉光	-	220	12	232
Zhao Bao Gang	趙寶剛	-	162	11	173
Tian Xin Guo	田新國	-	445	12	457
Chen Qi Ming	陳啟明	-	162	11	173
Wu Guo Wen	吳國文	-	92	11	103
<i>Independent Non-Executive Directors:</i>	<i>獨立非執行董事：</i>				
Shen Yu Xiang	沈玉祥	-	135	-	135
Yan Li Jin	鄢禮金	-	10	-	10
Xue Chang Qing	薛長清	-	8	-	8
		-	1,272	73	1,345

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 14. DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION (continued)

#### (a) Directors' remuneration (continued)

2010

	Directors' fees	Salaries, allowances and other benefits	Pension fund contributions	Total
	薪金、津貼及其他利益	退休金供款	總酬金	
	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
<i>Executive Directors:</i>	<i>執行董事：</i>			
Zhang Hong	張弘	46	14	60
Zhang Xiao Guang	張曉光	100	11	111
Zhao Bao Gang	趙寶剛	106	11	117
Tian Xin Guo	田新國	354	12	366
Liang Fu Xiang (Resigned on 15 November 2010)	梁福祥(於二零一零年十一月十五日辭任)	174	11	185
Chen Qi Ming	陳啟明	123	11	134
Wu Guo Wen	吳國文	129	11	140
<i>Independent Non-Executive Directors:</i>	<i>獨立非執行董事：</i>			
Shen Yu Xiang	沈玉祥	106	-	106
Yan Li Jin	鄢禮金	-	-	-
Xue Chang Qing	薛長清	-	-	-
		1,138	81	1,219

There were no arrangements under which a director waived or agreed to waive any emoluments, and no incentive payment or compensation for loss of office was paid or payable to any director during the years ended 31 December 2011 and 2010.

截至二零一一年及二零一零年十二月三十一日止年度，概無有關董事放棄或同意放棄任何酬金之安排，亦概無就任何董事之離職已付或應付任何獎勵或補償。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 14. DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION (continued)

#### (b) Senior executives' remuneration

Details of remuneration paid to the Supervisors of the Company which were all below HK\$1,000,000 (equivalent to RMB811,000 for the year ended 31 December 2011 and RMB846,000 for the year ended 31 December 2010) are as follows:-

2011

		Salaries, allowances and other benefits 薪金、津貼及其他利益 RMB'000 人民幣千元	Pension fund contributions 退休金供款 RMB'000 人民幣千元	2011 Total 二零一一年 總酬金 RMB'000 人民幣千元
<i>Supervisors:</i>	<i>監事：</i>			
Zhang Jing Zhou	張景洲	73	-	73
Li Bao Hai	李寶海	24	7	31
Wu Wei Men	吳尉民	21	7	28
		<b>118</b>	<b>14</b>	<b>132</b>

2010

		Salaries, allowances and other benefits 薪金、津貼及其他利益 RMB'000 人民幣千元	Pension fund contributions 退休金供款 RMB'000 人民幣千元	2010 Total 二零一零年 總酬金 RMB'000 人民幣千元
<i>Supervisors:</i>	<i>監事：</i>			
Zhang Jing Zhou	張景洲	52	-	52
Li Bao Hai	李寶海	24	6	30
Wu Wei Men	吳尉民	26	6	32
		<b>102</b>	<b>12</b>	<b>114</b>

There were no arrangements under which a Supervisor waived or agreed to waive any emoluments, and no incentive payment or compensation for loss of office was paid or payable to any supervisor during the years ended 31 December 2011 and 2010.

### 14. 董事及高級行政人員酬金(續)

#### (b) 高級行政人員酬金

本集團向本公司各監事支付之酬金均低於1,000,000港元(於截至二零一一年十二月三十一日止年度相當於人民幣811,000元及於截至二零一零年十二月三十一日止年度相當於人民幣846,000元)。其詳情如下：

二零一一年

		Salaries, allowances and other benefits 薪金、津貼及其他利益 RMB'000 人民幣千元	Pension fund contributions 退休金供款 RMB'000 人民幣千元	2011 Total 二零一一年 總酬金 RMB'000 人民幣千元
<i>Supervisors:</i>	<i>監事：</i>			
Zhang Jing Zhou	張景洲	73	-	73
Li Bao Hai	李寶海	24	7	31
Wu Wei Men	吳尉民	21	7	28
		<b>118</b>	<b>14</b>	<b>132</b>

二零一零年

		Salaries, allowances and other benefits 薪金、津貼及其他利益 RMB'000 人民幣千元	Pension fund contributions 退休金供款 RMB'000 人民幣千元	2010 Total 二零一零年 總酬金 RMB'000 人民幣千元
<i>Supervisors:</i>	<i>監事：</i>			
Zhang Jing Zhou	張景洲	52	-	52
Li Bao Hai	李寶海	24	6	30
Wu Wei Men	吳尉民	26	6	32
		<b>102</b>	<b>12</b>	<b>114</b>

截至二零一一年及二零一零年十二月三十一日止年度，概無有關監事放棄或同意放棄任何酬金之安排，亦概無就任何監事之離職已付或應付任何獎勵或補償。



# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 14. DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION (continued)

#### (c) Five highest paid individuals

The five highest paid individuals during the year included five Directors (2010: five Directors) whose remuneration is set out in (a) above.

During the years ended 31 December 2011 and 2010, no emoluments were paid by the Group to these highest paid employees as an inducement to join, or upon joining the Group, or as compensation for loss of office.

### 15. RETIREMENT BENEFITS SCHEMES

Employees of the Group are members of a state-managed retirement benefits scheme operated by the PRC government, or in the case of the employees in Hong Kong, a defined contribution Mandatory Provident Fund retirement benefits scheme ("MPF scheme") under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF scheme are held separately from those of the Group in an independently administered fund. The Group is required to contribute a certain percentage of its payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes. The employer's contributions vest fully once they are made. At 31 December 2011 and 2010, no forfeited contributions were available to reduce the contributions payable in future years.

The Group's contribution to retirement benefits schemes for the year ended 31 December 2011 amounted to RMB575,000 (2010: RMB669,000).

### 16. BEARER BIOLOGICAL ASSETS

Bearer biological assets comprise:

### 14. 董事及高級行政人員酬金(續)

#### (c) 五名最高薪酬人士

年內5名最高薪酬人士包括5名董事(二零一零年: 5名董事)之已付酬金詳情於上文(a)載列。

截至二零一一年及二零一零年十二月三十一日止年度, 本集團概無向該最高薪酬僱員支付任何酬金作為其加入或於加入本集團時之獎賞, 或作離職之補償。

### 15. 退休福利計劃

本集團僱員為中國政府管理的國家管理退休福利計劃的成員, 而香港僱員則為根據香港強制性公積金計劃條例項下強制性公積金界定供款計劃("強積金計劃")的成員。強積金計劃的資產與本集團的資產乃於一個獨立管理的基金分開持有。本集團須按其支付工資的若干百分比對該退休福利計劃供款以資助該項福利。本集團於該退休福利計劃內的唯一責任乃根據該計劃作出指定的供款。僱主的供款於作出後均歸僱員所有。於二零一一年及二零一零年十二月三十一日, 並無任何已沒收供款可用作削減未來年度應付供款。

於截至二零一一年十二月三十一日止年度, 本集團所支付的退休福利計劃供款為人民幣575,000元(二零一零年: 人民幣669,000元)。

### 16. 不記名生物資產

不記名生物資產包括:

		The Group and the Company 本集團及本公司	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Deers – immature, at fair value	鹿—未成年, 按公平值	—	6
Deers – mature, at fair value	鹿—成年, 按公平值	—	188
Ginseng, at cost	人參, 按成本值	2,070	1,758
Vineyard, at cost	葡萄, 按成本值	545	552
Carrying amount at 31 December	於十二月三十一日之賬面值	2,615	2,504

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 16. BEARER BIOLOGICAL ASSETS (continued)

Reconciliation of carrying amounts of bearer biological assets:

### 16. 不記名生物資產(續)

不記名生物資產賬面值對賬：

		The Group and the Company 本集團及本公司	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
<b>Deers</b>	<b>鹿</b>		
Carrying amount at 1 January	於一月一日之賬面值	<b>194</b>	232
Loss arising from changes in fair value less estimated point-of-sale costs attributable to physical changes (Notes 7 and 9)	公平值變動減實質變動引致之估計銷售點成本產生之虧損(附註7及9)	<b>(42)</b>	(92)
Gain arising from changes in fair value less estimated point-of-sale costs attributable to price changes (Notes 7 and 9)	公平值變動減價格變動引致之估計銷售點成本產生之收益(附註7及9)	–	54
Decrease due to sales	因出售而下降	<b>(152)</b>	–
Carrying amount at 31 December	於十二月三十一日之賬面值	–	194
<b>Ginseng</b>	<b>人參</b>		
Carrying amount at 1 January	於一月一日之賬面值	<b>1,758</b>	1,414
Additions during the year	年內添置	<b>312</b>	344
Carrying amount at 31 December	於十二月三十一日之賬面值	<b>2,070</b>	1,758
<b>Vineyard</b>	<b>葡萄</b>		
Carrying amount at 1 January	於一月一日之賬面值	<b>552</b>	523
Additions during the year	年內添置	<b>13</b>	29
Harvested grapes transferred to inventories	已採摘葡萄轉撥至存貨	<b>(20)</b>	–
Carrying amount at 31 December	於十二月三十一日之賬面值	<b>545</b>	552
		<b>2,615</b>	2,504

The carrying amounts of immature and mature deers were valued at market values with reference to prices in the local market of comparable age and breed. The carrying amounts of ginseng and vineyard were valued at their original costs. These assets are in their early stage of cultivation and preparation and active market prices are not available. In addition, the Directors are of the view that the original costs would approximate their fair values at this stage of their development.

未成年及成年鹿之賬面值參考當地市場可資比較年期及品種之價格按市值計算。人參及葡萄的賬面值按初始成本計值。該等資產處於養植及準備初期，故並無活躍市價。另外，董事認為初始成本可與彼等於該發展階段之公平值相若。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 17. PROPERTY, PLANT AND EQUIPMENT

### 17. 物業、廠房及設備

		Buildings	Plant and machinery	Transportation equipment	Furniture, fixtures and equipment	Total
		樓宇	廠房及機器	運輸設備	傢俱、裝置及設備	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
<b>The Group</b>	<b>本集團</b>					
Cost:	成本：					
At 1 January 2010	於二零一零年一月一日	55,606	46,634	3,424	1,811	107,475
Transfer from construction in progress (Note 19)	轉撥自在建工程 (附註19)	-	342	-	-	342
Additions	增添	-	1,131	-	26	1,157
Disposals	出售	-	(40)	(535)	(64)	(639)
At 31 December 2010	於二零一零年十二月三十一日	55,606	48,067	2,889	1,773	108,335
Transfer from construction in progress (Note 19)	轉撥自在建工程 (附註19)	18,017	12,176	-	-	30,193
Additions	增添	-	3,465	-	290	3,755
Disposals	出售	(142)	(43)	-	-	(185)
At 31 December 2011	於二零一一年十二月三十一日	73,481	63,665	2,889	2,063	142,098
Accumulated depreciation:	累計折舊：					
At 1 January 2010	於二零一零年一月一日	10,891	32,883	1,677	1,470	46,921
Charge for the year (Note 9)	年內支銷(附註9)	1,748	3,815	295	97	5,955
Written back on disposals	出售撥回	-	(4)	(508)	(64)	(576)
Impairment (Note 9)	減值(附註9)	-	705	-	-	705
At 31 December 2010	於二零一零年十二月三十一日	12,639	37,399	1,464	1,503	53,005
Charge for year (Note 9)	年內支銷(附註9)	2,176	3,436	255	97	5,964
Written back on disposals	出售撥回	(30)	(41)	-	-	(71)
Impairment (Note 9)	減值(附註9)	-	472	-	-	472
At 31 December 2011	於二零一一年十二月三十一日	14,785	41,266	1,719	1,600	59,370
Carrying amount:	賬面值：					
At 31 December 2011	於二零一一年十二月三十一日	58,696	22,399	1,170	463	82,728
At 31 December 2010	於二零一零年十二月三十一日	42,967	10,668	1,425	270	55,330

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 17. PROPERTY, PLANT AND EQUIPMENT 17. 物業、廠房及設備(續) (continued)

		Buildings	Plant and machinery	Transportation equipment	Furniture, fixtures and equipment	Total
		樓宇 RMB'000 人民幣千元	廠房及機器 RMB'000 人民幣千元	運輸設備 RMB'000 人民幣千元	傢俱、裝置及設備 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
<b>The Company</b>	<b>本公司</b>					
Cost:	成本：					
At 1 January 2010	於二零一零年一月一日	55,606	46,634	3,424	1,747	107,411
Transfer from construction in progress (Note 19)	轉撥自在建工程 (附註19)	-	342	-	-	342
Additions	增添	-	1,131	-	26	1,157
Disposals	出售	-	(40)	(535)	-	(575)
At 31 December 2010	於二零一零年十二月三十一日	55,606	48,067	2,889	1,773	108,335
Transfer from construction in progress (Note 19)	轉撥自在建工程 (附註19)	18,017	12,176	-	-	30,193
Additions	增添	-	3,465	-	290	3,755
Disposals	出售	(142)	(43)	-	-	(185)
At 31 December 2011	於二零一一年十二月三十一日	73,481	63,665	2,889	2,063	142,098
Accumulated depreciation:	累計折舊：					
At 1 January 2010	於二零一零年一月一日	10,891	32,883	1,677	1,410	46,861
Charge for the year	年內支銷	1,748	3,815	295	93	5,951
Written back on disposal	出售撥回	-	(4)	(508)	-	(512)
Impairment	減值	-	705	-	-	705
At 31 December 2010	於二零一零年十二月三十一日	12,639	37,399	1,464	1,503	53,005
Charge for the year	年內支銷	2,176	3,436	255	97	5,964
Written back on disposal	出售撥回	(30)	(41)	-	-	(71)
Impairment	減值	-	472	-	-	472
At 31 December 2011	於二零一一年十二月三十一日	14,785	41,266	1,719	1,600	59,370
Carrying amount:	賬面值：					
At 31 December 2011	於二零一一年十二月三十一日	58,696	22,399	1,170	463	82,728
At 31 December 2010	於二零一零年十二月三十一日	42,967	10,668	1,425	270	55,330

The buildings of the Group and the Company are situated on parcels of land in the PRC in which the Group and the Company held medium-term land use rights (Note 18).

本集團及本公司樓宇位於中國之地塊上，本集團及本公司持有有關地塊之中期土地使用權(附註18)。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 18. PREPAID LAND LEASE PAYMENTS

### 18. 預付土地租金

**The Group and  
the Company**  
本集團及本公司  
RMB'000  
人民幣千元

Cost:	成本：	
At 1 January 2010, 31 December 2010 and 31 December 2011	於二零一零年一月一日、二零 一零年十二月三十一日及二 零一一年十二月三十一日	3,531
Accumulated amortisation:	累計攤銷：	
At 1 January 2010	於二零一零年一月一日	1,058
Charge for the year (Note 9)	年內支銷(附註9)	125
At 31 December 2010	於二零一零年十二月三十一日	1,183
Charge for the year (Note 9)	年內支銷(附註9)	125
At 31 December 2011	於二零一一年十二月三十一日	1,308
Carrying amount:	賬面值：	
At 31 December 2011	於二零一一年十二月三十一日	2,223
At 31 December 2010	於二零一零年十二月三十一日	2,348

		<b>2011</b> 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Carrying amount at 31 December	於十二月三十一日賬面值	<b>2,223</b>	2,348
Portion classified as current assets	分類為流動資產之部分	<b>(125)</b>	(125)
Portion classified as non-current assets	分類為非流動資產之部分	<b>2,098</b>	2,223

The above medium-term land use rights are located in the PRC.

以上中期土地使用權均位於中國。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 19. CONSTRUCTION IN PROGRESS

### 19. 在建工程

		The Group and the Company 本集團及本公司	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
At 1 January	於一月一日	28,959	26,399
Additions	增添	33,964	3,009
Transfer to property, plant and equipment (Note 17)	轉撥至物業、廠房及設備 (附註17)	(30,193)	(342)
Disposals	出售	(18)	(107)
At 31 December	於十二月三十一日	32,712	28,959

### 20. INVESTMENT IN SUBSIDIARIES

### 20. 於附屬公司的投資

		The Company 本公司	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Unlisted investment, at cost	非上市投資，按成本值	25,500	10,500
Amounts due to subsidiaries	應付附屬公司款項	24,660	9,990

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 20. INVESTMENT IN SUBSIDIARIES (continued)

Particulars of the subsidiaries as at 31 December 2011 were as follows:-

Name of companies	Country of incorporation and operation and legal entity status 註冊成立及經營的國家及法定實體地位	Percentage of ordinary shares held directly 直接持有普通股份的百分比	Principal activity 主要業務
Jilin Province Huinan Changlong Pharmacy Trading Company Limited 吉林省輝南長龍藥品經銷有限公司	The PRC, limited liability company 中國，有限責任公司	100%	Trading of biochemical medicine 買賣生化藥品
Jilin Province Medicinal Plants Trading Company Limited 吉林省林下藥用植物經營有限公司	The PRC, limited liability company 中國，有限責任公司	100%	Dormant 暫無活動
吉林省長龍房地產有限公司	The PRC, limited liability company 中國，有限責任公司	100%	Dormant 暫無活動

The amounts due to subsidiaries classified as current liabilities in the Company's balance sheet are unsecured, interest-free and repayable on demand.

On 19 October 2010, the Group disposed its wholly owned subsidiary of Changlong Bio-Pharmacy (Hong Kong) Company Limited, to Mr. Zhang Xiao Guang, an executive director of the Group, at a consideration of HK\$2. Details of the disposal are set out in note 36.

On 22 December 2010, the Company established a subsidiary, 吉林省長龍房地產有限公司, in the PRC with 100% equity interest. On 14 January 2011, the Company further injected capital of RMB15,000,000 in 吉林省長龍房地產有限公司.

### 20. 於附屬公司的投資(續)

於二零一一年十二月三十一日，附屬公司詳情如下：—

應付附屬公司款項歸類入本公司資產負債表之流動負債，為無抵押、免息及按要求償還。

於二零一零年十月十九日，本集團出售全資附屬公司長龍生化藥業(香港)有限公司予本集團執行董事張曉光先生，代價為2港元。出售詳情於附註36披露。

於二零一零年十二月二十二日，本公司於中國成立一間附屬公司，吉林省長龍房地產有限公司。本公司擁有該公司的100%股本權益。於二零一一年一月十四日，本公司向吉林省長龍房地產有限公司注入人民幣15,000,000元資本。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 21. INTANGIBLE ASSETS The Group and the Company

### 21. 無形資產 本集團及本公司

		Purchased know-how and prescription 購入技術及 藥方 RMB'000 人民幣千元	Purchased in-process research and development assets 已購進行中 研發資產 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>Cost:</b>	<b>成本：</b>			
At 1 January 2010	於二零一零年一月一日	60,885	11,100	71,985
Additions	增添	-	-	-
At 31 December 2010 and 31 December 2011	於二零一零年十二月 三十一日及二零一一年 十二月三十一日	60,885	11,100	71,985
<b>Accumulated amortisation and impairment loss:</b>	<b>累計攤銷及減值虧損：</b>			
At 1 January 2010	於二零一零年一月一日	38,635	-	38,635
Amortisation charge (Note 9)	攤銷支出(附註9)	7,255	-	7,255
Impairment charge (Note 9)	減值支出(附註9)	1,960	-	1,960
At 31 December 2010	於二零一零年十二月 三十一日	47,850	-	47,850
Amortisation charge (Note 9)	攤銷支出(附註9)	3,961	-	3,961
Impairment charge (Note 9)	減值支出(附註9)	860	600	1,460
At 31 December 2011	於二零一一年十二月 三十一日	52,671	600	53,271
<b>Carrying amount:</b>	<b>賬面值：</b>			
At 31 December 2011	於二零一一年十二月 三十一日	8,214	10,500	18,714
At 31 December 2010	於二零一零年十二月 三十一日	13,035	11,100	24,135

Purchased know-how and prescription were acquired through research and development cooperation with independent third parties and were all acquired in cash.

購入技術及藥方是與獨立第三方合作研發及以全部現金購入。



# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 21. INTANGIBLE ASSETS (continued)

#### The Group and the Company (continued)

During the year, the Directors reviewed the carrying amount of the purchased know-how and prescription based on the future economic benefits generated from these assets. An impairment loss of RMB1,460,000 was recognised for the current year (2010: RMB1,960,000).

Purchased in-process research and development assets represent costs incurred by third parties for the development of new products, including cost of clinical experiments and tests conducted. Due to the inherent uncertainties associated with these purchased in-process research and development projects, the associated expenditure incurred is particularly at risk of impairment if the successful eventual commercialisation of the projects becomes doubtful. The Directors have reviewed the carrying amount of these purchased in-process research and development assets and consider that there are no indications of impairment as at 31 December 2011 and 2010.

### 22. DEPOSIT FOR ACQUISITION OF LAND USE RIGHTS

In the year 2008, the Company entered into a land purchase agreement with an independent third party to purchase a parcel of land which is situated at the Economic Development Zone in Huinan, Jilin Province, the PRC, at a consideration of RMB11,372,000. During the year ended 31 December 2008, the Company paid a deposit of RMB10,000,000 to the third party. The balance is expected to be settled upon the completion of the registration process to transfer the title of the land to the Company. The Directors have reviewed the carrying amount of the deposit and consider that there is no indication of impairment as at 31 December 2011 and 2010.

As disclosed in Note 35 to the financial statements, the above unpaid balance is included as a capital commitment of the Group and the Company.

### 21. 無形資產(續)

#### 本集團及本公司(續)

年內，董事根據該等資產未來產生之經濟利益檢討所購入技術及藥方之賬面值。本年度確認之減值虧損為人民幣1,460,000元(二零一零年：人民幣1,960,000元)。

已購進行中研發資產指第三方開發新產品產生之費用，包括診所進行之實驗及測試成本。由於有關已購進行中研發項目之內在不確定因素，倘對項目最終成功商業化有疑問，產生的有關費用尤其存在減值風險。董事已檢討已購進行中研發資產之賬面值，並認為於二零一一年及二零一零年十二月三十一日並無任何減值跡象。

### 22. 收購土地使用權之按金

於二零零八年，本公司與一名獨立第三方訂立供地協議，以購買位於中國吉林省輝南經濟發展區之一塊土地，代價為人民幣11,372,000元。截至二零零八年十二月三十一日止年度，本公司已付按金人民幣10,000,000元予該獨立第三方。其餘款項預期於完成向本公司轉讓土地所有權之註冊過程時支付。董事已審閱按金賬面值，並認為於二零一一年及二零一零年十二月三十一日並無減值跡象。

如財務報表附註35披露，以上未付款項計為本集團及本公司之資本承擔。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 23. INVENTORIES

### 23. 存貨

		The Group and the Company 本集團及本公司	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Raw materials	原材料	7,312	8,208
Work in progress	在製品	23,165	13,538
Finished goods	製成品	5,790	10,770
		<b>36,267</b>	32,516
Less: Provision for obsolete and slow-moving inventories	減：廢棄及滯銷存貨撥備	<b>(5,980)</b>	(9,213)
		<b>30,287</b>	23,303

During the year, provision on obsolete and slow-moving inventories amounted to RMB2,897,000 was made (2010: RMB2,864,000).

年內，已作出人民幣2,897,000元之廢棄及滯銷存貨撥備(二零一零年：人民幣2,864,000元)。

During the year, certain obsolete and slow-moving inventories amounted to RMB2,745,000 were written off (2010: Nil).

年內，已作出人民幣2,745,000元廢棄及滯銷存貨撤銷(二零一零年：無)。

During the year, certain obsolete and slow-moving inventories amounted to RMB6,130,000, which the provision were already made in prior years, were written off (2010: Nil).

年內，已作出人民幣6,130,000元的廢棄及滯銷存貨撤銷於以前年度已作出撥備(二零一零年：無)。

### 24. AVAILABLE-FOR-SALE FINANCIAL ASSETS

### 24. 可供出售財務資產

		The Group and the Company 本集團及本公司	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
<b>Unlisted financial instruments, at cost At 1 January</b>	非上市財務工具，按成本值於一月一日	<b>2,000</b>	-
Additions	新增	<b>70,000</b>	20,000
Settlements	出售	<b>(52,000)</b>	(18,000)
<b>At 31 December</b>	於十二月三十一日	<b>20,000</b>	2,000

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 24. AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

The above unlisted financial instruments represent the Group's subscriptions of 400 contracts with RMB20,000,000 in total redeemable structured deposits linked to highly liquid assets such as bonds and deposits. It is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors are of the opinion that the fair value cannot be measured reliably. Details of fair value estimation of unlisted financial instruments during the year are set out in Note 38(f) to the financial statements.

The directors consider that there were no impairment provisions on available-for-sale financial assets and the carrying values approximate the fair values as at 31 December 2011 and 2010.

The maximum exposure to credit risk at the reporting date is the carrying value of the unlisted financial instruments.

### 25. TRADE RECEIVABLES

		The Group 本集團		The Company 本公司	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Trade receivables	應收貿易賬款	111,444	101,507	131,865	113,198
Less: Provision for impairment	減：減值撥備	(10,352)	(10,184)	(7,690)	(7,239)
Trade receivables – net	應收貿易賬款 —淨額	101,092	91,323	124,175	105,959

(i) The Group's policy is to allow an average credit period of 180 days to its trade customers.

### 24. 可供出售財務資產(續)

上述非上市財務工具指本集團所認購的400份合共人民幣20,000,000元與高流動性資產如債券及存款有聯繫的可贖回結構存款的合約。其於報告期末按扣除減值後的成本計量，由於合理公平值估計的範圍太廣，故董事認為其公平值不能準確計量。年內非上市財務工具的公平值估計詳情載於財務報表附註38(f)。

董事認為，於二零一一年及二零一零年十二月三十一日，可供出售財務資產並無減值撥備且帳面值與其公平值相若。

於報告日期，所面對的最大信貸風險為非上市財務工具的賬面值。

### 25. 應收貿易賬款

(i) 本集團政策為給予貿易客戶平均180日之信貸期。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 25. TRADE RECEIVABLES (continued)

- (ii) The movements in the provision for impairment for doubtful debts during the year, including both specific and collective loss components, are as follows:

		The Group 本集團		The Company 本公司	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
At 1 January	於一月一日	<b>10,184</b>	13,717	<b>7,239</b>	11,736
Additional provision (Note 9)	增加撥備(附註9)	<b>168</b>	2,721	<b>451</b>	1,757
Written off	撇銷	-	(6,254)	-	(6,254)
At 31 December	於十二月三十一日	<b>10,352</b>	10,184	<b>7,690</b>	7,239

Provision for doubtful debts had been made for the estimated irrecoverable amounts arising from the sale of goods. The provision was determined by the directors with reference to past default experience.

呆賬撥備乃就出售貨物之估計不可收回金額作出。董事已參考過往拖欠經驗釐定有關撥備金額。

- (iii) The ageing analysis of trade receivables, based on the invoice date and net of provision for impairment of trade receivables, is as follows:

		The Group 本集團		The Company 本公司	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Current	即期	<b>20,763</b>	31,717	<b>18,851</b>	33,771
31-90 days	31-90日	<b>27,511</b>	18,871	<b>30,455</b>	22,680
91-180 days	91-180日	<b>28,400</b>	13,751	<b>36,046</b>	19,431
More than 180 days	超過180日	<b>24,418</b>	26,984	<b>38,823</b>	30,077
		<b>101,092</b>	91,323	<b>124,175</b>	105,959

- (iii) 根據發票日期及扣除應收貿易賬款減值撥備，應收貿易賬款的賬齡分析如下：

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 25. TRADE RECEIVABLES (continued)

- (iv) The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

		The Group 本集團		The Company 本公司	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Neither past due nor impaired	並無逾期或減值	<b>76,674</b>	64,339	<b>85,352</b>	75,881
Less than 1 month past due	逾期少於一個月	<b>5,390</b>	5,736	<b>14,502</b>	11,333
1 to 3 months past due	逾期一至三個月	<b>6,602</b>	7,025	<b>8,601</b>	6,722
Over 3 months past due	逾期超過三個月	<b>5,843</b>	6,218	<b>7,950</b>	6,213
		<b>94,509</b>	83,318	<b>116,405</b>	100,149

Trade receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

- (v) Included in trade receivables of the Company was a balance of RMB38,553,000 (2010: RMB25,939,000) due from a subsidiary as at 31 December 2011.
- (vi) The Directors consider the carrying amount of trade receivables approximates their fair value.

### 25. 應收貿易賬款(續)

- (iv) 並無個別或集體視作減值的應收貿易賬款賬齡分析如下：

概無逾期或減值的應收貿易賬款與眾多並無近期欠款記錄之客戶有關。

逾期但無減值的應收貿易賬款與多名獨立客戶有關，該等客戶對本集團的信貸記錄良好。根據過往經驗，管理層認為，該等結餘毋須減值，原因為信貸質素並無重大變動，且結餘仍被視作可全數收回。本集團並無就該等結餘持有抵押品。

- (v) 本公司應收貿易賬款內包括於二零一一年十二月三十一日應收附屬公司之結餘人民幣38,553,000元(二零一零年：人民幣25,939,000元)。
- (vi) 董事認為，應收貿易賬款之賬面值與其公平值相若。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 26. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS 26. 其他應收款項、訂金及預付款項

		The Group 本集團		The Company 本公司	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Deposits and prepayments, net	訂金及預付款項， 淨額	8,082	9,102	8,082	9,102
Advances to staff, net	向員工墊款，淨額	7,462	3,285	7,462	3,285
Other receivables, net	其他應收款項， 淨額	5,526	2,257	5,526	2,257
Bills receivables	應收票據	32,626	11,774	30,923	11,362
		<b>53,696</b>	26,418	<b>51,993</b>	26,006
Less: non-current other receivables, deposits and prepayments	減：非流動其他應 收款項、訂 金及預付款 項	(2,100)	(5,100)	(2,100)	(5,100)
		<b>51,596</b>	21,318	<b>49,893</b>	20,906

During the year, provision for impairment on deposits and prepayments amounted to RMB1,067,000 was made (2010: Nil).

年內，對訂金及預付款作出人民幣1,067,000元之減值撥備(二零一零年：無)。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 26. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

At 31 December 2011 and 2010, certain of the Group's and the Company's advances to staff and other receivables were determined to be impaired. The impaired receivables related to staff and debtors that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, the following provisions for doubtful debts have been made.

### 26. 其他應收款項、訂金及預付款項 (續)

於二零一一年及二零一零年十二月三十一日，本集團及本公司向員工墊付的若干款項及其他應收款項被釐定為已減值。該等已減值的應收款項為與陷於財政困難的員工和借款人有關，管理層評估只有部分應收款項預期可收回。因此已就呆賬作出以下撥備。

		The Group and the Company Advanced to staff 本集團及本公司 向員工墊款		The Group and the Company Other receivables 本集團及本公司 其他應收款項	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Gross amounts	總額	13,249	8,179	7,246	3,108
Less: Provision for impairment	減：減值撥備	(5,787)	(4,894)	(1,720)	(851)
Net amounts	淨額	7,462	3,285	5,526	2,257

The Group and the Company do not hold any collateral over the above balances. The movement in the provisions for impairment of advances to staff and other receivables during the year, including both specific and collective loss components, is as follows:

本集團及本公司並無就此等結餘持有任何抵押品。年內向員工墊款及其他應收款項減值撥備的變動(包括特定及集體虧損部分)如下：

		The Group and the Company 本集團及本公司	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
At 1 January	於一月一日	5,745	2,756
Additional provision (Note 9)	增加撥備(附註9)	1,762	3,009
Written off	撇銷	—	(20)
At 31 December	於十二月三十一日	7,507	5,745

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 27. LOANS RECEIVABLES The Group and the Company

### 27. 應收貸款 本集團及本公司

		The Group and the Company 本集團及本公司	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Loans receivables due within 1 year	於一年內到期之應收貸款	34,950	15,150
Interest receivable	應收利息	1,291	643
Less: Provision for impairment	減: 減值撥備	(2,550)	-
Loans receivables due within 1 year – net	於一年內到期之 應收貸款 – 淨額	33,691	15,793

- |   |   |
|---|---|
| <p>(i) Loans of aggregate sum of RMB10,000,000 (2010: RMB10,000,000) due from an independent third party is unsecured, bears interest of 10% per annum (2010: 10% per annum) and, following its renewal, shall be repaid within the next twelve months.</p> | <p>(i) 應收獨立第三方的貸款總額人民幣10,000,000元(二零一零年: 人民幣10,000,000元)為無抵押、按年利率10厘計息(二零一零年: 年利率10厘)及續期後須於未來十二個月內償還。</p> |
| <p>(ii) Loans of aggregate sum of RMB10,150,000 (2010: RMB5,150,000) due from an independent third party is unsecured, bears interest of 10% per annum (2010: 10%) and, following its renewal, shall be repaid within the next twelve months.</p>           | <p>(ii) 應收獨立第三方的貸款總額人民幣10,150,000元(二零一零年: 人民幣5,150,000元)為無抵押、按年利率10厘計息(二零一零年: 10厘)及續期後須於未來十二個月內償還。</p>    |
| <p>(iii) Loans of aggregate sum of RMB4,800,000 (2010: Nil) due from an independent third party is unsecured, bears interest of 10% per annum (2010: Nil) and, following its renewal, shall be repaid within the next twelve months.</p>                    | <p>(iii) 應收獨立第三方的貸款總額人民幣4,800,000元(二零一零年: 無)為無抵押、按年利率10厘計息(二零一零年: 無)及續期後須於未來十二個月內償還。</p>                  |
| <p>(iv) Loans of aggregate sum of RMB10,000,000 (2010: Nil) due from an independent third party is unsecured, interest free (2010: Nil) and, following its renewal, shall be repaid within the next twelve months.</p>                                      | <p>(iv) 應收獨立第三方的貸款總額人民幣10,000,000元(二零一零年: 無)為無抵押、免息(二零一零年: 無)及續期後須於未來十二個月內償還。</p>                         |



# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 27. LOANS RECEIVABLES (continued) The Group and the Company (continued)

- (v) The ageing analysis of loan receivables that are neither individually or collectively considered to be impaired is as follows:

		The Group and the Company 本集團及本公司	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Neither past due nor impaired	並無逾期或減值	26,624	15,793
Less than 1 year past due	逾期少於一年	-	-
		<b>26,624</b>	15,793

- (vi) The movements in the specific provision for impairment for doubtful debts during the year are as follows:

		The Group and the Company 本集團及本公司	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
At 1 January	於一月一日	-	-
Provision for impairment (Note 9)	減值撥備(附註9)	2,550	-
At 31 December	於十二月三十一日	2,550	-

- (vii) The Directors consider the carrying amount of loans receivables approximates their fair value.

### 27. 應收貸款(續) 本集團及本公司(續)

- (v) 並無個別或集體視作減值的應收貸款賬齡分析如下：

		The Group and the Company 本集團及本公司	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Neither past due nor impaired	並無逾期或減值	26,624	15,793
Less than 1 year past due	逾期少於一年	-	-
		<b>26,624</b>	15,793

- (vi) 年內特定呆賬減值撥備的變動如下：

		The Group and the Company 本集團及本公司	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
At 1 January	於一月一日	-	-
Provision for impairment (Note 9)	減值撥備(附註9)	2,550	-
At 31 December	於十二月三十一日	2,550	-

- (vii) 董事認為，應收貸款之賬面值與其公平值相若。

# Notes to the Financial Statements

## 財務報表附註

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(以人民幣呈示)

### 28. CASH AND CASH EQUIVALENTS

Cash and bank balances comprise cash held by the Group and the Company and short-term bank deposits with an original maturity of three months or less. The directors consider the carrying amount of these assets approximates their fair value.

As at 31 December 2011, the Group's and the Company's cash and bank balances denominated in RMB amounted to RMB70,059,000 and RMB56,500,000 respectively (2010: RMB97,559,000 and RMB92,472,000 respectively). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

### 29. TRADE PAYABLES

The ageing analysis of trade payables, based on the invoice date, is as follows:

Current	即期
31-90 days	31-90日
Over 90 days	超過90日

The average credit period from the Group's and the Company's trade creditors is 90 to 180 days.

Trade payables principally comprise amounts outstanding for trade purchases. The directors consider the carrying amount of trade payables approximates their fair value.

### 28. 現金及現金等值物

現金及銀行結餘包括本集團及本公司持有現金及原到期日為三個月或以下之短期銀行存款。董事認為，此等資產之賬面值與其公平值相若。

於二零一一年十二月三十一日，本集團及本公司以人民幣計值之現金及銀行結餘分別為人民幣70,059,000元和人民幣56,500,000元(二零一零年：分別為人民幣97,559,000元和人民幣92,472,000元)。人民幣不能自由兌換為其他貨幣，然而，根據中國大陸之外匯管理規定、結匯售匯及付匯管理規定，本集團獲准透過獲授權進行外匯業務之銀行將人民幣兌換為其他貨幣。

### 29. 應付貿易賬款

以下為基於發票日期的應付貿易賬款的賬齡分析：

#### The Group and the Company 本集團及本公司

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Current	即期	3,595	2,031
31-90 days	31-90日	1,112	723
Over 90 days	超過90日	4,202	4,125
		<b>8,909</b>	6,879

本集團及本公司貿易債權人之平均信貸期為90日至180日。

應付貿易賬款主要包括未償還購貨金額。董事認為應付貿易賬款之賬面值與其公平值相若。

# Notes to the Financial Statements

## 財務報表附註

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(以人民幣呈示)

### 30. BANK BORROWINGS

### 30. 銀行借貸

		The Group and the Company 本集團及本公司	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Short-term bank borrowings, unsecured	短期銀行借貸，無抵押	1,000	-

Short-term bank borrowings of RMB1,000,000 as at 31 December 2011 will be due for maturity on 30 September 2012, and bears an interest rate of 7.22% annually. The borrowing is denominated in RMB. The fair value of short-term borrowing equal their carrying amount, as the impact of discounting is not significant.

於二零一一年十二月三十一日，短期銀行借款人民幣1,000,000元，到期日為二零一二年九月三十日，年貸款利率為7.22厘。上述貸款以人民幣為單位，由於貼現的影響不大，短期貸款的公平值與其賬面值相同。

### 31. LOANS FROM GOVERNMENT AUTHORITY

Loans were obtained from Huinan County Finance Bureau for the purpose of research and development activities of the Company. The loans are unsecured and bear interest at one year term saving interest rate promulgated by The People's Bank of China plus 0.3% per annum. The loans are repayable by instalments until July 2022 as follows:

### 31. 政府機關貸款

輝南縣財政局授出貸款供本公司的研發活動之用。該等貸款為無抵押，按中國人民銀行頒佈的一年期儲蓄利率加0.3厘的年利率計息。該等貸款須按下列方式於二零一二年七月前分期償還：

		The Group and the Company 本集團及本公司	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Within one year	一年內	651	636
After one year but within two years	於一年後但兩年內	636	636
After two years but within five years	於兩年後但五年內	1,906	1,906
After five years	於五年後	2,877	3,512
		<b>6,070</b>	6,690

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## 財務報表附註

(Expressed in Renminbi)

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### 32. DEFERRED TAXATION

The movements during the year in the deferred tax liabilities are as follows:

### 32. 遞延稅項

年內遞延稅項負債的變動如下：

		The Group and the Company 本集團及本公司	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
At 1 January	於一月一日	<b>956</b>	1,499
Credited to profit or loss (Note 10(a))	於損益內抵免(附註10(a))	<b>(472)</b>	(543)
At 31 December	於十二月三十一日	<b>484</b>	956

The deferred tax liabilities recognised at the balance sheet date represented deferred tax arising from accelerated depreciation allowances.

於結算日確認之遞延稅項負債指來自加速折舊抵免之遞延稅項。

### 33. SHARE CAPITAL

### 33. 股本

		2011 二零一一年		2010 二零一零年	
		Number of shares 股數	Amount 金額 RMB'000 人民幣千元	Number of shares 股數	Amount 金額 RMB'000 人民幣千元
Domestic shares of RMB0.10 each	每股面值人民幣 0.10元的內資股	<b>387,750,000</b>	<b>38,775</b>	387,750,000	38,775
H shares of RMB0.10 each	每股面值人民幣 0.10元的H股	<b>172,500,000</b>	<b>17,250</b>	172,500,000	17,250
		<b>560,250,000</b>	<b>56,025</b>	560,250,000	56,025

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 34. RESERVES

#### The Group

##### Exchange Reserve

The Group's exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the Group's accounting policy set out in Note 2(r).

#### The Company

### 34. 儲備

#### 本集團

##### 滙兌儲備

本集團滙兌儲備包括外國業務之財務報表兌換時產生之所有外匯差額。該儲備已根據附註2(r)載列之本集團會計政策處理。

#### 本公司

		Share premium	Statutory surplus reserve	Retained profits	Total
		股份溢價	法定 盈餘儲備	保留溢利	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
		(Note a)	(Note b)		
		(附註a)	(附註b)		
At 1 January 2010	於二零一零年 一月一日	51,098	30,365	131,972	213,435
Profit for the year	本年度溢利	-	-	32,882	32,882
Appropriation to statutory surplus reserve	撥款至法定 盈餘儲備	-	2,877	(2,877)	-
At 31 December 2010	於二零一零年 十二月三十一日	51,098	33,242	161,977	246,317
Profit for the year	本年度溢利	-	-	50,729	50,729
Appropriation to statutory surplus reserve	撥款至法定 盈餘儲備	-	-	-	-
At 31 December 2011	於二零一一年 十二月三十一日	51,098	33,242	212,706	297,046

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 34. RESERVES (continued)

#### The Company (continued)

##### (a) Share premium

The Company's share premium account represents the premium arising from shares issued at a price in excess of their par value per share.

##### (b) Statutory surplus reserve

In accordance with the Company Law of the PRC and the Company's articles of association, the Company and its PRC subsidiaries shall appropriate 10 percent of their annual statutory net profit (after offsetting any prior years' losses) to the statutory surplus reserve account. When the balance of such reserve reaches 50 percent of these entities' share capital, any further appropriation is optional. The statutory surplus reserve can be utilised to offset prior years' losses or to issue bonus shares. However, such statutory surplus reserve must be maintained at a minimum of 25 percent of share capital after such issuance.

### 35. CAPITAL COMMITMENTS

At the balance sheet date, the Group and the Company had capital commitments contracted for but not provided for as follows:-

### 34. 儲備(續)

#### 本公司(續)

##### (a) 股份溢價

本公司股份溢價指以超過每股面值之價格發行之股份產生之溢價。

##### (b) 法定盈餘儲備

根據中國公司法及本公司公司章程，本公司及其中國附屬公司扣除往年度任何虧損後，須撥出10%的年度法定純利至法定盈餘儲備戶口。當該盈餘儲備的結餘達該等公司股本之50%，本公司可自行選擇是否進一步撥出款項。法定盈餘儲備可用作彌補往年度的虧損或發行紅股。然而，紅股發行後法定盈餘儲備須最少維持於股本的25%。

### 35. 資本承擔

於結算日，本集團及本公司已訂約但未作撥備的資本承擔如下：—

		The Group and the Company 本集團及本公司	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Acquisition of intangible assets	收購無形資產	2,940	2,940
Acquisition of construction in progress	購入在建工程	2,270	—
Acquisition of property, plant and equipment	購入物業、 廠房及設備	57	1,055
Acquisition of land use rights (Note 22)	收購土地使用權(附註22)	1,372	1,372
Additional capital contribution of subsidiary	增加附屬公司之註冊資本	—	15,000
		<b>6,639</b>	20,367

# Notes to the Financial Statements

## 財務報表附註

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### 36. RELATED PARTY TRANSACTIONS

Related party transactions concerned with numbers of key management during the year comprised only remuneration paid to the Executive Directors, and is set out in Note 14 to the financial statements.

During the year ended 2010, the Group has disposed of its entire interest in Changlong Bio-Pharmacy (Hong Kong) Company Limited, to Mr. Zhang Xiao Guang, an executive director of the Group, at a consideration of HK\$2, and the Group recorded a gain on disposal of subsidiary of RMB213,000 in this transaction. Subsequent to completion, Changlong Bio-Pharmacy (Hong Kong) Company Limited is wholly and beneficially owned by Mr. Zhang Xiao Guang.

#### Disposal of a subsidiary

Net liabilities of Changlong Bio-Pharmacy (Hong Kong) Company Limited at the date of disposal were as follows:

### 36. 關連人士交易

年內數名主要管理層成員之有關關連人士交易僅包括向執行董事支付酬金，其酬金載於財務報表附註14。

截至二零一零年年度，本集團已出售持有之長龍生化藥業(香港)有限公司的全部權益予本集團執行董事張曉光先生，代價為2港元，在是項交易中，本集團因出售附屬公司而錄得收益人民幣213,000元。完成交易後，長龍生化藥業(香港)有限公司將由張曉光先生全資實益擁有。

#### 出售附屬公司

於出售日期，長龍生化藥業(香港)有限公司的負債淨額如下：

		2010 二零一零年 RMB'000 人民幣千元
Other receivables	其他應收款項	10
Cash and cash equivalents	現金及現金等值物	36
Exchange reserve	匯兌儲備	(259)
		(213)
Gain on disposal of subsidiary	出售附屬公司收益	213
Total consideration	總代價	—
Satisfied by:	支付方式：	
Cash	現金	—
Net cash outflow arising on disposal of subsidiary	出售附屬公司的現金流出淨額	
Cash consideration	現金代價	—
Cash and cash equivalents disposed of	已出售的現金及現金等值物	(36)
		(36)

# Notes to the Financial Statements

## 財務報表附註

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(以人民幣呈示)

### 37. CAPITAL RISK MANAGEMENT

#### Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes judgements to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Group monitors its capital structure using a gearing ratio, which is total debts divided by adjusted capital. Total debts represent total borrowings. Adjusted capital includes all components of shareholders' equity less unrealized reserves.

In order to maintain or adjust the gearing ratio, the Group may issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The gearing ratio at 31 December 2011 and 2010 was 2.1% and 2.3% respectively, calculated as follows:

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Total debts	債務總額		
– Bank borrowings	– 銀行借貸	1,000	–
– Loans from government authority	– 政府機關貸款	6,070	6,690
		7,070	6,690
Shareholders' equity	股東權益	342,507	291,614
Gearing ratio	資產負債比率	2.1%	2.3%

### 37. 資本風險管理

#### 資本管理

本集團管理資本之主要目標是保障本集團可持續經營的能力從而透過與風險水平相對應之產品及服務定價以及獲得合理成本的融資，繼續為股東創造回報。

本集團積極及定期對資本架構開展檢討及管理，以在可能伴隨較高借貸水平與良好的資本狀況帶來的好處及保障情況下確保達成最佳資本結構並向股東提供最高回報，並因應經濟環境的變化對資本架構作出判斷。

本著業內慣例，本集團以負債比率作為監控其資本架構之基準，即債務總額除以經調整資本。債務總額指借貸總額。經調整資本包括所有股東權益項目減未變現儲備。

為維持或調整資產負債比率，本集團可能發行新股、向股東歸還資本、作出新的債務融資或出售資產以減少負債。

於二零一一年及二零一零年十二月三十一日之資產負債比率分別為2.1%及2.3%，計算如下：



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## 財務報表附註

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### 38. FINANCIAL RISK MANAGEMENT

#### Financial risk management

The Group's activities expose it to a variety of financial risks, including credit risk, liquidity risk, interest rate risk, currency risk, price risk and fair values risk. The Group does not hold or issue derivative financial instruments either for hedging or for trading purposes. These risks are managed by the Group's financial management policies and practices as described below to minimise potential effects on the Group's financial performance.

#### (a) Credit risk

The Group's principal financial assets are cash and bank balances, trade and other receivables and loans receivables. The Group's credit risk is primarily attributable to its trade, other and loans receivables. The Group allows an average credit period of 180 days to its trade customers. The amounts presented in the balance sheets are net of allowance for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Group does not have any significant credit risk exposure to any single trade counterparty or any Group of trade counterparties having similar characteristics. It has policies in place to ensure that sales are made to customers with an appropriate credit history.

The carrying amount of the trade and other receivables, loans receivables and cash and bank balances included in the consolidated balance sheet represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

#### (b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board of directors when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

### 38. 財務風險管理

#### 財務風險管理

本集團的活動使其承受著多種財務風險，包括信貸風險、流動資金風險、利率風險、貨幣風波、價格風險及公平值風險。本集團並無持有或發行衍生金融工具作對沖或買賣用途。如下文所述，該等風險由本集團的財務管理政策及常規加以管理，以盡量減低對本集團財務表現的潛在影響。

#### (a) 信貸風險

本集團之主要財務資產為現金及銀行結餘以及應收貿易賬款、其他應收款項以及應收貸款。本集團之信貸風險主要來自其應收貿易賬款、其他應收款項以及應收貸款。本集團向其貿易客戶授出之平均信貸期為180日。資產負債表內所列的金額已扣除應收款項呆賬撥備。如有可辨別的虧損事件而根據過往經驗為現金流量可收回性下降的證據，則需作出減值撥備。

本集團並無就任何特徵類似的單一或一組貿易交易對手承擔重大信貸風險。本集團已制定政策確保向具備妥當信貸往績的客戶作出銷售。

應收貿易賬款、其他應收款項、應收貸款、現金及銀行結餘於綜合資產負債表內所列的賬面值為本集團就本集團的財務資產承擔的最高信貸風險。

#### (b) 流動資金風險

本集團旗下個別營運實體負責其各自的現金管理，包括短期投資現金盈餘及籌措貸款以應付預期現金需求，惟在借款高於若干獲事先釐定權限水平時須獲本公司董事會批准。本集團的政策為定期監察其流動資金需求及是否符合借貸契約，確保其能維持足夠現金儲備，以應付其短期及長期流動資金需求。

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### 38. FINANCIAL RISK MANAGEMENT (continued)

#### Financial risk management (continued)

#### (b) Liquidity risk (continued)

The following table details the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company can be required to pay.

#### The Group

	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	賬面值 RMB'000 人民幣千元	現金流總額 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
<b>2011</b>						
Trade payables	應付貿易賬款	8,909	8,909	8,909	-	-
Other payables	其他應付款項	72,484	72,484	72,484	-	-
Income tax payable	應付所得稅	12,097	12,097	12,097	-	-
Other tax payables	其他應付稅項	13,941	13,941	13,941	-	-
Dividend payable	應付股息	325	325	325	-	-
Bank borrowings	銀行借貸	1,000	1,072	1,072	-	-
Loans from government authority	政府機關貸款	6,070	7,240	873	834	2,362
		<b>114,826</b>	<b>116,068</b>	<b>109,701</b>	<b>843</b>	<b>2,362</b>
						<b>3,171</b>

	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	賬面值 RMB'000 人民幣千元	現金流總額 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
<b>2010</b>						
Trade payables	應付貿易賬款	6,879	6,879	6,879	-	-
Other payables	其他應付款項	64,123	64,123	64,123	-	-
Income tax payable	應付所得稅	914	914	914	-	-
Other tax payables	其他應付稅項	8,166	8,166	8,166	-	-
Dividend payable	應付股息	330	330	330	-	-
Loans from government authority	政府機關貸款	6,690	8,104	880	857	2,432
		<b>87,102</b>	<b>88,516</b>	<b>81,292</b>	<b>857</b>	<b>2,432</b>
						<b>3,935</b>

### 38. 財務風險管理(續)

#### 財務風險管理(續)

#### (b) 流動資金風險(續)

下表載列本集團財務負債於結算日的餘下合約到期日詳情，乃根據訂約未折現現金流量(包括根據合約利率，或如為浮動利率，則其於結算日的利率計算的利息)以及本集團及本公司可能須付款的最早日期計算。

#### 本集團

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 38. FINANCIAL RISK MANAGEMENT (continued)

#### Financial risk management (continued)

#### (b) Liquidity risk (continued)

#### The Company

		Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
		賬面值	現金流總額	一年內或按要 求	一年後至兩年內	兩年後至五年內	五年後
		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
<b>2011</b>	<b>二零一一年</b>						
Trade payables	應付貿易賬款	8,909	8,909	8,909	-	-	-
Other payables	其他應付款項	71,739	71,739	71,739	-	-	-
Amounts due to subsidiaries	應付附屬公司款項	24,660	24,660	24,660	-	-	-
Income tax payable	應付所得稅	12,097	12,097	12,097	-	-	-
Other tax payables	其他應付稅項	12,783	12,783	12,783	-	-	-
Dividend payable	應付股息	325	325	325	-	-	-
Bank borrowings	銀行借貸	1,000	1,072	1,072	-	-	-
Loans from government authority	政府機關貸款	6,070	7,240	873	834	2,362	3,171
		<b>137,583</b>	<b>138,825</b>	<b>132,458</b>	<b>834</b>	<b>2,362</b>	<b>3,171</b>

		Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
		賬面值	現金流總額	一年內或按要 求	一年後至兩年內	兩年後至五年內	五年後
		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
<b>2010</b>	<b>二零一零年</b>						
Trade payables	應付貿易賬款	6,879	6,879	6,879	-	-	-
Other payables	其他應付款項	63,721	63,721	63,721	-	-	-
Amounts due to subsidiaries	應付附屬公司款項	9,990	9,990	9,990	-	-	-
Income tax payable	應付所得稅	914	914	914	-	-	-
Other tax payables	其他應付稅項	7,487	7,487	7,487	-	-	-
Dividend payable	應付股息	330	330	330	-	-	-
Loans from government authority	政府機關貸款	6,690	8,104	880	857	2,432	3,935
		<b>96,011</b>	<b>97,425</b>	<b>90,201</b>	<b>857</b>	<b>2,432</b>	<b>3,935</b>

### 38. 財務風險管理(續)

#### 財務風險管理(續)

#### (b) 流動資金風險(續)

#### 本公司

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 38. FINANCIAL RISK MANAGEMENT (continued)

#### (c) Interest rate risk

The Group's interest rate risk arises primarily from its borrowings from Huinan County Finance Bureau. Borrowings at variable rates expose the Group to cash flow interest rate risk. The Group's interest rate profile as monitored by management is set out below:

### 38. 財務風險管理(續)

#### (c) 利率風險

本集團的利率風險主要來自輝南縣財政局的借貸。按浮動利率作出的借款令本集團面對現金流量利率風險。受管理層監控的本集團利率概況載列如下：

		The Group and the Company 本集團及本公司			
		2011 二零一一年		2010 二零一零年	
		Effective interest rate 實際利率 %	RMB'000 人民幣千元	Effective interest rate 實際利率 %	RMB'000 人民幣千元
<b>Variable rate borrowings</b>	<b>浮息借貸</b>				
Loans from government authority	政府機關貸款	3.53%	6,070	3.66%	6,690

The interest rate and terms of repayment of the Group's and the Company's borrowings are disclosed in Note 30 and 31 to the financial statements.

At 31 December 2011, it was estimated that a general increase or decrease of 100 basis points in interest rates, with all other variables held constant, would decrease or increase the Group's profit after taxation and retained profits by RMB52,000 (2010: RMB57,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for the borrowings in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date.

本集團及本公司的借貸利率及還款期於財務報表附註30和31披露。

於二零一一年十二月三十一日，假設其他變數不變，倘整體利率上升或下降100個基點，估計將導致本集團稅後溢利及保留溢利減少或增加人民幣52,000元(二零一零年：人民幣57,000元)。

上述敏感度分析乃假設利率已於結算日有所變動，且已計入於該日的借貸利率風險後釐定。上升或下降100個基點為管理層對截至下一年度結算日止期間利率可能出現的合理變動的評估。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 38. FINANCIAL RISK MANAGEMENT (continued)

#### (d) Currency risk

The Group mainly operated in the PRC with most of the transactions settled in Renminbi and did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

#### (e) Price risk

The Group is not exposed to any equity price risk or commodity price risk.

#### (f) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined 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).

The following table presents the Group's and the Company's assets that are measured at fair value at 31 December 2011.

### 38. 財務風險管理(續)

#### (d) 貨幣風險

本集團主要於中國經營業務，大部分交易以人民幣結算，故概無因外幣匯率變動而產生的重大風險。

#### (e) 價格風險

本集團概無面對任何股票價格風險及商品價格風險。

#### (f) 公平值估計

下表採用估值法分析按公平值列值金融工具。不同等級的定義如下：

- 相同資產或負債在活躍市場的報價(未調整)(第1級)。
- 除了第1級所包括的報價外，該資產和負債的可觀察的其他數據，可為直接(即例如價格)或間接(即源自價格)(第2級)。
- 資產或負債並非依據可觀察市場數據為輸入數據(即不可觀察數據)(第3級)。

下表呈列本集團及本公司於二零一一年十二月三十一日按公平值計量的資產。

		Level 1 第1級 RMB'000 人民幣千元	Level 2 第2級 RMB'000 人民幣千元	Level 3 第3級 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>Assets</b>	<b>資產</b>				
Available-for-sale financial assets	可供出售 財務資產	-	-	20,000	20,000
<b>Total assets</b>	<b>資產總值</b>	-	-	20,000	20,000

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 38. FINANCIAL RISK MANAGEMENT (continued)

#### (f) Fair value estimation (continued)

The following table presents the Group's and the Company's assets that are measured at fair value at 31 December 2010.

		Level 1 第1級 RMB'000 人民幣千元	Level 2 第2級 RMB'000 人民幣千元	Level 3 第3級 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>Assets</b>	<b>資產</b>				
Available-for-sale financial assets	可供出售 財務資產	—	—	2,000	2,000
<b>Total assets</b>	<b>資產總值</b>	—	—	2,000	2,000

The fair value of financial assets traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These financial assets are included in level 1.

The fair value of financial assets that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the financial assets is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

### 38. 財務風險管理(續)

#### (f) 公平值估計(續)

下表呈列本集團及本公司於二零一零年十二月三十一日按公平值計量的資產。

在活躍市場買賣的金融工具的公平值根據結算日的市場報價列賬。當報價可即時和定期從證券交易所、交易商、經紀、業內人士、定價服務者或監管代理獲得，而該等報價代表按公平交易基準進行的實際和常規市場交易時，該市場被視為活躍。本集團持有的財務資產的市場報價為當時買方報價。此等財務資產包括在第1級。

沒有在活躍市場買賣的金融工具(例如場外衍生工具)的公平值利用估值技術釐定。估值技術儘量利用可觀察市場數據(如有)，儘量少依賴實體的特定估計。如計算一項金融工具的公平值所需的所有重大輸入為可觀察數據，則該財務資產列入第2級。

如一項或多項重大輸入並非根據可觀察市場數據，則該金融工具列入第3級。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 38. FINANCIAL RISK MANAGEMENT (continued)

#### (f) Fair value estimation (continued)

Specific valuation techniques used to value financial assets include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial assets.

The following table presents the changes in level 3 financial assets for the year ended 31 December 2011 and 2010.

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
<b>Unlisted structured deposits</b>	<b>非上市結構存款</b>		
Opening balance	年初結餘	2,000	-
Additions	新增	70,000	20,000
Settlements	出售	(52,220)	(18,039)
Gains recognised in profit or loss	於損益確認的收益	220	39
Closing balance	年末結餘	20,000	2,000
Total gains or losses for the year including in profit or loss for assets held at the end of the reporting period	年內的收益或虧損總額，計入報告期末持有的資產的損益	220	39

### 38. 財務風險管理(續)

#### (f) 公平值估計(續)

用以估值財務資產的特定估值技術包括：

- 同類型工具的市場報價或交易商報價。
- 利率掉期的公平值根據可觀察收益率曲線，按估計未來現金流量的現值計算。
- 遠期外匯合同的公平值利用資產負債表日期的遠期匯率釐定，而所得價值折算至現值。
- 其他技術，例如折算現金流量分析，用以釐定其餘財務資產的公平值。

下表呈列於截至二零一一年及二零一零年十二月三十一日止年度第3級財務資產的變動。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi)

(以人民幣呈示)

### 39. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 December 2011 and 2010 may be categorised as follows:

### 39. 財務資產及財務負債按類別劃分的概要

本集團於二零一一年及二零一零年十二月三十一日所確認的財務資產及財務負債的賬面值可按下文所述予以分類：

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
<b>Financial assets</b>	<b>財務資產</b>		
Available-for-sale financial assets	可供出售財務資產	20,000	2,000
Loans and receivables (including cash and bank balances)	貸款及應收款項 (包括現金及銀行結餘)	258,538	231,093
<b>Financial liabilities</b>	<b>財務負債</b>		
Financial liabilities measured at amortised cost	財務負債乃 按攤銷成本列值	114,826	87,102

### 40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 29 March 2012.

### 40. 審批財務報表

董事會於二零一二年三月二十九日審批和授權刊發此等財務報表。



# Five Year Financial Summary

## 五年財務摘要

(Expressed in Renminbi)

(以人民幣呈示)

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements is set out below.

本集團摘錄自己刊發經審核財務報表之過去五個財政年度之業績、資產及負債摘要載列如下。

### Operating Results

### 經營業績

		Year ended 31 December 截至十二月三十一日止年度				
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Turnover	營業額	274,294	200,630	152,766	127,124	97,284
Cost of sales	銷售成本	(44,207)	(42,658)	(39,352)	(38,819)	(29,658)
Gross profit	毛利	230,087	157,972	113,414	88,305	67,626
Other income and net gains or losses	其他收入及收益或虧損淨額	6,171	6,101	7,059	428	2,258
Distribution and selling costs	分銷及銷售開支	(148,464)	(94,306)	(77,684)	(47,711)	(38,426)
Administrative expenses	行政開支	(25,937)	(26,307)	(20,518)	(15,524)	(11,922)
Profit from operations	經營溢利	61,857	43,460	22,271	25,498	19,536
Finance costs	融資成本	(253)	(178)	(273)	(248)	(107)
Profit before income tax	稅前溢利	61,604	43,282	21,998	25,250	19,429
Income tax (expense)/credit	所得稅(開支)/抵免	(10,711)	(7,391)	78	(10,261)	(7,051)
Profit for the year attributable to owners of the Company	年內本公司擁有人應佔溢利	50,893	35,891	22,076	14,989	12,378

### Assets and Liabilities

### 資產及負債

		As at 31 December 於十二月三十一日				
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Bearer biological assets	不記名生物資產	2,615	2,504	2,169	1,390	1,175
Property, plant and equipment	物業、廠房及設備	82,728	55,330	60,554	59,922	46,777
Prepared lease payments	預付土地租金	2,098	2,223	2,348	2,496	4,285
Construction in progress	在建工程	32,712	28,959	26,399	14,830	7,880
Intangible assets	無形資產	18,714	24,135	33,350	40,829	27,128
Deposit for acquisition of land use rights	收購土地使用權按金	10,000	10,000	10,000	10,000	-
Non-current other receivables, deposits and prepayments	非流動其他應收款項、訂金及預付款項	2,100	5,100	-	-	-
Current assets	流動資產	306,850	251,421	200,973	188,578	181,387
Current liabilities	流動負債	(109,407)	(81,048)	(71,322)	(72,659)	(41,382)
Non-current liabilities	非流動負債	(5,903)	(7,010)	(8,489)	(11,521)	(8,371)
Net assets	資產淨值	342,507	291,614	255,982	233,865	218,879
Share capital	股本	56,025	56,025	56,025	56,025	56,025
Reserves	儲備	286,482	235,589	199,957	177,840	162,854
Total equity	權益總額	342,507	291,614	255,982	233,865	218,879

# Notice of Annual General Meeting

## 股東週年大會通告

**NOTICE IS HEREBY GIVEN** that the annual general meeting of Jilin Province Huinan Changlong Bio-pharmacy Company Limited (“the Company”) for the year ended 31 December 2011 (the “AGM”) will be held at 31 Beishan Street, Chaoyang Town, Huinan County, Tonghua, Jilin Province, the People’s Republic of China (the “PRC”) on Thursday, 28 June 2012 at 10:00 a.m. for the following purposes:

As ordinary resolution:

1. to receive and consider the audited consolidated financial statements of the Company and the reports of the Directors of the Company and the independent auditor’s report of the Company for the year ended 31 December, 2011;
2. to consider and approve the report of the Supervisory Committee of the Company for the year ended 31 December 2011;
3. to consider the reappointment of Reanda Lau & Au Yeung (HK) CPA Limited as auditors of the Company for the year ending 31 December 2012 and authorize the Directors to fix their remuneration;
4. to consider and approve the remuneration proposals for Directors and supervisors of the Company for the year ending 31 December 2012;

As Special Resolution:

5. to consider and if the right fit, pass with or without modifications, the following resolution as a special resolution:

“**THAT:**

- (a) subject to paragraphs (c), (d) and (e) below, the exercise by the Board of Directors of the Company (the “Board”) during the Relevant Period (as defined in paragraph (f) below) of all the powers of the Company separately or concurrently to allot, issue and deal with domestic shares of nominal value of RMB0.10 each in the share capital of the Company (the “Domestic Shares”) and/or overseas-listed foreign shares of nominal value of RMB0.10 each in the share capital of the Company (the “H Shares”) be and is hereby approved;

**茲通告**吉林省輝南長龍生化藥業股份有限公司(「本公司」)謹訂於二零一二年六月二十八日星期四上午十時正假座中華人民共和國(「中國」)吉林省通化市輝南縣朝陽鎮北山街31號舉行截至二零一一年十二月三十一日止年度的股東週年大會(「股東週年大會」)，藉以處理下列事項：

為普通決議案：

1. 省覽及考慮本公司截至二零一一年十二月三十一日止年度的經審核綜合財務報表、本公司的董事會報告及獨立核數師報告；
2. 考慮及批准本公司截至二零一一年十二月三十一日止年度的監事會報告書；
3. 考慮委任利安達劉歐陽(香港)會計師事務所有限公司為本公司截至二零一二年十二月三十一日止年度的核數師及授權董事會釐定其酬金；
4. 考慮及批准截至二零一二年十二月三十一日止年度本公司董事及監事的薪酬建議；

為特別決議案：

5. 考慮及酌情通過(無論有否經修訂)下列決議案為特別決議案：

「**動議：**

- (a) 在下文(c)、(d)及(e)段之限制下，批准本公司董事會(「董事會」)於有關期間(定義見下文(f)段)行使本公司一切權力個別及同時配發、發行及處置本公司股本中每股面值人民幣0.10元之內資股(「內資股」)及/或本公司股本中每股面值人民幣0.10元之海外上市外資股(「H股」)；

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- (b) the approval in paragraph (a) above shall authorise the Board to make an offer or agreement or grant an option during the Relevant Period which would or might require Domestic Shares and/or H Shares to be allotted and issued either during or after the end of the Relevant Period;
- (c) the aggregate nominal value of Domestic Shares to be allotted and issued or agreed to be allotted and issued (whether pursuant to an option or otherwise) by the Board pursuant to the approval in paragraphs (a) and (b) above, otherwise than pursuant to (i) a rights issue (as defined in paragraph (f) below); (ii) the exercise of the conversion rights under the terms of any securities which are convertible into such shares; (iii) the exercise of rights of subscription under the terms of any warrants issued by the Company; or (iv) any scrip dividend or similar arrangement providing for the allotment of such shares in lieu of the whole or part of a dividend on such shares in accordance with the articles of association of the Company, shall not exceed 20 per cent. of the aggregate nominal value of the Domestic Shares then in issue at the date of the passing of this resolution;
- (d) the aggregate nominal value of H Shares to be allotted and issued or agreed to be allotted and issued (whether pursuant to an option or otherwise) by the Board pursuant to the approval in paragraphs (a) and (b) above, otherwise than pursuant to (i) a rights issue (as defined in paragraph (f) below); (ii) the exercise of the conversion rights under the terms of any securities which are convertible into such shares; (iii) the exercise of rights of subscription under the terms of any warrants issued by the Company; or (iv) any scrip dividend or similar arrangement providing for the allotment of such shares in lieu of the whole or part of a dividend on such shares in accordance with the articles of association of the Company, shall not exceed 20 per cent. of the aggregate nominal value of the H Shares then in issue at the date of the passing of this resolution;
- (e) the approval in paragraph (a) above shall be conditional upon the approval of the China Securities Regulatory Commission being obtained by the Company;
- (b) 上文(a)段之批准授權董事會於有關期間提呈或訂立或授出需要或可能需要於有關期間或結束之後配發及發行內資股及／或H股之建議或協議或購股權；
- (c) 董事會根據上文(a)及(b)段之批准而配發及發行或同意配發及發行(無論是否根據購股權或其他方式)之內資股總面值，除卻(i)供股(定義見下文(f)段)；或(ii)依照可換股證券之條款行使換股權；或(iii)根據本公司發行之任何認股權證之條款行使認購權；或(iv)根據本公司公司章程以任何代息股份或配發股份以代替全部或部分股份股息之類似安排外，不得超過本決議案通過當日已發行內資股面值總額之20%；
- (d) 董事會根據上文(a)及(b)段之批准而配發及發行或同意配發及發行(無論是否根據購股權或其他方式)之H股總面值，除卻(i)供股(定義見下文(f)段)；或(ii)依照可換股證券之條款行使換股權；或(iii)根據本公司發行之任何認股權證之條款行使認購權；或(iv)根據本公司公司章程以任何代息股份或配發股份以代替全部或部分股份股息之類似安排外，不得超過本決議案通過當日已發行之H股面值總額之20%；
- (e) 上文(a)段之批准須待本公司取得中國證券監督管理委員會之批文後方可作實；

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(f) for the purpose of this special resolution:

“Relevant Period” means the period from the passing of this special resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company following the passing of this special resolution;
- (ii) the expiration of a period of 12 months following the passing of this special resolution; or
- (iii) the date on which the authority set out in this special resolution is revoked or varied by a special resolution of the members of the Company in general meeting.

“Rights issue” means an offer of shares open for a period fixed by the Directors to holders of shares of the Company on the register of members of the Company on a fixed record date and, where appropriate, the holders of the other equity securities of the Company entitled to be offered therein, in proportion to their then holdings of such shares or other equity securities (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any regulatory body or any stock exchange); and

(g) the Board be and is hereby authorised to make such amendments to the articles of association of the Company as it thinks fit so as to increase the registered share capital and to reflect the new capital structure of the Company as a result of the allotment and issue of shares of the Company pursuant to the approval granted under paragraph (a) above”;

6. to transact any other business.

By order of the Board of  
**Jilin Province Huinan Changlong Bio-pharmacy Company Limited**  
**Zhang Hong**  
*Chairman*

Tonghua, Jilin Province, the PRC  
29 March 2012

(f) 就本特別決議案而言：

「有關期間」指通過本特別決議案起至下列三者中最早日期為止之期間：

- (i) 於通過本特別決議案後本公司下屆股東週年大會結束時；
- (ii) 於通過本特別決議案後起計十二個月期間屆滿之日；或
- (iii) 本公司股東在股東大會上通過特別決議案撤回或修訂本特別決議案所述權力之日。

「供股」指於董事訂定之期間內，向指定記錄日期名列本公司股東名冊之股份持有人及(如適用)其他股本證券之持有人，按彼等當時持有該等股份或其他股本證券之比例提呈發售股份之建議(惟董事認為必需或適宜時，可就零碎股份或按照任何有關司法權區之法例之任何限制或責任或任何監管機構或證券交易所之規定取消股份持有人在此方面之權利或作出其他安排)；及

(g) 授權董事會酌情對本公司之公司章程作出修訂，從而增加法定股本及反映本公司因根據上文(a)段所授出之批准配發及發行本公司股份後之新股本結構。」

6. 處理任何其他事宜。

承董事會命  
吉林省輝南長龍生化藥業股份有限公司  
張弘  
主席

中國吉林省通化市  
二零一二年三月二十九日

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### Notes:

1. Any shareholder of the Company entitled to attend and vote at the meeting mentioned above is entitled to appoint one or more proxies to attend and vote at the meeting on his or her behalf in accordance with the articles of association of the Company. A proxy needs not be a shareholder of the Company.
2. In order to be valid, a proxy form of holder of H shares and, if such proxy form is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or authority shall be deposited at the Hong Kong Registrars Limited on 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong ("the Company's Shares Registrar") not less than 24 hours before the time for holding the meeting or 24 hours before the time appointed for taking the poll.
3. In order to be valid, a proxy form of holder of Domestic shares and, if such proxy form is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or authority shall be deposited at the Registered Address of the Company not less than 24 hours before the time for holding the meeting or 24 hours before the time appointed for taking the poll.
4. Shareholders of the Company or their proxies shall produce documents of their proof of identity when attending the meeting.
5. The register of shareholders of the Company will be closed from 27 May 2012 to 28 June 2012 (both days inclusive), during which no transfer of shares will be registered. As regards holders of H Shares and in order to ascertain the entitlement to attendance at the above meeting, all properly completed transfer forms accompanied by the relevant share certificate must be lodged with the Company's Share Registrar not later than 25 May 2012 at 4:30 p.m. for registration.
6. Shareholders of the Company who intend to attend the AGM have to notify in writing of their attendance by sending such notice to the Company by hand, post or fax not later than 7 June 2012.
7. The purpose of having resolution number 5 is to grant a general power to the board of directors to allot and issue new shares subject to applicable laws, regulations and rules.
8. The AGM is expected to last for half a day. Shareholders and their proxies attending the AGM are responsible for their own transportation and accommodation expenses.
9. Registered Address of the Company and the contact details of the Company are as follows:

31 Beishan Street, Chaoyang Town, Huinan County,  
Tonghua, Jilin Province, the PRC  
Fax no: 86 (435) 8212738

### 附註：

1. 按照本公司公司章程，上述有權出席大會並於會上投票的任何本公司股東有權委派一名或以上的代表代其出席大會並於會上投票。受委任代表毋須為本公司的股東。
2. H股持有人的代表委任表格(如該代表委任表格經授權代表的委託書或其他授權書項下的人士簽署)或該委託書或授權書經公證人證明的副本最遲須於大會舉行24小時前或定為投票時間24小時前交回香港證券登記有限公司，地址為香港皇后大道東183號合和中心17樓(「本公司的股份過戶登記處」)，方為有效。
3. 內資股持有人的代表委任表格(如該代表委任表格經授權代表的委託書或其他授權書項下的人士簽署)或該委託書或授權書經公證人證明的副本最遲須於大會舉行24小時前或定為投票時間24小時前交回本公司的註冊地址，方為有效。
4. 本公司股東或其授權代表於出席大會時須出示其身份證明文件。
5. 本公司將由二零一二年五月二十七日至二零一二年六月二十八日止(包括首尾兩日)期間暫停辦理股東登記，期間將不會辦理股份轉讓的登記。就H股持有人而言，為確保有權出席上述會議，所有適當填妥的轉讓表格連同有關股票必須在不遲於二零一二年五月二十五日下午四時三十分交回本公司的股份過戶登記處以作登記。
6. 有意出席股東週年大會之本公司股東必須在不遲於二零一二年六月七日以前以專人遞送、郵遞或傳真的方式書面通知出席該會議。
7. 第5項特別決議案旨在授予董事會一般權利以根據適用法律、規例及規則配發及發行新股份。
8. 股東週年大會預期歷時半日。股東及代表彼等出席會議的人士承擔彼等的交通及住宿開支。
9. 本公司的註冊地址及聯絡詳情如下：

中國吉林省通化市輝南縣朝陽鎮北山街31號  
傳真號碼：86 (435) 8212738

