



YiChang HEC ChangJiang Pharmaceutical Co., Ltd.

宜昌東陽光長江藥業股份有限公司

股份代號 Stock Code : 1558

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

(在中華人民共和國註冊成立之股份有限公司)

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



年報
Annual
Report

2016

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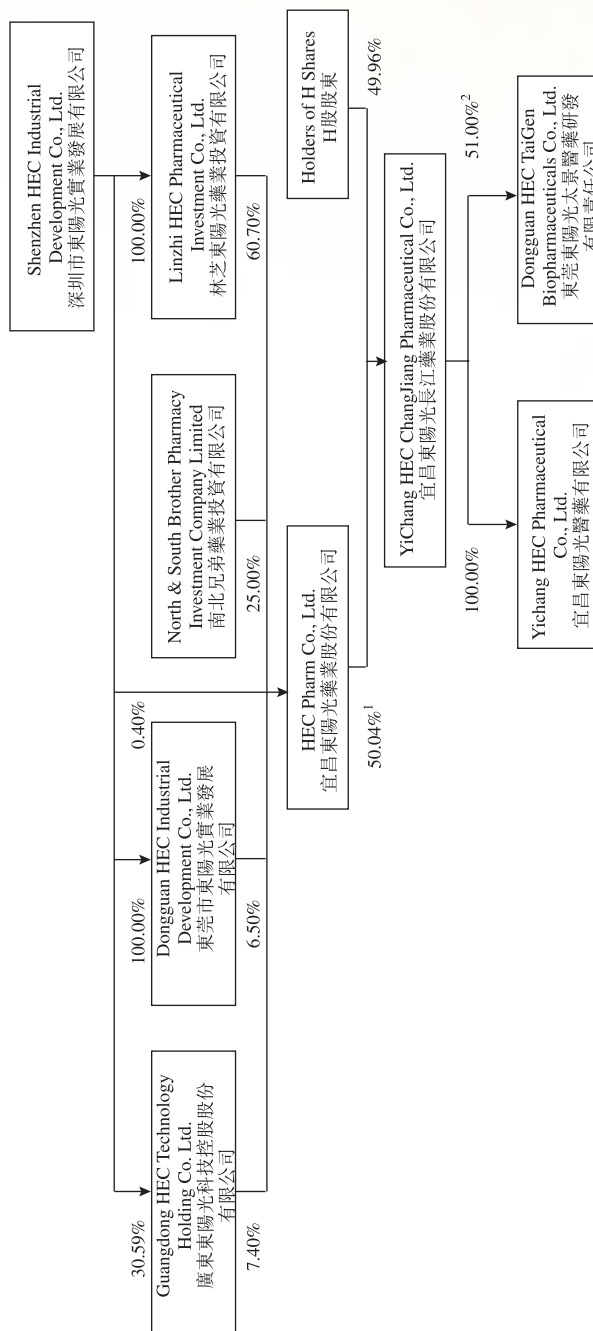
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CORPORATE STRUCTURE

企業架構

As at the Latest Practical Date, the Structure of the Group is as follows:

於最後實際可行日期，本集團架構如下：



Note:

- On 10 February 2017, the Company has completed the issuance of 1,200,000 new Domestic Shares to HEC Pharm Co., Ltd., details of which are set out in the announcement of the Company dated 10 February 2017. Following the completion of the issuance, HEC Pharm Co., Ltd. holds 50.04% of the total issued share capital of the Company.
- On 10 January 2017, the Company and TaiGen Biopharmaceuticals Co. (Beijing), Ltd. jointly established the Dongguan HEC TaiGen Biopharmaceuticals Co., Ltd., in which the Company holds 51% of the registered capital.

附註：

- 於2017年2月10日，本公司完成對宜昌東陽光藥業股份有限公司發行1,200,000股新內資股，詳情載於本公司日期為2017年2月10日的公告中。於該發行完成後，宜昌東陽光藥業股份有限公司持有本公司已發行總股本的50.04%。
- 於2017年1月10日，本公司與太景醫藥研發（北京）有限公司共同設立東莞東陽光太景醫藥研發有限公司，本公司持有其註冊資本的51%。

FINANCIAL SUMMARY 財務摘要

Set out below is the financial summary for the year ended 31 December 2016 (“the year” or “the reporting period”):

Revenue of the Group in 2016 increased by 35.88% from RMB692.91 million to RMB941.50 million.

Profit attributable to the owner of the Company in 2016 increased by 43.22% to RMB 380.60 million.

Basic earnings per share in 2016 increased by 6.33% from RMB0.79 in 2015 to RMB0.84.

The Board proposed to pay a final cash dividend of RMB0.3 per share, subject to the approval by the shareholders at the forthcoming 2016 AGM of the Company.

以下為截至2016年12月31日止年度(「本年度」或「報告期間」)的財務摘要：

2016年本集團收益由人民幣692.91百萬元，增加35.88%至人民幣941.50百萬元。

2016年本公司擁有人應佔溢利增加43.22%至人民幣380.60百萬元。

2016年每股基本盈利由2015年的人民幣0.79元增加約6.33%至人民幣0.84元。

董事會建議派發末期現金股息每股人民幣0.3元，惟須經股東於本公司稍後舉行的2016年股東週年大會上批准。

		2012	2013	2014	2015	2016
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Operating result	經營業績					
Revenue	收益	269,207	316,429	440,904	692,910	941,504
Gross profit	毛利	153,483	200,461	321,075	514,576	727,270
Profit from operation	經營溢利	77,589	119,124	205,445	339,605	460,299
Profit before taxation	除稅前溢利	30,692	70,180	163,115	314,706	453,066
Profit and total comprehensive income for the year attributable to equity shareholders of the Company	本公司權益擁有人應佔年度溢利及年度全面收入總額	23,008	57,800	135,343	265,750	380,597
Profit margin	利潤率					
Gross profit margin	毛利率	57.01%	63.35%	72.82%	74.26%	77.25%
Net profit margin	純利率	8.55%	18.27%	30.70%	38.35%	40.42%
Earnings per share	每股盈利					
Basic & Diluted (RMB)	基本及攤薄(人民幣：元)	N/A	N/A	0.45	0.79	0.84
Assets condition	資產狀況					
Total assets	總資產	1,490,787	1,658,116	949,531	2,577,415	2,831,109
Equity attributable to equity shareholders of the Company	本公司權益擁有人應佔權益	421,121	478,921	277,255	2,142,849	2,457,807
Total liabilities	總負債	1,069,666	1,179,195	672,276	434,566	373,302
Cash and Cash Equivalents	現金及現金等值項目	31,236	32,367	86,554	1,353,651	1,212,072
Quick ratio (times)	速動比率(倍)	0.8	0.8	0.6	6.1	6.3
Current ratio (times)	流動比率(倍)	1.1	1.1	1.1	6.7	6.7

CORPORATE PROFILE

公司簡介

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

The Company entered into China’s pharmaceutical industry through the establishment of our predecessor, Yichang Changjiang Pharmaceutical Co., Ltd., in 2001. Up to now, we have been operating for more than 16 years, and are becoming one of the top players in the domestic pharmaceutical industry in terms of pharmaceutical sales performance and R&D capability.

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

Since its establishment, the Company has always followed the motto of “serving the Chinese with higher standards”. Meanwhile, we have a strong industrial foundation and leading competitive edges in the manufacturing, marketing and sales of pharmaceutical products. As of 31 December 2016, the Company has manufactured, promoted and sold a total of 33 pharmaceutical products with a product distribution network throughout the country. We are currently the only manufacturer of oseltamivir phosphate granules in the China market, while our key product Kewei (oseltamivir phosphate) has been the leading product in China’s anti-influenza market. During the years from 2013 to 2016, the Company’s oseltamivir phosphate product ranked first in China in terms of sales volume.

In addition, the Company has set up strategic relationships with many renowned domestic and international pharmaceutical enterprises. We entered into a strategic agreement with Lannett Company, Inc. (LCI.NY) for the joint development of insulin generic drugs to enter the USA market; we also established a joint venture with TaiGen Biopharmaceuticals Holdings Limited (“TaiGen Biopharmaceuticals”) (4157.TWO) to conduct clinical trials of combination therapy with Yimitasvir Phosphate and Furaprevir; we reached a strategic cooperative partnership with China National Accord Medicines Corporation Ltd. (“China National Accord Medicines”) (000028.SZ) with the first operation project duly launched in the year. We believe these powerful partnerships will bring huge development prospects for the Company’s business growth.

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

本公司通過成立於2001年的公司前身—宜昌長江藥業有限公司進入中國醫藥行業。截至目前，我們已有16餘載的經營歷史，藥品銷售業績以及研發能力已逐漸成為國內醫藥行業頂尖。

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

自成立以來，本公司始終秉承「用更高標準服務中國人」製藥理念，同時我們在藥品製造和醫藥營銷方面均具有雄厚的產業基礎和領先的競爭優勢。截至2016年12月31日，本公司在國內生產、推廣及銷售合共33款醫藥產品，擁有覆蓋全國的產品分銷網絡。目前，我們是中國市場唯一一家磷酸奧司他韋顆粒劑生產商，核心產品可威(磷酸奧司他韋)是中國抗流感病毒市場中的主導產品。於2013至2016年，本公司的磷酸奧司他韋產品名列中國區銷量第一。

此外，本公司與諸多國內外知名醫藥企業建立了戰略合作夥伴關係。我們與美國Lannett公司(LCI.NY)訂立戰略協議共同開發胰島素仿製藥進軍美國市場；我們亦與台灣太景醫藥研發控股公司(「太景醫藥」)(4157.TWO)共同設立合資公司，以進行磷酸依米他韋與伏拉瑞韋的聯合用藥臨床試驗；與國藥集團一致製藥股份有限公司(「國藥一致」)(000028.SZ)達成了戰略合作夥伴關係，首個運營項目已於年內正式啟動。本公司相信，這些強強聯合，將會為本公司業績增長帶來巨大的發展前景。

CORPORATE PROFILE 公司簡介

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

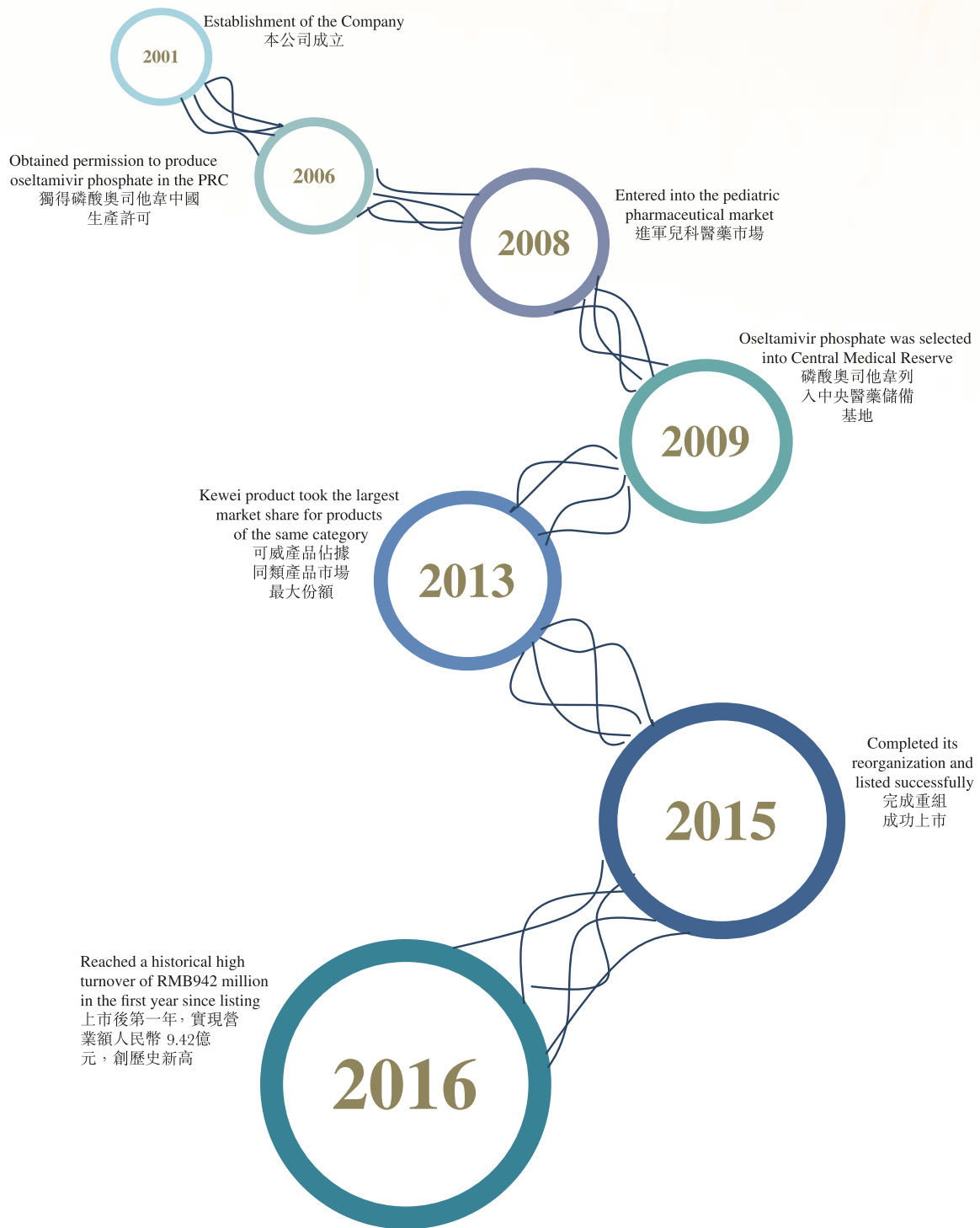
In the future, we will further develop and expand our product lines and markets, enhance the international production standards and quality of the products and continue to expand the coverage of marketing and sales to facilitate the further growth of our business and profitability, and strive for more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

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

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

HISTORY OF DEVELOPMENT

發展歷程



On behalf of the Board, I am pleased to present the annual results of the Group for the year ended 31 December 2016 and the future prospects for 2017.

REVIEW OF 2016

Looking back, 2016 was the first year since the listing for HEC Pharm, and was also a year of substantial reformation for the policies and systems of the PRC pharmaceutical market. Going forward, the pharmaceutical industry has entered into the stage of development with the deepening of the reformation of the PRC pharmaceutical market.

Through the listing of its H Shares, HEC Pharm has established a complete corporate governance system. Under the leadership of the Board, the management strived to earn reputation and win the competition in the market by increasing its efforts in compliance management, system establishment and internal governance, and adhering to our operation philosophy of producing drugs of high quality that reach international standards in the daily management.

Under such high standards and stringent requirements, the Company has achieved historical breakthrough in operation result in 2016 despite the challenges and difficulties in the market. Our revenue amounted to RMB941.50 million and the net profit amounted to RMB380.60 million, representing a significant increase as compared to the last year, with a CAGR of 46.13% for the revenue from 2014 to 2016.

本人謹代表董事會欣然呈報本集團截至2016年12月31日止年度之年度業績，及對2017年工作簡要展望。

2016年回顧

回首2016，東陽光藥上市的第一年，也是中國醫藥市場政策制度深刻變革的一年。未來伴隨著中國醫藥市場改革的不斷深入，醫藥行業已進入新的發展時期。

借助其H股上市平台，東陽光藥構建了完善的公司治理體系。東陽光藥在董事會的領導下，管理層加大規範管理、建章立制、內控治理等規範工作的力度，在日常管理中秉持著一貫的「生產優質的、達到國際水平的藥物」的經營信念，爭取在市場上獲取信譽、贏得競爭。

在這樣的「高標準」與「嚴要求」下，本公司在2016年一年中，迎著市場的挑戰和難關，收穫了經營業績歷史性突破，實現收入人民幣941.50百萬元，淨利潤人民幣380.60百萬元，較去年均實現了大幅增長。2014-2016年年收入複合增長率達46.13%。

CHAIRMAN'S STATEMENT 董事長報告書

FUTURE PROSPECTS

Amidst the volatile PRC pharmaceutical market, the Company will continue to focus on enhancing the quality and cost-effectiveness of the products in 2017 to make further progress. We will further strengthen the market leading position of existing products on the original basis, and increase our market share further through first-mover advantages of our key products. We will increase our marketing and promoting efforts, develop other marketing modes and channels, and strive to maintain our strong growth momentum. Meanwhile, we are committed to continuously expanding products lines of the Group in areas of anti-virus, endocrine and metabolic and digestive diseases to enrich the our product reserve.

We believe that only through innovation and pursuit of quality, as well as continually pursuing high level development of the Company in the future, will we be able to create stable and excellent value for our customers. "The road ahead will be long and our climb will be steep".

TANG Xinfu
Chairman

20 March 2017

未來展望

在近年來風雲變幻的中國醫藥市場，2017年本公司將繼續以堅持提升產品質量和經濟效益為中心，在原有的基礎上進一步鞏固提升現有產品的市場領導地位，借助主打產品的先發優勢進一步增大市場佔有率。本公司將加大營銷和推廣的力度，豐富其他營銷模式和渠道，力爭保持較強增長勢頭。同時我們將堅持在抗病毒、內分泌與代謝性及消化類疾病等領域不斷拓展本集團的產品線以豐富我們的產品儲備。

我們相信，唯有創新和追求質量，以及不斷追求企業未來的高層次發展，才能為客戶創造更加穩健和優異的價值。「路漫漫其修遠兮，吾將上下而求索」。

唐新發
董事長

2017年3月20日

- February**
2月份
- HEC Pharm and TaiGen Biotechnology Holdings Limited (太景生物科技股份有限公司) (“TaiGen”) reached an agreement on intention of cooperation in respect of the development of a novel treatment for chronic Hepatitis C virus (HCV) and achieved strategic cooperation intention to jointly conduct clinical development with the two National Class I.I innovative anti-Hepatitis C virus drugs held by both parties to form an all-oral interferon-free combo treatment for Hepatitis C.
- 東陽光藥與太景生物科技股份有限公司(「太景」)就開發治療慢性丙型肝炎病毒新型療法達成合作意向協議，計劃將雙方所持有的兩個國家 I.I 類抗丙型肝炎病毒新藥聯合進行臨床試驗，組成全口服免干擾素治療丙肝的藥物組合達成戰略合作意向。
- April**
4月份
- HEC Pharm and Lannett Company, Inc. (“Lannett”) reached strategic cooperation intention
- 東陽光藥與美國 Lannett 公司達成戰略合作意向
- HEC Pharm and Lannett (LCI: NYSE) reached strategic cooperation intention for the joint development of insulin generic products. At that time, HEC Pharm’s insulin generic products were at the later research and development stage, Lannett would be responsible for the subsequent clinical trials and regulatory registration to ensure compliance with US Food and Drug Administration requirements for sale in the market.
- 東陽光藥與美國 Lannett 公司(LCI：紐交所)達成了共同開發胰島素類仿製藥產品的戰略合作意向。彼時，東陽光藥的胰島素仿製藥目前正處於研發的較後階段，美國 Lannett 公司將負責後續的臨床試部分及法規註冊環節以確保符合美國食品藥品監督局的上市要求。
- June**
6月份
- The donation ceremony was held successfully
- 捐贈儀式圓滿舉行
- On the morning of 13 June, 2016, the donation ceremony of HEC Pharm was successfully held in the conference room of Yidu Government building. Luo Lianfeng, party secretary of Yidu, Hu Zhili, mayor of Yidu, Wang Changjiing, chairman of the standing committee of the Municipal People’s Congress of Yidu, Song Huali, chairman of the Municipal Political Consultative Conference of Yidu, and other relevant leaders were present at the ceremony.
- 2016年6月13日上午，東陽光藥捐贈儀式在宜都政府大樓會議室成功舉行。宜都市委書記羅聯峰、市長胡志莉、市人大常委會主任王長鏡、市政協主席宋化力等相關領導出席了捐贈儀式。
- In the donation ceremony, Yidu HEC Pharm donated RMB2 million to Yidu Government to support the development of education and medical care in Yidu. In the past 10 years, Yidu HEC Pharm has contributed an aggregate amount of more than RMB31 million to support local construction and various donations of more than RMB8 million in total, such as for Wenchuan earthquake, point-to-point help of middle school students and charity foundations.
- 捐贈儀式上，東陽光藥向宜都市政府捐贈人民幣200萬元，以支持宜都教育與醫療事業發展。據統計，近10年來，宜都東陽光支援地方建設資金共計人民幣3,100餘萬元，各類捐款如汶川地震、點對點幫扶中學生、愛心基金會等累計人民幣800餘萬元。

HIGHLIGHTS OF THE YEAR 年度大事記

August
8月份

Obtained CFDA Approval for Clinical Trial was obtained for our Insulin Products
胰島素系列產品再添CFDA臨床試驗批件

In August 2016, HEC Pharm obtained China Food and Drug Administration (“CFDA”) approval for clinical trials for Isophane Protamine Recombinant Human Insulin Injection, Isophane Protamine Recombinant Human Insulin Injection (Pre-mixed 30R) and Insulin Glargine Injection. By then, HEC Pharm had received four approvals of the clinical trials for biologics for the treatment of diabetes.

2016年8月，東陽光藥精蛋白重組人胰島素注射液、精蛋白重組人胰島素注射液(預混30R)、甘精胰島素注射液獲得國家食品藥品監督管理總局(「CFDA」)臨床試驗批件。至此，東陽光藥已收穫四個治療糖尿病生物製品的臨床批件。

On 28 August, 2016, Mr. Zhang Yushuai, the executive vice general manager of the sales company of the HEC Group, and Mr. Lin Zhaoxiong, general manager of China National Accord Medicines, signed a strategic cooperation agreement in Dongyangguang Scientific Park, Dongguan. The senior leaders of both parties reached a number of important consensus in respect of such strategic cooperation and agreed that it would be conducive to strengthening the competitive advantages in the pharmaceutical industry, enhancing the business performance, as well as the promotion of corporate images and brand value for both parties.

2016年8月28日，東陽光集團銷售公司常務副總經理張寓帥先生與國藥一致總經理林兆雄先生在東莞東陽光科技園共同簽署戰略合作協議，雙方高層領導就本次戰略合作內容達成多項重要共識，並一致認為，此舉必將有利於增強彼此在醫藥行業的競爭優勢，提升彼此業績，也將有利於雙方企業形象和品牌價值的提升。

Mr. Chen Yangui, executive Director and sales director of HEC Pharm, entered into the National Ertongshu (benzbromarone tablets) Exclusive Distribution Right Agreement as the first operational project under mutual strategic cooperation on behalf of the Company, with Mr. Lin Min, general manager of Sinopharm Holding Guangzhou Co., Ltd., the distribution division of China National Accord Medicines.

東陽光藥執行董事、銷售總監陳燕桂先生代表公司與國藥一致分銷事業部國藥控股廣州有限公司總經理林敏先生共同簽署了爾同舒(學名苯溴馬隆)全國總經銷權協議，作為雙方戰略合作的首個運營項目。

November
11月

Signing ceremony of establishment of the Joint Venture between HEC Pharm and TaiGen Biopharmaceuticals in Xiamen
東陽光藥與太景醫藥在廈門成功完成合資公司的簽約儀式

On November 7, 2016, HEC Pharm and TaiGen Biopharmaceuticals successfully held the signing ceremony for establishment of the joint venture at the 2016 annual Cross-Strait Entrepreneurs Summit held in Xiamen. The Company would establish a joint venture with TaiGen Biopharmaceuticals Co. (Beijing), Ltd. in Dongguan. The joint venture is engaged in drug combination clinical trials of Yimetasvir Phosphate and Furaprevir, which is expected to be the first domestic all-oral anti- Hepatitis C drugs to be launched locally in China, bringing good news to 40 million Hepatitis C patients in China.

2016年11月7日，東陽光藥與太景醫藥在廈門舉辦的2016兩岸企業家峰會年會上，成功舉行了合資公司的簽約儀式。公司將與太景醫藥(北京研發有限公司)在東莞市共同設立合資公司，合資公司將開發磷酸依米他韋與伏拉瑞韋的聯合用藥臨床試驗，預計將成為首個在中國國內上市的國產全口服抗丙肝藥物，為中國4000萬丙肝病患帶來福音。

The signing ceremony was highly regarded by the Organizing Committee of the Cross-Strait Entrepreneurs Summit. Vice chairman Chiang Pin-Kung, vice chairman Sheng Huaren, convenor Zhan Qixian, convenor Huang Jiefu, president Chen Deming, president Yu Mingde attended the signing ceremony. Mr. Tang Xinfa, chairman of HEC Pharm and Ms. Xu Mingzhu, chairman of TaiGen Biopharmaceuticals signed the agreement.

簽約儀式得到了兩岸企業家峰會組委會的高度重視，江丙坤副理事長、盛華仁副理事長、詹啟賢召集人、黃潔夫召集人、陳德銘會長、於明德會長等出席了簽約儀式，東陽光藥董事長唐新發先生與太景醫藥董事長許明珠女士完成了簽約。

Awarded as the “Listed Enterprises of the Year 2016”
榮獲「2016上市企業大獎」

On 17 November, 2016, the “Award Ceremony of Listed Enterprises of the Year 2016” was held at the Conrad Hotel in Admiralty, Hong Kong. HEC Pharm was awarded “Listed Enterprises of the Year” and, Mr. Tang Xinfa, chairman of the Company, accepted the award at the stage on behalf of the Company.

2016年11月17日，「2016年年度上市企業頒獎典禮」於香港金鐘港麗酒店隆重舉辦，東陽光藥榮獲「上市企業大獎」，本公司董事長唐新發先生代表公司上台領獎。

HIGHLIGHTS OF THE YEAR 年度大事記

At the award ceremony, Mr. Tang Xinfu, chairman of the Company, delivered an acceptance speech on behalf of the Company. He pointed out that the Company has made great progress in both sales and pharmaceutical R&D since its listing on December 29, 2015. Under the current overall market downturn, the Company's outstanding performance in operating results and share price is the result of the support from a vast of investors and the public. Such Company will continue to maintain its determination to be the world's leading pharmaceutical company. Such award not only represents recognition for the Company's outstanding performance by the industry and investors, but also expresses their confidence in the Company's future development.

頒獎典禮中，本公司董事長唐新發先生代表本公司發表獲獎致辭，他指出本公司自2015年12月29日上市至今僅一年時間，無論是在銷售業績還是藥品研發領域都取得了長足的進步。在當前整體市場低迷的背景下，本公司在業績以及股價方面的突出表現離不開廣大投資者及各界的支持，本公司將繼續保持勵志成為國際領先醫藥企業的決心。此次獲獎，不僅是代表了業界以及投資者對本公司優秀業績的肯定，也表達了各方對於本公司未來良好發展的信心。

Our products awarded as “2016 Outstanding Product Board of China Chairman Pharmaceutical Industry” and “2016 Outstanding Product Board of Pediatric Drugs of China Pharmaceutical Industry”

產品榮獲「2016中國化學製藥行業優秀產品品牌」、「2016中國化學製藥行業兒童用藥優秀產品品牌」獎項

On 15 November, 2016, the “2016 Annual Summit of China Chemical pharmaceutical industry” jointly organized by the China Pharmaceutical Industry Association, China Association of Pharmaceutical Commerce, China Nonprescription Medicines Association, China Pharmaceutical Enterprises Development Promote Association and Reed Sinopharm Exhibitions Co. Ltd, was successfully held in Wuhan, Hubei. Oseltamivir phosphate granules (Kewei) produced by the Company was awarded “2016 Outstanding Product Brand of China Chemical Pharmaceutical Industry”.

2016年11月15日，由中國化學製藥工業協會、中國醫藥商業協會、中國非處方藥物協會、中國醫藥企業發展促進會、國藥勵展展覽有限責任公司共同主辦的「2016中國化學製藥行業年度峰會」在湖北武漢成功舉辦。本公司生產的磷酸奧司他韋顆粒(可威)榮獲「2016中國化學製藥行業優秀產品品牌」榮譽稱號。

Kewei was also awarded the “2016 Outstanding Product Brand of Pediatric Drugs of China Chemical Pharmaceutical Industry”, further consolidating Kewei's leadership in pediatric drugs.

並同時榮獲「2016中國化學製藥行業兒童用藥優秀產品品牌」，進一步鞏固可威在兒童用藥的領導地位。

December
12月

Class I.1 innovative drug Yimitasvir Phosphate obtained approvals for Phase II and Phase III clinical trials
I.1 類專利新藥磷酸依米他韋獲 II/III 期臨床試驗批件

In December 2016, Class I.1 innovative drug Yimitasvir Phosphate, developed by HEC Pharm and innovative drug R&D team under its controlling shareholder, HEC Group, obtained approvals from CFDA for Phase II and Phase III clinical trials, which indicates that the Company has taken a historic step forward in the process of promotion of such innovative drug product.

2016年12月，東陽光藥與控股股東東陽光集團旗下新藥研發團隊合作研發的 I.1 類創新藥磷酸依米他韋已獲得 CFDA 頒發的 II/III 期臨床試驗批件。這預示著本公司對於推進此類新藥的產品進程又向前邁出了歷史性的一步。

Yimitasvir Phosphate is a hepatitis C virus NS5A protease inhibitor. This type of inhibitor has several advantages such as strong inhibition of HCV genotype, strong inhibitory effect, no cross-resistance when combined with other DAA, well tolerance and mostly support oral administration once a day, whose prospects are very optimistic. In the future, the Company plans to combine this new drug with Furaprevir, a hepatitis C NS3/4A protease inhibitor developed by TaiGen Biopharmaceuticals, to develop a new type of all-oral interferon-free combo therapy for Hepatitis C.

磷酸依米他韋為一種丙肝病毒 NS5A 蛋白抑制劑。該類型抑制劑具有抑制 HCV 基因型較廣、抑制作用強、與其他 DAA 聯用不產生交叉耐藥、耐受性好以及大多支持一日 1 次口服給藥等優點，前景十分樂觀。未來本公司計劃將該新藥與太景醫藥所研發的丙肝 NS3/4A 蛋白酶抑制劑伏拉瑞韋 (Furaprevir) 合併，開發出新型全口服免干擾素丙肝合併療法。

Presently, there are a relatively small number of companies carrying out R&D of hepatitis C DAA drug in China. The drug has now obtained approval for phase II/III clinical trials, and is leading over most of its domestic peers in the R&D progress, which lays a solid foundation for the Company's future in hepatitis C treatment.

目前，國內進行丙肝 DAA 藥物研發的公司數量較少，該藥物現已取得臨床 II/III 期批件，在研發進度上領先國內大多數友商，這勢必為本公司接下來在丙肝治療領域的佈局奠定堅實基礎。

HIGHLIGHTS OF THE YEAR 年度大事記

Awarded the “Most Valuable Pharmaceutical Stock Company” award

榮獲「最具價值醫藥股公司」獎項

The Company was awarded the “Most Valuable Pharmaceutical Stock Company” in the “2016 Golden HK Stock” sponsored by Zhitongcaijing, jointly organized by the mainstream domestic financial media such as finance.qq.com and Hexun.com and supported by the Hong Kong Stock Exchange and Shenzhen Stock Exchange.

本公司在由智通財經主辦，騰訊財經及和訊網等國內主流財經媒體聯合主辦，港交所、深交所作為支持單位的2016「金港股」評選活動中，榮獲「最具價值醫藥股公司」獎項。

Awarded the “Best Investment Value Award”

榮獲「最具投資價值獎」獎項

The Company was awarded the “Best Investment Value Award” in the 2016 China Financial Market Listed Company Awards.

本公司在2016中國融資上市公司大獎中榮獲「最佳投資價值獎」。

I. INDUSTRY REVIEW

The pharmaceutical industry is not only an important industry concerning national economy and people's livelihood, but also a key area of the "Made in China 2025" and the strategic emerging industries, which is strongly supported by national policies of the PRC. The pharmaceutical industry developed rapidly during the "12th Five-year Plan" period. According to the statistics of the Guidelines for the Development and Planning of the Pharmaceutical Industry (《醫藥工業發展規劃指南》), the average annual growth rate of added value in large-scale pharmaceutical industry was 13.4% during the "12th Five-year Plan" period, representing an increase in the proportion to the added value of the industries in China from 2.3% to 3.0%.

During the past year of 2016, the pharmaceutical industry experienced a painful transformation as well as the joy of harvest. The publish of a series of policies had a deep effect on the development of the pharmaceutical industry, which mainly included: reinforcing the review and approval requirements for the launching of new drugs in the stage of registration; emphasizing the enhancement of the quality and therapeutic effect of innovative drugs and accelerating the implementation of consistency evaluation on the quality and therapeutic effect of launched generic drugs in the stage of production; focusing on regulating the distribution order, reforming and improving the distribution system of drugs and reducing the falsely high prices of drugs in the stage of distribution; reforming and adjusting the interest-driven mechanism, facilitating the return of drugs to the original use of curing disease, promoting reasonable drug usage and further eliminating the mechanism of subsidizing medical costs with drugs in the stage of usage.

I. 行業回顧

醫藥製造業不僅是關係國計民生的重要產業，也是《中國製造2025》和戰略性新興產業的重點領域，受到中國國家政策的大力支持。醫藥工業在「十二五」期間迅速發展，根據《醫藥工業發展規劃指南》的統計，「十二五」期間，大型醫藥工業增加值年均增長13.4%，佔中國工業增加值的比重從2.3%提高至3.0%。

過去的2016年對醫藥行業來說既有轉型的陣痛也有收穫的喜悅，其中，一系列政策的發佈對醫藥行業發展產生了深遠的影響，主要包括：在註冊環節，嚴格新藥上市審評審批；在生產環節，著重提高創新藥質量療效，加快推進已上市仿製藥質量和療效一致性評價；在流通環節，重點整頓流通秩序，改革完善流通體制，降低藥品虛高價格；在使用環節，改革調整利益驅動機制，使藥品回歸治病本源，促進合理用藥，進一步破除以藥補醫機制。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Efficiently implementing the priority evaluation system, focusing on high-quality innovation and highlighting on clinical value

On 26 February 2016, the CFDA issued the Opinions Concerning the Implementation of Priority Evaluation to Resolve the Backlog of Applications for Drug Registration (《關於解決藥品註冊申請積壓實行優先審評審批的意見》), which expressly states that the priority evaluation system shall be an organic integral part of the supply-side reform for the pharmaceutical industry in China. The implementation of drug evaluation reform provided a positive policy environment to change the current supply condition, backlog of applications for registration and oversupply of low level and repeated capacities, in the pharmaceutical industry of China at the source. The priority evaluation system led the industry to innovation, focusing on innovative drugs with higher clinical value and generic drugs of former patent drugs with larger sales and better competitive landscape. In the short run, the review process for drugs included in priority evaluation will be greatly shortened, which will create an invisible market advantage for post-marketing promotions. In the long run, the priority evaluation system will guide and encourage enterprises to pursue innovations, promote the change of emphasis from speed to quality and realize a positive cycle for industrial development.

Enhancing quality of generic drugs by consistency evaluation of drugs

On 31 May 2016, CFDA published two relevant policies regarding the consistency evaluation of drugs: Guidelines on Certified Service for Good Laboratory Practice (GLP) (《藥物非臨床研究質量管理規範認證服務指南》) and Guidelines on Qualification Recognition Service for Drug Clinical Trial Institution (《藥物臨床實驗機構資格認定服務指南》), which resolved the critical point of implementing the consistency evaluation of drugs.

優先審評制度高效落地，聚焦高質創新，突出臨床價值

2016年2月26日，CFDA發佈《關於解決藥品註冊申請積壓實行優先審評審批的意見》，其中表明優先審評制度是中國製藥工業供給側改革的有機組成部分。藥品審評改革的推進，為從源頭上改變中國製藥行業供給現狀——註冊申請積壓及低水平重複產能過剩，提供了良好的政策環境。優先審評制度引導行業創新，重點關注臨床價值較高的創新藥以及原研銷售額較大、競爭格局良好的仿製藥品種。短期來看，納入優先審評的品種的審批時間大大縮短，為上市後推廣建立了隱形的市場優勢；長期來看，優先審評制度引導鼓勵企業進行創新，促進從注重速度向注重質量的轉變，實現產業發展良性循環。

藥品一致性評價提高仿製藥品質量

2016年5月31日，CFDA發佈了2個藥品一致性評價相關政策文件：《藥物非臨床研究質量管理規範認證服務指南》和《藥物臨床實驗機構資格認定服務指南》，打通了藥品一致性評價實施的關鍵點。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

In order to further promote the consistency evaluation, corresponding incentive policies were also launched successively by the government. In March 2016, the Office of the State Council issued the Opinions of the Office of the State Council on the Commencement of Consistency Evaluation on the Quality and Therapeutic Effect of Generic Drugs (《國務院辦公廳關於開展仿製藥質量和療效一致性評價的意見》) and pointed out that generic drugs produced by domestic pharmaceutical enterprises which had obtained approvals for launching in the markets of European Union, United States and Japan could make an application for market launch under the new registration category of the chemical drugs based on the relevant information submitted under the overseas registration. Having obtained approval for launching by CFDA, such drugs would be deemed to have passed the consistency evaluation. Drugs produced by the same production line and launched in the PRC, which have obtained approval for market launch in the European Union, United States and Japan are also deemed to have passed the consistency evaluation.

Looking ahead in the future, with the continuous median to high growth rate of the PRC economy, it is expected the pharmaceutical market will maintain relatively rapid growth under the driving factors such as the continuous increase in the disposable income of residents, the ongoing upgrading in the consumption structure, the steady progress in building a healthy China, further improvement in the medical reimbursement system, the severity in the aging trend of population, the continuous increase in the morbidity rate of some diseases and the full implementation of the two-children policy.

The Research and Consulting Report on Investment Strategy for the Pharmaceutical Industry in China for 2016-2020 (《2016-2020年中國醫藥行業投資戰略研究諮詢報告》) published by ASKCI Corporation (中商產業研究院) pointed out that during the “13th Five-year Plan” period, the pharmaceutical industry in China will continue to develop rapidly and the market size will reach RMB1,791.9 billion by 2020, with a CAGR of 8% from 2015 to 2020. The transformation of the pharmaceutical sector from large to strong will speed up in such period and the pharmaceutical industry of China will completed its upgrading through encouraging innovations, accelerating the internationalization process of pharmaceutical enterprises and improving the quality of drugs.

政府為了進一步推動一致性評價工作，也相繼推出了相應的激勵政策。2016年3月，國務院辦公廳發佈《國務院辦公廳關於開展仿製藥質量和療效一致性評價的意見》並指出，中國國內藥品生產企業已在歐盟、美國和日本獲准上市的仿製藥，可以以國外註冊申報的相關資料為基礎，按照化學藥品新註冊分類申報藥品上市，經CFDA批准上市後視同通過一致性評價；在中國境內用同一生產線生產上市並在歐盟、美國和日本獲准上市的藥品，視同通過一致性評價。

展望未來，隨著中國國民經濟繼續保持中高速增長、居民可支配收入不斷增加、消費結構持續升級、健康中國建設穩步推進、醫保體系進一步健全、人口老齡化趨勢日趨嚴重、部分疾病的發病率不斷升高和全面二孩的政策實施等因素的推動，預計醫藥市場將保持較快增長。

中商產業研究院發佈的《2016-2020年中國醫藥行業投資戰略研究諮詢報告》指出，在「十三五」期間，中國醫藥行業將繼續高速發展，2020年市場規模將會達到人民幣1,791.9億元，2015-2020年複合年增長率為8%。中國醫藥行業將在此階段加快醫藥工業由大變強的轉變，通過鼓勵創新，加快製藥企業國際化進程，提高藥品質量，完成製藥行業產業升級。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

II. BUSINESS REVIEW

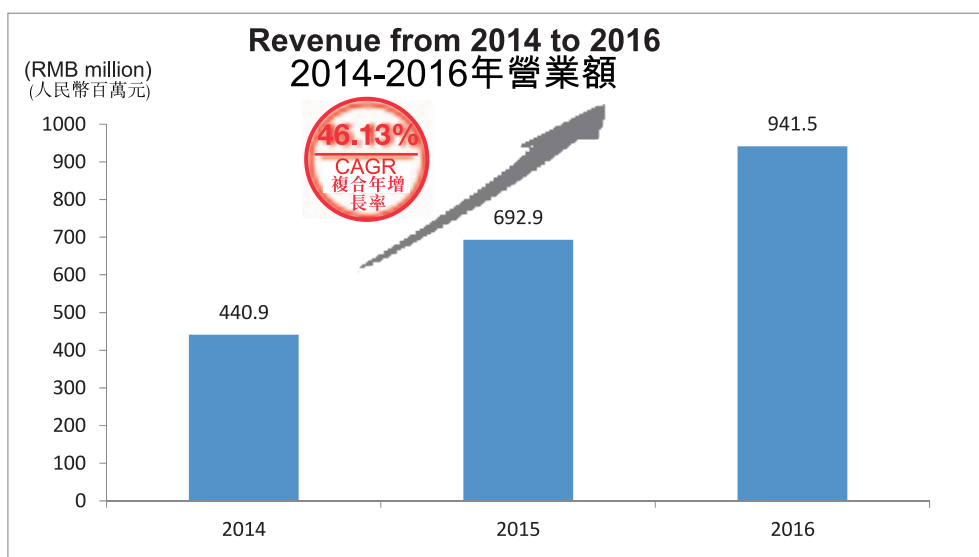
I. Summary of Overall Results

The Group recorded a revenue of RMB941.50 million for the year ended 31 December 2016, representing an increase of 35.88% as compared to 2015. Net profit after tax amounted to RMB380.60 million, representing an increase of 43.22% as compared to 2015. In terms of the product portfolio, Kewei, Ertongshu, Oumeining, Xinhaining and Xining were still the top five core products of the Group.

II. 業務回顧

一、 整體業績概覽

截至2016年12月31日止年度，本集團全年實現營業額人民幣941.50百萬元，較2015年同比增長達35.88%。除稅後淨利潤為人民幣380.60百萬元，較2015年同比增長達43.22%。在產品結構方面，可威、爾同舒、歐美寧、欣海寧、喜寧依舊為本集團五大核心產品。



II. Products, Research and Development

On 30 December 2016, Shenzhen HEC Industrial Development Co., Ltd. (深圳市東陽光實業發展有限公司) ("Shenzhen HEC Industrial") entered into a renewed licensing agreement with Oseltamivir Phosphate Licensor, pursuant to which the royalty rate was agreed to reduce by approximately 10% and the licensing shall be effective until the date when the last patent of the licensed patents expires or is declared invalid or unenforceable. Shenzhen HEC Industrial agreed to irrevocably license its interest under the licensing agreement entered into with Oseltamivir Phosphate Licensor at nil consideration to the Company, together with an undertaking made by Shenzhen HEC Industrial that, unless with prior consent from the Company, its interest under the licensing agreement shall cease to be licensed to any other companies, including Sunshine Lake Pharma Co., Ltd. (廣東東陽光藥業有限公司) ("Sunshine Lake Pharma").

In addition, the Group made certain achievements in the research and development of anti-virus therapeutic and endocrine areas during 2016.

I. Anti-virus therapeutic area

In February 2016, the Group and TaiGen Biotechnology Holdings Limited (太景生物科技股份有限公司) ("TaiGen") reached an agreement on intention of cooperation in respect of the development of a novel treatment for chronic Hepatitis C virus (HCV), and the cooperation was formally commenced on 10 January 2017 through the establishment of Dongguan HEC TaiGen Biopharmaceuticals Co., Ltd. (東莞東陽光太景醫藥研發有限責任公司) (the "JV company") to jointly conduct clinical development with the two National Class 1.1 innovative anti-Hepatitis C drugs held by both parties to form an all-oral interferon-free combo treatment for Hepatitis C.

二、產品與研發

2016年12月30日，深圳市東陽光實業發展有限公司(「深圳東陽光實業」)與磷酸奧司他韋許可方重新簽訂《許可協議》，同意降低專利費率約10%，有效期至授權許可的專利中最後一個專利到期或被宣告無效或不可實施之日。深圳市東陽光實業同意不可撤銷地將其與磷酸奧司他韋許可方簽訂的《許可協議》項下的權益無償授予本公司，且深圳市東陽光實業承諾除非經得本公司同意，其在《許可協議》項下的權益不再授予包括廣東東陽光藥業有限公司(「廣東東陽光藥」)在內的任何其他公司。

此外，2016年，本集團在抗病毒領域及內分泌領域的研發都有所進展。

I. 抗病毒領域

2016年2月，本集團於與太景生物科技股份有限公司(「太景」)就開發治療慢性丙型肝炎病毒新型療法達成合作意向協議，並於2017年1月10日，通過成立東莞東陽光太景醫藥研發有限責任公司(「合資公司」)正式開展合作，將雙方持有的兩個國家1.1類抗丙肝新藥聯合進行臨床開發，組成全口服干擾素治癒丙肝的藥物組合。

MANAGEMENT DISCUSSION AND ANALYSIS

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In this cooperation, the product from our Group was NS5A inhibitor Yimitasvir Phosphate, a National Class I.1 innovative drug, which had completed Phase I clinical trial and obtained approvals from the CFDA for Phase II and Phase III clinical trials in December 2016. The product from TaiGen was Furaprevir, an NS3/4A protease inhibitor, which had completed Phase II clinical trial in Taiwan successfully in February 2017. The JV company would strive to promote the clinical research of combining Yimitasvir Phosphate and Furaprevir in China with a view to launch a novel all-oral interferon-free direct anti-viral agents (DAAs) combo. Since the DAA combo did not require the use of interferon, and the treatment period would be notably shorter than that under the standard of care by using Ribavirin with interferon, the compliance and tolerance of the patients for such treatment would be improved, which is also the standard treatment regimens commonly used internationally.

Moreover, since such research and development was positioned at the Hepatitis C treatment area where new drugs were extremely needed, both Yimitasvir Phosphate of the Group and Furaprevir of TaiGen were selected in the priority evaluation list of the Centre of Drug Evaluation ("CDE") under CFDA in 2016, which would be helpful for the above products to obtain the CFDA approvals as soon as possible.

其中，本集團的產品是國家 I.1 類創新藥 NS5A 抑制劑磷酸依米他韋，已完成臨床 I 期試驗，並於 2016 年 12 月獲得 CFDA 頒發的 II/III 期臨床試驗批件。太景的產品是 NS3/4A 蛋白酶抑制劑伏拉瑞韋，其於 2017 年 2 月完成台灣 II 期臨床試驗並獲得成功。合資公司將致力推動磷酸依米他韋聯合伏拉瑞韋在中國的臨床研究，以期推出一個全新的全口服免干擾素直接抗病毒藥物 Direct Anti-Viral Agents (DAAs) 組合。由於 DAA 組合不需要使用干擾素，並且療程顯著短於標準的利巴韋林加干擾素治療方案，將極大提高患者的依從性和耐受性，也是目前國際上通用的標準治療方案。

此外，由於定位在亟需新藥物的丙肝治療領域，本集團的磷酸依米他韋和太景的伏拉瑞韋於 2016 年分別入選國家食品藥品監督管理總局藥品審評中心（「CDE」）的優先審評藥品清單，這將有助於上述產品儘快獲得 CFDA 的批准。

2. Area of endocrine and metabolic diseases

In the area of endocrine and metabolic diseases, the Group focused on developing portfolio of insulin products for the treatment of diabetes. As at 31 December 2016, the Recombinant Human Insulin Injection of the Group, a second generation insulin product, was under clinic trials, and other second generation insulin products, such as Isophane Protamine Recombinant Human Insulin Injection and Isophane Protamine Recombinant Human Insulin Injection (Premixed 30R), and Insulin Glargine Injection, a third generation insulin product, had already obtained clinical trial approvals in August 2016. The clinical trials for such products are being conducted as planned currently. Insulin Aspart Injection and Insulin Aspart 30 Injection, both belonging to the third generation insulin products, are currently in the stage of clinical trial application.

The Group strives to provide diabetic patients in China with high quality and affordable drugs of genuine biologics. As the Group follows the latest research and development guidelines on biosimilar drugs adopted in Europe and United States, and adopts the development strategy of making strict comparison with the biologics, all insulin products of the Group are highly similar to the biologics in terms of quality, purity and stability.

By leveraging on the high standard of research and development and the excellent product quality, the Group and Lannett (NYSE: LCI) reached an agreement in April 2016 on the intention of strategic cooperation for the joint development of insulin glargine biologics. The two parties will jointly apply for registration of the insulin biosimilar drugs of the Group in the US market.

2. 內分泌以及代謝疾病領域

本集團在內分泌以及代謝疾病領域重點開發用以治療糖尿病的胰島素產品組合。截至2016年12月31日，本集團第二代胰島素產品重組人胰島素注射液正在進行臨床試驗，而其他第二代胰島素產品如精蛋白重組人胰島素注射液、精蛋白重組人胰島素注射液(預混30R)及第三代胰島素產品甘精胰島素注射液，已經在2016年8月獲得臨床批件，目前正按計劃開展臨床試驗。同屬第三代胰島素的門冬胰島素注射液和門冬胰島素30注射液目前正處於臨床試驗申請階段。

本集團致力於為中國糖尿病患者，提供高質量、可負擔的真正生物製劑。由於本集團參照歐美最新的生物相似藥研發指導原則，採取和生物製劑進行嚴格對比研究的開發策略，本集團的全部胰島素系列產品從質量、純度、穩定性等數據均與生物製劑高度相似。

憑藉著高水平的研發和優秀的產品品質，2016年4月，本集團與Lannett(紐交所：LCI)達成了共同開發甘精胰島素生物製劑的戰略合作意向。雙方將攜手在美國市場註冊申報本集團的胰島素生物相似藥。

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3. Strong product reserve

In 2015, the Group entered into a strategic cooperation agreement with Shenzhen HEC Industrial, our controlling shareholder, pursuant to which the Group is entitled to the pre-emptive right of purchasing products developed by the HEC Research Group (including Yichang HEC Research Co., Ltd. (宜昌東陽光藥研發有限公司), Linzhi HEC Pharmaceutical Investment Co., Ltd. (林芝東陽光藥業投資有限公司) and their respective subsidiaries, being the subsidiaries of Shenzhen HEC Industrial). Yimitasvir Phosphate and the following DAAs are the first batch of excellent products introduced to the Group through the agreement. By relying on the strategic cooperation with the controlling shareholder, the Group will obtain an abundant supply of competitive products, advanced technological support and a strong patent reserve in the future.

4. Intellectual property rights

(1) Trademarks

On 12 June 2016, the Parent Company and the Group signed three trademark transfer contracts, whereby the Parent Company transferred the following three main authorized trademarks to the Group with nil consideration. Currently, the transfer of the trademarks is still under relevant registration progress.

3. 強大的產品儲備

於2015年，本集團與控股股東深圳東陽光實業簽署戰略合作協議，本集團享有東陽光藥研發集團(包括宜昌東陽光藥研發有限公司、林芝東陽光藥業投資有限公司及其各自的附屬公司，為深圳東陽光實業的附屬公司)所研發產品的優先購買權，磷酸依米他韋和後續的直接抗病毒製劑是首批通過該協議引進本集團的優秀產品。依託與控股股東的戰略合作，本集團未來將獲取豐富的並具備競爭力的產品、先進的技術支持以及優勢的專利儲備。

4. 知識產權

(1) 商標

2016年6月12日，母公司與本集團簽署3項《商標轉讓合同》，母公司分別將其擁有下述3項獲授權主要商標無償轉讓給本集團使用。目前，商標轉讓正在辦理變更登記。

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No. 序號	Transferor 出讓人	Transferee 受讓人	Registered trademark 註冊商標	Registration number/ Application number 註冊號/申請號	International classification number 國際分類號
1	Parent Company 母公司	the Company 本公司		5627469	5
2	Parent Company 母公司	the Company 本公司		6297959	5
3	Parent Company 母公司	the Company 本公司		9224300	5

(2) Patents

The Group attaches great importance to the protection of the intellectual property and encourages the application for new patents in order to improve the core competitiveness of the Group. In 2016, the Group had five newly granted patents including three invention patents and two utility model patents, as well as one patent under application process.

(2) 專利

本集團亦十分重視對知識產權的保護，鼓勵公司內部積極申報各種專利，以提高本集團的核心競爭能力。於2016年內，本集團有5項新獲授權專利，包括3項發明專利和2項實用新型專利，同時亦有1項新提交申請專利。

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III. SALES PERFORMANCE REVIEW

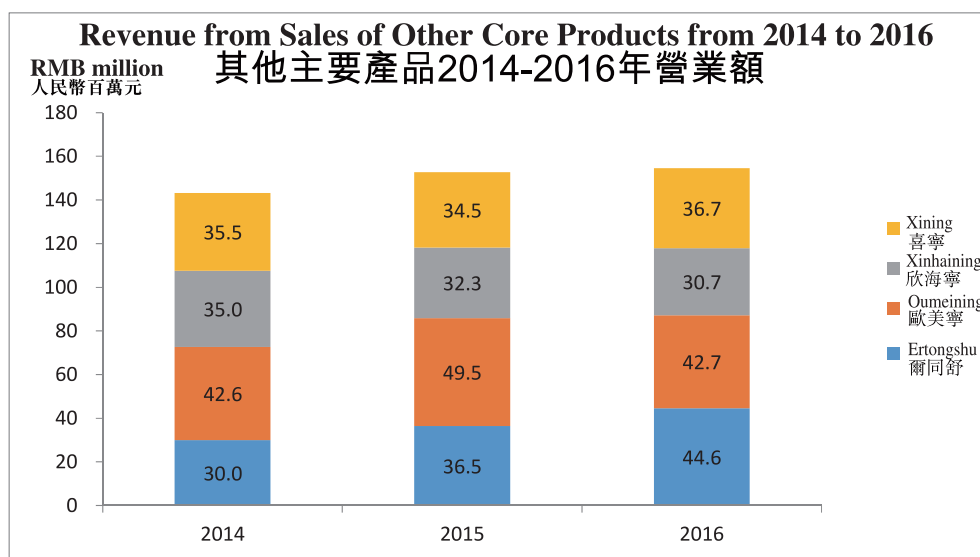
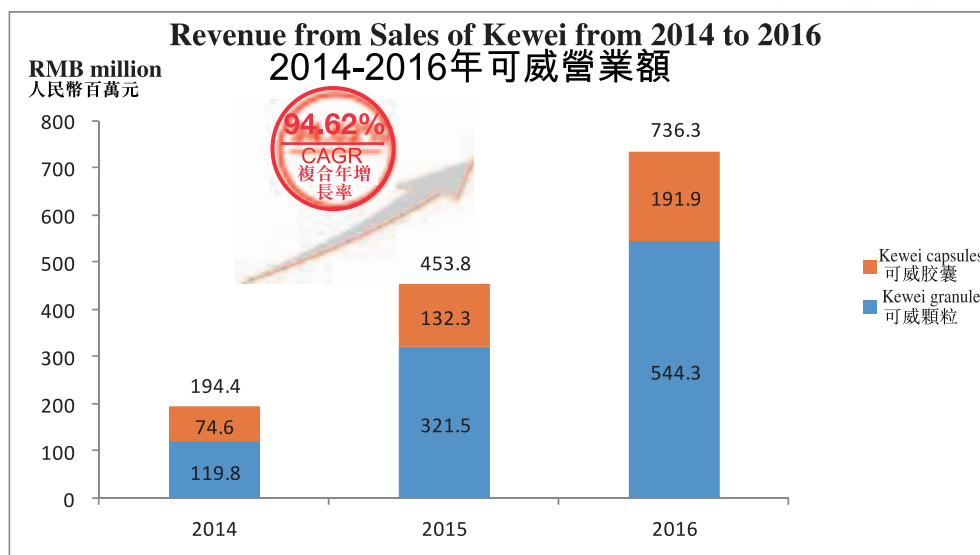
The subsectors participated by the Group mainly include the areas of the anti-viral drug, metabolic and endocrine drug and cardiovascular drug. According to the development stage of the relevant disease spectrum in China, the development trend of the relevant subsectors is optimistic.

Looking back into 2016, Kewei (granules and capsules), the core product of the Group, still maintained a strong growth trend. Revenue from sales of Kewei recorded for the year of 2016 amounted to RMB736.27 million, increased by 62.24% as compared to 2015.

III. 銷售情況回顧

本集團涉及的細分市場主要有抗病毒，代謝及內分泌及心血管等領域。按中國相關病症譜的發展階段來看，相關細分市場的發展趨勢良好。

回顧2016年，本集團核心產品可威(顆粒型及膠囊型)依然保持了強勁的增長勢頭，2016年全年實現可威營業額人民幣736.27百萬元，較2015年增長62.24%。



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During the reporting period, the Group further improved its national sales network, especially reinforced the academic promotional efforts for pharmaceuticals in provinces including Guangdong, Anhui, Hubei and Zhejiang, organized a number of national and provincial level large-scale academic seminars, including the First Guangdong-Hong Kong-Macau Respiratory Forum and the Launching Ceremony of Guangdong Influenza Standardized Diagnosis and Treatment Academic Direct Through Train (第一屆粵港澳呼吸論壇暨廣東流感規範化診療學術直通車啟動會), Tenth Hospital Pharmacy Academic Conference in Central and Southern Regions (中南地區第十屆醫院藥學學術) and Annual National Pediatrics Conference (全國兒科年會), and further established extensive relationship with major medical institutions and relevant academic institutions to lay a solid foundation for academic promotions, enhancing product and brand awareness.

In respect of the sales team development, we had a total of 404 employees engaged in sales and marketing as at 31 December 2016. The Group enhanced its sales performance through optimizing the core management of the sales group, adjusting the sales organization structure, establishing an effective training system and building a specialist sales team, which also providing professional opinions for the further development of the Group through the predicting of development trend of the pharmaceutical industry.

Moreover, while adhering to the concept of self-operation, the Group introduced pilot of reforms under the “horizontal and vertical combination” model and fully implemented sales by product lines in all provinces. Meanwhile, the Group also followed the macro trend of “collaboration with manufacturers, alliance with strong partners” and entered into a strategic cooperation agreement with China National Accord Medicines Corporation Ltd. (國藥集團一致藥業股份有限公司) to lay a solid foundation for sales and distribution of future products by the Group.

In future, based on the precise understanding on the overall pharmaceutical market, the construction of sales team by the Group and the refined management of customers, together with the advantages of the listing of oseltamivir phosphate granules, the Group's core product, in the National Drug List for Basic Medical Reimbursement, Work-Related Injury Reimbursement and Maternity Reimbursement (2017 Version) (the “**2017 National Reimbursement Drug List**”) of the PRC by the China Ministry of Human Resources and Social Security of the PRC, the Group will achieve a stable growth in its sales performance.

報告期內，本集團進一步完善了全國銷售網絡建設，尤其加強了在廣東、安徽、湖北及浙江等省份的藥品學術推廣力度，組織多起全國及省級大型學術研討會，包括第一屆粵港澳呼吸論壇暨廣東流感規範化診療學術直通車啟動會、中南地區第十屆醫院藥學學術會議、全國兒科年會等，進一步與主要醫療機構及相關學術機構建立了廣泛的關係，從而為學術推廣、提升產品及品牌認知度奠定了堅實基礎。

在銷售團隊建設方面，截至2016年12月31日，我們共有404名銷售及市場推廣人員。本集團通過優化銷售團隊管理核心，調整銷售組織結構，構建有效的培訓體系，組建專科銷售隊伍，在提升本身銷售業績的同時，通過對行業發展趨勢的預測，為集團進一步發展提供專業的參考意見。

此外，本集團在堅持自營理念的同時，推行「橫縱結合」模式改革試點，並於各省全面推廣和落實分線銷售；與此同時，本集團也順應「廠商聯手，強強聯合」的大趨勢，和國藥集團一致藥業股份有限公司達成戰略合作協議，為本集團後續產品銷售分銷打下堅實基礎。

未來，依託於對於整體醫藥市場的精確把控，且隨著本集團對於銷售團隊的建設以及客戶的精細化管理，加之中國人力資源及社會保障部已將本集團核心產品之磷酸奧司他韋顆粒劑納入《國家基本醫療保險、工傷保險和生育保險藥品目錄(2017年版)》(《**2017年版國家醫保目錄**》))的優勢，本集團將實現銷售表現穩步增長。

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IV. MANUFACTURING REVIEW

In 2016, by adhering to our consistent strategies of producing drugs of better quality and international standard, the Group has increased its efforts in respect of the compliance management, system establishment and internal governance, and improved quality control with the focus on the establishment of a quality control system to ensure the continuous improvement in product quality.

In respect of the safety management, the Group has been adhering to the principles of "safety first, prevention at core, integrated governance". Guiding by the safety culture, the Group has put in great efforts to promote the establishment of a risk management system and safety standards. By enhancing the guidance, assistance, review and incentives in the safety management process, the Group motivated all its employees to participate in the practice of safety management and achieved zero material safety incident in 2016.

In respect of environmental protection and governance, the Group has increased its investment to formulate and implement specific methods jointly with external experts for the "three wastes" generated from its own products according to the characteristics of their ingredients and categories. The Group also explored new solutions for environmental protection and utilization of resources.

IV. 生產情況回顧

2016年，本集團秉持著一貫的策略，以生產更優質的、達到國際水平的藥物為任己，加強規範管理、建章立制、內控治理等，圍繞質量體系的構建做好質量控制工作，確保產品質量的不斷提升。

在安全管理方面，本集團始終堅持「安全第一、預防為主、綜合治理」的方針，以安全文化為指引，大力推進風險管理體系建設、安全標準化建設；強化安全管理過程的引導、幫促、覆核與激勵，推進本集團全員參與落實安全管理，實現了2016年度本集團零重大安全事故。

在環保治理方面，本集團加大了投入，針對自身產品生產中所產生的「三廢」在成分、種類上的特點，聯合內外部專家制定並實施了具有針對性的治理方案，並在環保資源化利用等方面探索到新的辦法。

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V. OPERATING RESULTS AND ANALYSIS

I. Revenue

For the year ended 31 December 2016, the Group recorded a revenue of RMB941.50 million, representing an increase of 35.88% as compared with RMB692.91 million for the year ended 31 December 2015. The increase was primarily attributable to the increase in the sales of our core products Kewei and Erongshu and the further optimization of the marketing network.

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

		Year ended 31 December 截至12月31日止年度				
		2016		2015		Year-on-year Growth 同比增長
		(RMB'000) (人民幣千元)	%	(RMB'000) (人民幣千元)	%	(%) (%)
Anti-viral drugs	抗病毒藥物	739,824	78.58%	457,436	66.02%	61.73%
- Including core product	- 其中：核心產品可威					
Kewei (oseltamivir phosphate)	(磷酸奧司他韋)	736,273	78.20%	453,830	65.50%	62.24%
- Kewei granules	- 可威顆粒	544,324	57.81%	321,514	46.40%	69.30%
- Kewei capsules	- 可威膠囊	191,949	20.39%	132,316	19.10%	45.07%
Cardiovascular drugs	心血管藥物	89,182	9.47%	107,083	15.45%	-16.72%
Endocrine and Metabolic drugs	內分泌及代謝類藥物	46,739	4.97%	39,047	5.64%	19.70%
Others	其他	65,759	6.98%	89,344	12.89%	-26.40%
Total	合計	941,504	100%	692,910	100%	35.88%

V. 經營業績及分析

I. 營業額

截至2016年12月31日止年度，本集團錄得營業額人民幣941.50百萬元，較截至2015年12月31日止年度的人民幣692.91百萬元增加35.88%。該增加主要來自核心產品可威及爾同舒的銷售增加及營銷網絡的進一步優化。

下表載列本集團各治療領域產品的銷售收入佔總營業額的百分比情況：

MANAGEMENT DISCUSSION AND ANALYSIS

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2. Cost of Sales

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

The Group's cost of sales increased by 20.13% to RMB214.23 million for the year ended 31 December 2016 from RMB178.33 million for the year ended 31 December 2015, which was mainly due to the increase in sales volume.

2. 銷售成本

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

截至2016年12月31日止年度本集團的銷售成本為人民幣214.23百萬元，較截至2015年12月31日止年度的人民幣178.33百萬元增加20.13%，主要因銷售量的擴大而致。

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

下表載列本集團各治療領域產品的銷售成本及佔總銷售成本的百分比情況：

		Year ended 31 December 截至12月31日止年度				
		2016		2015		Year-on-year Growth 同比增長
		(RMB'000)	%	(RMB'000)	%	(%)
		(人民幣千元)	%	(人民幣千元)	%	(%)
Anti-viral drugs	抗病毒藥物	169,782	79.25%	106,170	59.53%	59.91%
- Including core product	- 其中：核心產品可威					
Kewei (oseltamivir phosphate)	(磷酸奧司他韋)	168,811	78.80%	104,469	58.58%	61.59%
- Kewei granules	- 其中：可威顆粒	112,535	52.53%	68,735	38.54%	63.72%
- Kewei capsules	- 其中：可威膠囊	56,276	26.27%	35,734	20.04%	57.49%
Cardiovascular drugs	心血管藥物	14,925	6.97%	18,994	10.65%	-21.42%
Endocrine and Metabolic drugs	內分泌及代謝類藥物	6,591	3.08%	5,030	2.82%	31.02%
Others	其他	22,936	10.70%	48,140	27.00%	-52.35%
Total	合計	214,234	100%	178,334	100%	20.13%

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3. Gross Profit

For the year ended 31 December 2016, the Group's gross profit increased to RMB727.27 million, representing an increase of 41.33% as compared with RMB514.58 million for the year ended 31 December 2015. The increase in gross profit was mainly due to the increase in the sales of Kewei, a product with higher gross profit margin.

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

		Year ended 31 December 截至 12 月 31 日止年度				Year-on-year Growth 同比增長
		2016		2015		
		(RMB'000) (人民幣千元)	%	(RMB'000) (人民幣千元)	%	
Anti-viral drugs	抗病毒藥物	570,042	78.38%	351,266	68.26%	62.28%
Including core product Kewei (oseltamivir phosphate)	— 其中：核心產品可威 (磷酸奧司他韋)	567,460	78.03%	349,361	67.89%	62.43%
– Kewei granules	– 可威顆粒	431,788	59.37%	252,779	49.12%	70.82%
– Kewei capsules	– 可威膠囊	135,672	18.66%	96,582	18.77%	40.47%
Cardiovascular drugs	心血管藥物	74,257	10.21%	88,089	17.12%	-15.70%
Endocrine and Metabolic drugs	內分泌及代謝類藥物	40,149	5.52%	34,017	6.61%	18.03%
Others	其他	42,822	5.89%	41,204	8.01%	3.93%
Total	合計	727,270	100%	514,576	100%	41.33%

3. 毛利

截至 2016 年 12 月 31 日止年度，本集團的毛利增加至人民幣 727.27 百萬元，較截至 2015 年 12 月 31 日止年度的人民幣 514.58 百萬元，增加 41.33%。毛利率的增加是由於高毛利產品可威的銷售額增加所致。

下表載列本集團按治療領域劃分的毛利：

4. Other revenue

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

For the year ended 31 December 2016, the Group's other revenue was RMB16.00 million, representing an increase of 1.25% as compared with RMB15.80 million for the year ended 31 December 2015. Such increase was due to the increase in interest income, offset by the decrease in government subsidies.

5. Other Net Income

For the year ended 31 December 2016, the Group's other net income was RMB30.63 million, representing an increase of 357.85% as compared with RMB6.69 million for the year ended 31 December 2015. The increase was due to foreign exchange gains from the fluctuation of exchange rate between HKD and RMB.

4. 其他收入

本集團的其他收入主要包括(i)政府補助，主要是建設可威生產線政府補助會按會計準則分期攤銷記入，以及其他當地政府授予研發補助或獎勵；及(ii)利息收入及雜項收入。

截至2016年12月31日止年度，本集團的其他收入為人民幣16.00百萬元，較截至2015年12月31日止年度人民幣15.80百萬元，增加1.25%。該增長是由於利息收入的增加，並抵減了政府補助經費的減少。

5. 其他淨收入

截至2016年12月31日止年度，本集團的其他淨收入為人民幣30.63百萬元，較截至2015年12月31日止年度人民幣6.69百萬元，增加357.85%。該增長是由港元及人民幣匯率變動所帶來的匯兌收益所致。

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6. Expense Analysis

For the year of 2016, the Group's total expense amounted to RMB320.83 million, representing an increase of 44.29% as compared with RMB222.36 million for the year of 2015. The main components of the Group's expenses are as follows:

		2016	2015	Year-on-year Growth
		(RMB'000)	(RMB'000)	(%)
		(人民幣千元)	(人民幣千元)	(%)
Distribution costs	分銷成本	180,887	77,287	134.05%
Administrative expenses	行政管理開支	132,711	120,171	10.44%
Finance costs	融資成本	7,233	24,899	-70.95%
		320,831	222,357	44.29%

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

6. 費用分析

於2016年度，本集團費用共計人民幣320.83百萬元，較2015年的人民幣222.36百萬元，增加44.29%。本集團的主要費用構成如下：

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

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The increase in distribution costs was mainly due to the increase in operating cost and travel expenses in relation to academic promotion and other marketing activities, closely relating to our increased efforts on academic promotion of our core product Kewei. In addition, the Group also expanded its sales force in 2016 and its sales and marketing staffs increased by 208 as compared to 2015.

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

The increase in administrative expenses was mainly due to the increase in labor costs and research and development expenses.

Finance costs mainly consist of interests on bank loans.

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

分銷成本的增加，主要是由於有關開展學術推廣及其他營銷活動的營運成本和差旅費上升，與本集團持續加強對核心產品可威的學術推廣力度密切相關。此外，本集團於2016年也對銷售隊伍進行了擴張，全年較2015年增加銷售及市場推廣人員208人。

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

行政管理開支的增加，主要是由人工成本以及研發費用的增加所致。

融資成本主要包括銀行貸款利息。

融資成本的減少，主要是本集團資金充足並使用此等資金償還了到期銀行借款而減少了利息費用。

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7. Profit Before Taxation

For the forgoing reasons, profit before taxation increased by 43.96% to RMB453.07 million from RMB314.71 million in 2015.

8. Income Tax

For the year ended 31 December 2016, the Group's income tax expenses were RMB72.47 million, representing an increase of 48.03% as compared with RMB48.96 million for the year ended 31 December 2015, which was mainly due to the increase in profit before taxation.

9. Profit After Taxation

For the forgoing reasons, the Group's profit after taxation was RMB380.60 million for the year ended 31 December 2016, representing an increase of 43.22% as compared with RMB265.75 million for the year ended 31 December 2015.

IV. FINANCIAL POSITION

I. Overview

As at 31 December 2016, the Group's total assets amount to RMB2,831.11 million, with total liabilities of RMB373.30 million and shareholders' equity of RMB2,457.81 million.

7. 除稅前溢利

基於上述原因，除稅前溢利由2015年的人民幣314.71百萬元，增加至人民幣453.07百萬元，增加43.96%。

8. 所得稅

截至2016年12月31日止年度，本集團的所得稅費用為人民幣72.47百萬元，較截至2015年12月31日止年度的人民幣48.96百萬元，增加48.03%，主要是由於除稅前溢利的增長。

9. 稅後溢利

基於上述原因，截至2016年12月31日止年度，本集團的稅後溢利為人民幣380.60百萬元，較截至2015年12月31日止年度的人民幣265.75百萬元，增加43.22%。

IV. 財務狀況

I. 概覽

截至2016年12月31日止，本集團總資產人民幣2,831.11百萬元，負債總額人民幣373.30百萬元，股東權益人民幣2,457.81百萬元。

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2. Net Current Assets

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

		As at 31 December 於12月31日	
		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Current assets	流動資產		
Inventories	存貨	110,624	154,628
Trade and other receivables	貿易及其他應收款項	337,149	260,568
Time deposits	定期存款	238,988	33,000
Pledged deposits	已抵押存款	2,635	8,077
Cash and cash equivalents	現金及現金等值項目	1,212,072	1,353,651
Total current assets	流動資產總值	1,901,468	1,809,924
Current liabilities	流動負債		
Trade and other payables	貿易及其他應付款項	182,377	155,961
Bank loans	銀行貸款	70,000	105,000
Deferred income	遞延收益	4,379	4,379
Current taxation	應付即期稅項	27,525	5,826
Total current liabilities	流動負債總額	284,281	271,166
Net current assets	流動資產淨額	1,617,187	1,538,758

Our net current assets increased from RMB1,538.76 million as at 31 December 2015 to RMB1,617.19 million as at 31 December 2016, mainly due to sales growth, increase in trade and other receivables and decrease in bank loans.

2. 流動資產淨值

下表載列我們於所示日期的流動資產、流動負債及流動資產淨值。

		As at 31 December 於12月31日	
		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Current assets	流動資產		
Inventories	存貨	110,624	154,628
Trade and other receivables	貿易及其他應收款項	337,149	260,568
Time deposits	定期存款	238,988	33,000
Pledged deposits	已抵押存款	2,635	8,077
Cash and cash equivalents	現金及現金等值項目	1,212,072	1,353,651
Total current assets	流動資產總值	1,901,468	1,809,924
Current liabilities	流動負債		
Trade and other payables	貿易及其他應付款項	182,377	155,961
Bank loans	銀行貸款	70,000	105,000
Deferred income	遞延收益	4,379	4,379
Current taxation	應付即期稅項	27,525	5,826
Total current liabilities	流動負債總額	284,281	271,166
Net current assets	流動資產淨額	1,617,187	1,538,758

我們的流動資產淨值自2015年12月31日的人民幣1,538.76百萬元增加至2016年12月31日的人民幣1,617.19百萬元，主要是由於銷售增長、貿易及其他應收賬款增加以及銀行借款的減少。

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3. Gearing ratio and quick ratio

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

The gearing ratio and quick ratio of the Group as at 31 December 2016 were 3.66% and 6.30 times respectively. The gearing ratio and quick ratio of the Group as at 31 December 2015 were 9.10% and 6.10 times respectively.

The decrease in the gearing ratio as at 31 December 2016 as compared with 31 December 2015 was mainly due to the decrease in debts and increase in total equity; the increase in the quick ratio was mainly due to the decrease in current liabilities and increase in quick assets.

4. Capital Raising

The Company exercised part of the over-allotment option on 17 January 2016 to issue 163,000 additional H shares. The completion of such issuance was on 20 January 2016. As at 31 December 2016, the total share capital of the Company was 450,822,850 shares.

The Company entered into the capital increase agreement with the Parent Company on 16 December 2016, pursuant to which, the Company has agreed to issue and allot 1,200,000 new domestic shares of the Company to the Parent Company at a consideration of RMB19,344,000 (the "Subscription"). Please refer to the announcement of the Company dated 16 December 2016 and the circular of the Company dated 20 January 2017 for detailed information. For the financial year of 2016, the Company has not received all the consideration of the Subscription, and has not recognized the increase of share capital. The Subscription has completed on 10 February 2017.

3. 資本負債比率及速動比率

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

本集團於2016年12月31日的資本負債比率及速動比率分別為3.66%及6.30倍。本集團於2015年12月31日的資本負債比率及速動比率分別為9.10%及6.10倍。

2016年12月31日較2015年12月31日的資本負債比率的下降主要由於負債減少，並且總權益增加；速動比率的上升主要是由於流動負債減少，而速動資產增加所致。

4. 資本募集

本公司於2016年1月17日行使部分超額配股權，額外發行163,000股H股。該等發行於2016年1月20日完成。於2016年12月31日，本公司總股本為450,822,850股。

本公司於2016年12月16日與母公司訂立增資協議，據此，本公司已同意向母公司以對價人民幣19,344,000元發行及配發1,200,000股本公司新內資股股份(「認購」)。詳細信息請參見本公司日期為2016年12月16日的公告及日期為2017年1月20日之通函。於2016年財政年度內，本公司並無收到全部認購對價，亦未確認該新增股本。認購已於2017年2月10日完成。

5. Bank Loans

In 2016, all indebtedness of the Group were Renminbi-denominated bank loans. As at 31 December 2016, the balance of the Group's bank loans was RMB90.00 million, representing a decrease of 53.85% from RMB195.00 million as at 31 December 2015.

6. Capital Expenditure

In order to meet the production demand for our products, the Group constructed plants and buildings, purchased machines and equipment in 2016 with an aggregate capital expenditure of RMB60.77 million, representing an increase of 103.52% as compared to RMB29.86 million in 2015.

7. Major Purchase and Sales

On 22 July 2015, the Group entered into an agreement with Sunshine Lake Pharma. Pursuant to the agreement, the Group have acquired the right to use all the relevant knowhow and patents relating to yimitasvir phosphate and follow-up direct anti-viral agent compounds (the "Compounds") and, upon obtaining necessary government approvals, the right to manufacture and sell worldwide for a consideration of RMB700.00 million. The consideration comprised a down payment of RMB250.00 million and progress payments totalling RMB450.00 million payable upon each stage of development or approval of Yimitasvir phosphate or the Compounds. The agreement expires on 31 December 2030 or the date when the first patent mentioned above expires, whichever is earlier.

5. 銀行貸款

2016年本集團的債項均為人民幣銀行貸款。截至2016年12月31日止，本集團的銀行貸款餘額為人民幣90.00百萬元，與截至2015年12月31日止的人民幣195.00百萬元相比減少了53.85%。

6. 資本支出

本集團為應對產品的生產需求，於2016年度興建廠房及樓宇、購買機械設備等資本支出共計人民幣60.77百萬元，較2015年人民幣29.86百萬元增加103.52%。

7. 重大收購與出售

於2015年7月22日，本集團與廣東東陽光藥簽訂協議。根據該協議，本集團以人民幣700.00百萬元的對價獲得了磷酸依米他韋及後續直接抗病毒化合物(「化合物」)的一切相關知識及專利的使用權，以及在取得必要政府批文後生產及在全球銷售的權利。上述對價包括人民幣250.00百萬元的首付款及總額為人民幣450.00百萬元的進度款(在磷酸依米他韋及化合物的每個開發階段或獲批時應付)。該協議將於2030年12月31日或上述第一項專利到期日更早期到期。

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8. Establishment of the Joint Venture

On 30 October 2016, the Company entered into a shareholders' agreement with TaiGen Biopharmaceuticals and its subsidiary, TaiGen Biopharmaceuticals Co. (Beijing), Ltd. ("TaiGen Biopharmaceuticals (Beijing)"). Pursuant to the shareholders' agreement, the Company and TaiGen Biopharmaceuticals (Beijing) will jointly establish a joint venture in China to engage in the research and development, production and sales of new anti-Hepatitis C drugs, and TaiGen Biopharmaceuticals (Beijing) will transfer its 9% equity interests in the joint venture to the Company after the establishment of the joint venture in accordance with the terms and conditions set out in the shareholders' agreement. The joint venture, Dongguan HEC TaiGen Biopharmaceuticals Co., Ltd., was established on 10 January 2017. Please refer to the announcements of the Company dated 30 October 2016 and 27 March 2017 for detailed information regarding the shareholders' agreement and the equity transfer.

9. Foreign Exchange

As at 31 December 2016, the Group had no investments in hedging of any speculative derivatives. In view of the potential Renminbi exchange rate fluctuations, the Group will consider arranging for proper financial instruments at appropriate time to avoid the corresponding risks.

10. Contingent Liabilities

As at 31 December 2016, the Group did not provide any external guarantees.

11. Pledge of Assets

As at 31 December 2016, except for bank deposits pledged to secure certain bills payable, we had no other pledged assets.

8. 設立合營公司

於2016年10月30日，本公司與太景醫藥及其附屬公司太景醫藥研發(北京)有限公司(「太景醫藥研發(北京)」)訂立股東協議。根據該協議，本公司與太景醫藥研發(北京)在中國共同設立合營公司以專門從事治療丙肝的新藥研發、生產及銷售業務；及於合營公司設立後，太景醫藥研發(北京)將根據股東協議中所載列的條款及條件向本公司轉讓合營公司9%之股權。合營公司(即東莞東陽光太景醫藥研發有限責任公司)已於2017年1月10日成立。有關股東協議及股權轉讓之進一步詳情，請參見本公司日期為2016年10月30日及2017年3月27日的公告。

9. 外匯

於2016年12月31日，本集團並無投資投機衍生工具的對沖。鑒於人民幣匯率的潛在波動，本集團會考慮適時安排適當的金融工具以避免相應風險。

10. 或有負債

截至2016年12月31日，本集團無對外擔保事項。

11. 資產抵押

截至2016年12月31日，除銀行存款抵押用於擔保部分應付票據外，本集團無設定資產抵押。

12. Employee and remuneration policies

(1) Human Resource Summary

As at 31 December 2016, the Group had a total of 1,317 employees,

by age:

Age Distribution	年齡分佈	Number 人數	Percentage 百分比
30 or below	30歲(含)以下	594	45%
30-40 (inclusive)	30-40歲(含)	525	40%
40-50 (inclusive)	40-50歲(含)	181	14%
Above 50	50歲以上	17	1%
Total	合計	1,317	100%

by education:

Education Level	文化程度	Number 人數	Percentage 百分比
Master or above	碩士(含)以上	50	4%
Bachelor	本科	395	30%
Associate	大專	323	24%
Vocational or Below	專科以下	549	42%
Total	合計	1,317	100%

12. 僱員、薪酬政策

(1) 人力資源概況

截至2016年12月31日，本集團共有僱員1,317人：

按年齡結構分：

按學歷結構劃分：

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(2) *Remuneration Policy*

The objective of the Group's remuneration policy is to motivate and retain talented employees to achieve the Group's long-term corporate goals and objectives. The Group's employee remuneration policy is determined by taking into account factors such as remuneration in respect of the overall remuneration standard in the industry and employee's performance. The management reviews the Group's employee remuneration policy and arrangements on a regular basis.

The remunerations of Directors are determined based on their responsibilities and experiences, with reference to the market conditions.

(3) *Employee Benefits*

The Group strictly complies with the Labor Law, the Labor Contract Law and the Social Insurance Law of the PRC, under which it contributes various social insurance premiums and housing provident fund for employees. In addition to the statutory requirement of the PRC, the Group has established corresponding systems such as the annuity system, housing benefits and children's benefits, and established public welfare facilities such as kindergarten and infirmary room.

(2) *薪酬政策*

本集團的薪酬政策旨在激勵及挽留優秀員工，以實現本集團的長期企業目標及宗旨。本集團的僱員薪酬政策乃經考慮行業的整體薪資狀況及僱員績效等因素以釐定。管理層定期檢討本集團的僱員薪酬政策及安排。

董事薪酬乃參考彼等職責與經驗及當前市況釐定。

(3) *員工福利保障*

本集團嚴格遵守中國《勞動法》、《勞動合同法》、《社會保險法》，依法為員工繳納各項社會保險及住房公積金。在中國法定保障的基礎上，集團還制定了《年金制度》、《住房福利》、《子女福利》等相應制度，並建立幼兒園、醫療室等公共福利設施。

V. RISK FACTORS AND RISK MANAGEMENT

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

I. The risk of products failing to pass consistency evaluation

According to the Opinions of the Office of the State Council on the Commencement of Consistency Evaluation on the Quality and Healing Effect of Generic Drugs (《國務院辦公廳關於開展仿製藥質量和療效一致性評價的意見》) (Guo Ban Fa [2016] No. 8), for generic drugs which have been approved for market launch prior to the implementation of the new registration category of chemical drugs, if the approval was not carried out according to the principle of consistency in quality and curative effect as the original researched pharmaceuticals, such generic drugs are subject to consistency evaluation and are required to have consistent quality and curative effect as the original researched pharmaceuticals. In addition, a time limit has been stipulated in such opinions for all types of generic drugs to complete the consistency evaluation.

II. The risk of decline in drug prices

With continuous progress in the reform of drug prices, deepening of reforms in the medical insurance payment system and the promulgation of other relevant policies and regulations, a declining trend in drug prices has appeared. On 4 May 2015, the Notice on the Publication of Opinions on Proceeding with Reforms on Drug Prices (《關於印發推進藥品價格改革意見的通知》) was jointly issued by seven departments including the National Development and Reform Commission to expressly remove the drug prices originally set by the government except for narcotic drugs and Category I psychotropic drugs. Currently, with increasing pressure on payments of medical insurance, the government is also actively pursuing price management and negotiations on pharmaceuticals. Drugs which are listed in the Medical Insurance Catalogue will face further downward pressure on their prices.

V. 風險因素及風險管理

對本集團經營可能產生重大影響的風險如下：

一、產品無法通過一致性評價的風險

根據《國務院辦公廳關於開展仿製藥質量和療效一致性評價的意見》(國辦發[2016]8號)，化學藥品新註冊分類實施前批准上市的仿製藥，凡未按照與原研藥品質量和療效一致原則審批的，均須開展一致性評價，要求仿製藥在質量和療效上與原研藥品能夠一致。同時，該意見對於各類仿製藥完成一致性評價的期限做出了規定。

二、藥品價格下降的風險

隨著藥品價格改革持續推進，醫療保險支付制度改革的不斷深入，以及其他相關政策、法規的出台，藥品價格呈現整體下降的趨勢。2015年5月4日，國家發展和改革委員會等七部門聯合發佈《關於印發推進藥品價格改革意見的通知》，明確規定除麻醉藥品和第一類精神藥品外，取消原政府制定的藥品價格。目前隨著醫保的支付壓力越來越大，政府也在積極進行藥品的價格管理及談判工作，對進入醫保目錄的藥品而言，面臨藥品價格進一步下降的壓力。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

In view of the above, the Group has implemented corresponding policies in 2016 in response to the aforesaid risks. In respect of the consistency evaluation of generic drugs, the Group has carried out consistency evaluation for the relevant products based on product sales, competitors and production conditions. Among which, key products of the Group, such as oseltamivir phosphate capsules and granules, have entered the stage of biological equivalent efficacy trials, and consistency evaluation for the remaining products are conducted in a steady progress.

To tackle with the risk of decline in drug prices, while insisting on the establishment of our own sales network, the Group had entered into a strategic cooperation agreement with China National Accord Medicines. Through such cooperation, the drug distribution process will be reduced to ensure the control over drug prices by the Group. Meanwhile, by leveraging on the extensive pharmaceutical retail network of China National Accord Medicines, a solid foundation has been established for the sales and distribution of the Group's future products.

VI. FUTURE OUTLOOK

In recent years, with the increasing demand for public health, acceleration in the aging of population and the backdrop of complete implementation in two-children policy, the pharmaceutical market in the PRC has developed rapidly with an upward trend. Meanwhile, the launching of a series of industrial policies, such as the Guidelines for the Development and Planning of the Pharmaceutical Industry, has indicated a clear direction for the rapid, orderly and healthy development of the pharmaceutical industry.

針對上述，本集團於2016年間實施了相應政策以應對上述風險。在仿藥一致性評價方面，本集團業已根據產品銷售、競爭對手及生產情況推進相關產品的一致性評價工作的進行。其中本集團核心產品如磷酸奧司他韋膠囊及顆粒等已經進入生物等效性試驗階段，其餘產品的一致性評價工作也在穩步進行過程中。

針對藥品價格下降的風險，本集團在堅持自建銷售網絡建設的同時，與國藥一致達成戰略合作協議，此次合作將通過減少藥品流通環節以保證本集團藥品價格可控，同時借助國藥一致分佈廣泛的醫藥零售網絡為本集團後續產品的銷售流通奠定基礎。

VI. 未來前景

近年來，伴隨公眾健康需求日益增長、人口老齡化進程加快、全面二孩放開的大背景下，中國醫藥市場呈現快速發展勢頭。同時，《醫藥工業發展規劃指南》等一系列產業政策相繼出台，為醫藥產業的高速、有序、健康發展指明了方向。

Optimistic development of the pharmaceutical industry

In 2017, the environment for the development of the pharmaceutical industry in China will improve remarkably. With the comprehensive implementation of structural reforms on the supply side, increasing supportive efforts from the national policies on the pharmaceutical industry, increasing awareness of health and preventive protection among national citizens, complete implementation of the two-children policy, steadily increasing disposable income of residents, and successive implementation of key strategies and plans such as “Made in China 2025”, Outline Plan of “Healthy China 2030” and the Guidelines for the Development and Planning of the Pharmaceutical Industry, the pharmaceutical industry in China will develop further under these supportive forces and recovery of the pharmaceutical industry will continue.

More active innovations by enterprises

National technology plans, such as “The National Major Innovative Drug Projects” and “Prevention and Treatment of Major Infectious Diseases such as AIDS and Viral Hepatitis”, and industrial transformation and upgrading projects provide increasing supportive efforts to biologics and innovative drugs. The registration, review and approval processes for new drugs continue to improve. The strong guidance from national policies has indicated the direction of technological innovation for enterprises, which will stimulate tremendous vigor and momentum for innovations in enterprises.

Looking ahead in 2017, the Group will benefit from the advantage of the Listing of Kwei granules, a core product of the Group, in the 2017 National Reimbursement Drug List, the Group will continue to increase marketing and promotional efforts for its academic products, enhance brand building, expand sales network, actively explore new markets with development potential and strengthen its market leading position. Meanwhile, the Group will also respond to the relevant government policies encouraging innovations by increasing investments in the research and development of products to enable more high quality medicines with great market demand to obtain government approvals and benefit the general public in China.

In future, the Group will continue to adopt sustainable development strategies, actively get more approvals for innovative drugs and biologics, develop “strong-strong alliance” with external parties, expand the coverage of products to more disease treatment areas, accelerate the expansion of existing business by capitalizing on the advantages of industrial resources, aiming to achieve a long-term sustainable growth, become a leading pharmaceutical enterprise in China and maximize the value created for shareholders.

醫藥工業發展持續向好

2017年中國醫藥工業發展的環境將有明顯的改善。隨著供給側結構性改革的全面推進，國家對醫藥工業的政策扶持力度的不斷加大，國民健康及預防保護意識不斷增強，全面二孩政策實施，居民可支配收入穩步增加，《中國製造2025》、《健康中國2030規劃綱要》、《醫藥工業發展規劃指南》等重大戰略和規劃相繼實施等，都將助推中國醫藥工業發展，促進醫藥工業發展繼續回暖。

企業創新更加活躍

「重大新藥創制」及「艾滋病和病毒性肝炎等重大傳染病防治」等國家科技計劃、工業轉型升級等專項對生物製劑、創新藥等的扶持力度持續加大，新藥的註冊審批不斷完善。國家政策的有力引導為企業的技術創新指明了方向，將極大激發企業的創新活力與創新動力。

展望2017年，本集團將受益於本集團核心產品可威顆粒納入《2017年版國家醫保目錄》的優勢，持續加大本集團學術產品的營銷推廣力度，加強品牌建設，擴大銷售網絡，積極開拓具有發展潛力的新市場，鞏固市場領導地位。同時本集團也會響應國家鼓勵創新的相關政策，加大對在研產品的研發投入以期未來有更多市場急需的高質量藥品獲得政府批准，服務於中國大眾。

未來，本集團將繼續採取可持續發展戰略，積極取得更多創新藥及生物製劑的審批，對外開展「強強聯合」，將產品覆蓋到更多的疾病治療領域，利用行業資源優勢，加快拓展現有業務，以達到長期可持續性增長，使之成為中國領先的製藥企業，為股東創造最大價值。

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

DIRECTORS

董事

Name 姓名	Date of joining the Group 加入本集團日期	Date of appointment 獲委任日期	Position 職位
Mr. TANG Xinfu (唐新發) 唐新發先生	4 May 2015 2015年5月4日	4 May 2015 2015年5月4日	Chairman and non-executive Director 董事長兼非執行董事
Mr. ZHU Yingwei (朱英偉) 朱英偉先生	8 August 2001 2001年8月8日	8 August 2001 2001年8月8日	Non-executive Director 非執行董事
Mr. JIANG Juncai (蔣均才) 蔣均才先生	4 May 2015 2015年5月4日	4 May 2015 2015年5月4日	Executive Director 執行董事
Mr. WANG Danjin (王丹津) 王丹津先生	27 February 2006 2006年2月27日	27 February 2006 2006年2月27日	Executive Director 執行董事
Mr. MO Kit (毛杰) 毛杰先生	4 May 2015 2015年5月4日	4 May 2015 2015年5月4日	Non-executive Director 非執行董事
Mr. CHEN Yangui (陳燕桂) 陳燕桂先生	1 May 2014 2014年5月1日	4 May 2015 2015年5月4日	Executive Director 執行董事
Mr. TANG Jianxin (唐建新) 唐建新先生	4 May 2015 2015年5月4日	4 May 2015 2015年5月4日	Independent non-executive Director 獨立非執行董事
Mr. FU Hailiang (付海亮) 付海亮先生	4 May 2015 2015年5月4日	4 May 2015 2015年5月4日	Independent non-executive Director 獨立非執行董事
Mr. LEE Chi Ming (李志明) 李志明先生	4 May 2015 2015年5月4日	4 May 2015 2015年5月4日	Independent non-executive Director 獨立非執行董事

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

Mr. TANG Xinfa (唐新發), aged 47, is the Chairman and a non-executive Director of the Board. He joined the Company in May 2015 and has served as a non-executive Director since then.

唐新發先生，47歲，為董事會的董事長兼非執行董事。他於2015年5月加入本公司，此後一直擔任非執行董事一職。

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

唐先生在下列公司或實體擁有豐富的工作經驗：

Period 任期	Name of Company/Entity 公司／實體名稱	Position 職位	Principal Function 主要職能
Since November 2015 自2015年11月	Shenzhen HEC Industrial 深圳市東陽光實業	Director, general manager 董事、總經理	Corporate management and decision-making 公司管理及決策
Since March 2011 自2011年3月	Parent Company 母公司	Vice chairman, executive director and deputy general manager 副董事長、執行董事 兼副總經理	Corporate management and decision-making 公司管理及決策
Since October 2010 自2010年10月	Dongguan HEC Medicine Development and Research Co., Ltd. ("Dongguan HEC Research") 東莞東陽光藥研發有限公司 (「東莞東陽光藥研發」)	Legal representative and executive director 法定代表人兼執行董事	Corporate management and decision-making 公司管理及決策
Since May 2010 自2010年5月	Linzi HEC Pharmaceutical Investment Co., Ltd. ("Linzi HEC Pharmaceutical Investment") 林芝東陽光藥業投資有限公司 (「林芝東陽光藥業投資」)	Director 董事	Corporate management and decision-making 公司管理及決策
Since September 2009 自2009年9月	Ruyuan HEC Pharmaceutical Co., Ltd. 乳源東陽光藥業有限公司	Director 董事	Corporate management and decision-making 公司管理及決策
Since September 2005 自2005年9月	Sunshine Lake Pharma 廣東東陽光藥業	Director, head of research institute 董事、研究院院長	Corporate management and decision-making 公司管理及決策
From September 2002 to September 2005 自2002年9月至2005年9月	Shenzhen HEC Industrial 深圳市東陽光實業	Director of the general office 辦公室主任	Corporate management and decision-making 公司管理及決策

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

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

唐先生於2002年9月獲得廈門大學中文系文藝學專業碩士學位。

Mr. ZHU Yingwei (朱英偉), aged 46, is a non-executive Director of our Company. Mr. Zhu joined our Company in August 2001 and has served as a Director since then.

朱英偉先生，46歲，為本公司非執行董事。朱先生於2001年8月加入本公司，自此擔任董事。

Mr. Zhu also serves in the following companies or entities:

朱先生亦服務於下列公司或實體：

Period 任期	Name of Company/Entity 公司／實體名稱	Position 職位	Principal Function 主要職能
Since September 2012 自2012年9月	Linzi HEC Pharmaceutical Investment 林芝東陽光藥業投資	Director 董事	Corporate management and decision-making 公司管理及決策
Since December 2010 自2010年12月	Parent Company 母公司	Director, general manager and legal representative 董事、總經理兼法定代表人	Corporate management and decision-making 公司管理及決策
Since December 2006 自2006年12月	Yichang HEC Power Plant Co., Ltd. 宜昌東陽光火力發電有限公司	Director 董事	Corporate management and decision-making 公司管理及決策
Since April 2004 自2004年4月	Yidu Changjiang Mechanism Equipment Co., Ltd. 宜都長江機械設備有限公司	Director 董事	Corporate management and decision-making 公司管理及決策
Since February 2004 自2004年2月	Yidu HEC Industrial Development Co., Ltd. 宜都市東陽光實業發展 有限公司	Director 董事	Corporate management and decision-making 公司管理及決策

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

Period 任期	Name of Company/Entity 公司／實體名稱	Position 職位	Principal Function 主要職能
Since December 2003 自2003年12月	Sunshine Lake Pharma 廣東東陽光藥業	Director 董事	Corporate management and decision-making 公司管理及決策
Since December 2001 自2001年12月	Ruyuan Yao Autonomous Region Yangzhiguang Industrial Development Co., Ltd. 乳源瑤族自治縣陽之光 實業發展有限公司	Director 董事	Corporate management and decision-making 公司管理及決策
Since December 2001 自2001年12月	Ruyuan Yangzhiguang Aluminum Development Co., Ltd. 乳源陽之光鋁業發展有限公司	Chairman and legal representative 董事長兼法定代表人	Corporate management and decision-making 公司管理及決策
Since January 2001 自2001年1月	Ruyuan Yao Autonomous Region Jingwei Industrial Development Co., Ltd. 乳源瑤族自治縣京偉實業 發展有限公司	Legal representative and executive director 法定代表人兼執行董事	Corporate management and decision-making 公司管理及決策

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

Mr. Zhu serves as the vice president of Yichang Foreign Investment Association since December 2007, and was a standing committee member of Hubei Pharmaceutical Industry Association from April 2012 to April 2015. Mr. Zhu graduated with a bachelor degree in science from Jilin University in July 1993. He was recognised as a senior engineer in pharmaceutical engineering by the Professional Title Reformation Office of Hubei (湖北省職稱改革辦公室) in July 2009.

Mr. JIANG Juncai (蔣均才), aged 35, is an executive Director of our Board and the general manager of the Company. He joined the Company in May 2015 and has served as an executive Director since then.

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

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

Mr. WANG Danjin (王丹津), aged 47, is an executive Director of our Board and a deputy general manager of the Company. He joined the Company in February 2006, and has served as a Director since then.

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

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

朱先生自2007年12月起至今任宜昌市外商投資企業協會副會長，以及自2012年4月至2015年4月任湖北省醫藥行業協會常務理事。朱先生於1993年7月畢業於吉林大學，取得理學學士學位。2009年7月，他獲湖北省職稱改革辦公室評為醫藥工程專業高級工程師。

蔣均才先生，35歲，為董事會執行董事兼本公司總經理。他於2015年5月加入本公司，此後一直擔任執行董事一職。

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

蔣先生於2006年6月畢業於瀋陽藥科大學，取得理學碩士學位。

王丹津先生，47歲，為董事會執行董事兼本公司副總經理。他於2006年2月加入本公司，此後一直擔任執行董事一職。

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

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

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

Mr. MO Kit (毛杰), aged 66, is a non-executive Director of the Board. He joined the Company in May 2015, and has served as a non-executive Director since then.

Mr. Mo has also served as a director of North & South Brother Pharma since October 2006, a director of Dongguan Bisheng Electronic Limited since June 2002, a member of the board of directors of Ruyuan Yangzhiguang Aluminium Development Co., Ltd. since June 1998 and a director of North & South Brother (HK) since September 1998.

Mr. CHEN Yangui (陳燕桂), aged 35, is an executive Director of the Board. He joined the Company in May 2014, serving as the head of the sales department, Mr. Chen has served as an executive Director since May 2015.

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

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

毛杰先生，66歲，為董事會非執行董事。他於2015年5月加入本公司，此後一直擔任非執行董事一職。

毛先生自2006年10月起擔任南北兄弟藥投的董事，自2002年6月起擔任東莞必勝電子有限公司的董事，自1998年6月起擔任乳源陽之光鋁業發展有限公司的董事會成員及自1998年9月起擔任南北兄弟(香港)的董事。

陳燕桂先生，35歲，為董事會執行董事。他於2014年5月加入本公司並擔任銷售總監。陳先生自2015年5月擔任執行董事。

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

陳先生於2006年6月畢業於湖南大學，取得理學碩士學位。

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

Mr. TANG Jianxin (唐建新), aged 52, was appointed as an independent non-executive Director of our Board in May 2015.

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

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

唐建新先生，52歲，於2015年5月獲委任為董事會的獨立非執行董事。

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

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

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

Mr. FU Hailiang (付海亮), aged 45, was appointed as an independent non-executive Director of the Board in May 2015.

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

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

Mr. LEE Chi Ming (李志明), aged 63, was appointed as an independent non-executive Director of the Board in May 2015.

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

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

付海亮先生，45歲，於2015年5月獲委任為董事會的獨立非執行董事。

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

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

李志明先生，63歲，於2015年5月獲委任為獨立非執行董事。

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

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

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

SUPERVISORS

監事

Name 姓名	Date of joining the Group 加入本集團日期	Date of appointment 獲委任日期	Position 職位
Ms. HUANG Fangfang (黃芳芳) 黃芳芳女士	4 May 2015 2015年5月4日	4 May 2015 2015年5月4日	Chairman of the Board of Supervisors 監事會主席
Ms. XUE Lian (薛蓮) 薛蓮女士	20 November 2009 2009年11月20日	4 May 2015 2015年5月4日	Employee representative supervisor 職工代表監事
Mr. LIN Jian (林健) 林健先生	4 May 2015 2015年5月4日	4 May 2015 2015年5月4日	Supervisor 監事

Ms. HUANG Fangfang (黃芳芳), aged 35, is a Supervisor of the Company. She joined the Company in May 2015, and has been the chairman of the Board of Supervisors since then. She has also served as the executive deputy head of the generic drug department of Sunshine Lake Pharma since June 2014, and the head of formulation department of Sunshine Lake Pharma since February 2009. Prior to that, Ms. Huang was the head of analysis section under the formulation department of Sunshine Lake Pharma from July 2006 to February 2009.

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

Ms. XUE Lian (薛蓮), aged 37, is an employee representative Supervisor of the Company. She joined the Company in November 2009 and has served as the chief quality officer and the head of quality division of the Company. She has been an employee representative Supervisor since May 2015.

Prior to that, Ms. Xue was the director of quality assurance department of Parent Company from May 2006 to November 2009, a quality assurance specialist of Parent Company from December 2004 to April 2006 and a quality control and quality assurance specialist from March 2002 to December 2004.

Ms. Xue graduated with a bachelor degree from Wuhan Institute of Technology through correspondence courses in January 2008, and also graduated with a master degree in engineering from Peking University in July 2015. She was recognised as an engineer in pharmaceutical engineering by the Professional Title Reformation Office of Yichang (宜昌市職稱改革辦公室) in December 2008.

黃芳芳女士，35歲，為本公司監事。她於2015年5月加入本公司，此後一直擔任監事會主席一職。另外，她自2014年6月起任廣東東陽光藥業仿藥所的常務副所長，以及自2009年2月起任廣東東陽光藥業製劑部主管。此前，黃女士於2006年7月至2009年2月期間任廣東東陽光藥業製劑部份分析主管。

黃女士於2006年6月畢業於中山大學，取得理學碩士學位。

薛蓮女士，37歲，為本公司職工代表監事。她於2009年11月加入本公司並擔任質量總監兼質量科科長。她自2015年5月起擔任職工代表監事一職。

此前，薛女士於2006年5月至2009年11月期間任母公司質檢部主管，於2004年12月至2006年4月期間任母公司的品質控制專員，以及於2002年3月至2004年12月期間任品質控制及質檢專員。

薛女士於2008年1月畢業於武漢工程大學函授班，取得學士學位，並於2015年7月畢業於北京大學，取得工程碩士學位。薛女士於2008年12月獲宜昌市職稱改革辦公室評為醫藥工程專業工程師。

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

Mr. LIN Jian (林健), aged 33, is a Supervisor of the Company. He joined the Company in May 2015, and has been a Supervisor since then. He has been an deputy director of the generic drug department of Dongguan HEC Research since June 2012.

林健先生，33歲，為本公司監事。他於2015年5月加入本公司，此後一直擔任監事一職。另外，他自2012年6月起擔任東莞東陽光藥研發仿藥所的副所長。

Mr. Lin graduated with a doctor's degree in science, majoring in organic chemistry from Jilin University (吉林大學) in June 2012.

林先生於2012年6月畢業於吉林大學，取得理學博士學位，主修有機化學。

SENIOR MANAGEMENT

高級管理人員

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

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

有關蔣均才先生及王丹津先生的履歷，請參閱本節「董事」部份。

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

Mr. LI Shuang (李爽), aged 36, is the deputy general manager of the Company. He joined the Company in August 2005 and worked as a member of the insulin research team. He has served as the deputy general manager of the Company since May 2015.

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

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

Mr. ZHU Qiaohong (朱巧洪), aged 48, is the deputy general manager of the Company. He joined the Company in May 2002, and has served as the deputy general manager of the Company since then.

Mr. Zhu has been the vice chairman of Pharmaceutical Profession Association of Hubei Province since April 2015, and has also served as a supervisor of Yichang HEC Pharmaceutical since June 2005. Mr. Zhu was the director of GMP office of Apeloa Kangyu Pharmaceutical Co., Ltd. from October 1993 to May 2002, and a technician of the General Security Station of the State-owned Ecological Forest (國有生態公益林業保護總站) of Dongyang City from August 1990 to October 1993.

Mr. Zhu graduated with a bachelor degree in science from Jilin University in July 1990. He was recognised as an engineer in pharmaceutical engineering by the Bureau of Human Resources and Social Security of Jinhua (formerly known as the Bureau of Personnel of Jinhua (金華市人事局)) in August 1999.

李爽先生，36歲，為本公司的副總經理。他於2005年8月加入本公司，擔任胰島素研究小組研究員。他自2015年5月起擔任本公司的副總經理。

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

李先生於2004年6月畢業於三峽大學，取得工學學士學位。

朱巧洪先生，48歲，為本公司的副總經理。他於2002年5月加入本公司，此後一直擔任本公司的副總經理。

朱先生自2015年4月起擔任湖北省醫藥行業協會副會長，自2005年6月起出任宜昌東陽光醫藥的監事。朱先生自1993年10月至2002年5月期間擔任浙江普洛康裕製藥有限公司GMP辦公室主任，並自1990年8月至1993年10月期間擔任東陽市國有生態公益林業保護總站技術員。

朱先生於1990年7月畢業於吉林大學，取得理學學士學位。1999年8月，他被金華市人力資源和社會保障局(原金華市人事局)評為醫藥工程專業工程師。

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

Mr. LEI Xiantong (雷先桐), aged 47, is the chief financial officer of the Company. Mr. Lei joined the Company in May 2015, and has served as our chief financial officer since then.

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

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

Mr. PAN Sanxiong (潘三雄), aged 35, is the secretary of the Board of the Company. He joined the Company in May 2015 and has served as the secretary of the Board since then.

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

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

雷先桐先生，47歲，為本公司的財務總監。雷先生於2015年5月加入本公司，此後一直擔任我們的財務總監。

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

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

潘三雄先生，35歲，為董事會秘書。他於2015年5月加入本公司，此後一直擔任董事會秘書。

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

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

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

JOINT COMPANY SECRETARIES

Mr. PAN Sanxiong (潘三雄)

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

Ms. NG Wing Shan (吳詠珊)

Ms. NG Wing Shan (吳詠珊) was appointed as a joint company secretary of the Company on 24 July 2015. Ms. Ng is an assistant vice president of SW Corporate Services Group Limited and is responsible for assisting listed companies in respect of professional company secretarial work. She has over 10 years of professional experience in the company secretarial field and is a fellow member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom. Prior to joining SW Corporate Services Group Limited, she worked for a corporate service provider and was responsible for handling secretarial and compliance matters in relation to Hong Kong listed companies and private companies incorporated in different jurisdictions.

聯席公司秘書

潘三雄先生

有關潘三雄先生的履歷，請參閱本節「高級管理人員」部份。

吳詠珊女士

吳詠珊女士，於2015年7月24日獲委任為本公司的聯席公司秘書。吳女士為信永方圓企業服務集團有限公司的副總監，負責為上市公司提供專業公司秘書工作方面的協助。她在公司秘書領域擁有逾10年專業經驗，並為香港特許秘書公會及英國特許秘書及行政人員公會資深會員。於加入信永方圓企業服務集團有限公司前，她曾於一家企業服務供應商工作，負責處理有關香港上市公司及於不同司法管轄區註冊成立的私人公司的秘書及合規事宜。

REPORT OF THE DIRECTORS 董事會報告

The Board hereby presents the Annual Report and the audited financial statements of the Group (the "Financial Statements") for the year ended 31 December 2016 to Shareholders.

BOARD OF DIRECTORS

The Board currently consists of nine Directors, comprising three executive Directors, three non-executive Directors and three independent non-executive Directors. The Directors during the year ended 31 December 2016 and as the date of this report are:

Executive Directors

Mr. JIANG Juncai
Mr. WANG Danjin
Mr. CHEN Yangui

Non-executive Directors

Mr. TANG Xinfa (*Chairman*)
Mr. ZHU Yingwei
Mr. MO Kit

Independent Non-executive Directors

Mr. TANG Jianxin
Mr. FU Hailiang
Mr. LEE Chi Ming

董事會謹此向股東提呈本集團截至2016年12月31日止年度的年報及經審核財務報表(「財務報表」)。

董事會

目前，董事會包括九名董事，其中包括三名執行董事、三名非執行董事及三名獨立非執行董事。於截至2016年12月31日止年度內及本報告日期期間，任職董事如下：

執行董事

蔣均才先生
王丹津先生
陳燕桂先生

非執行董事

唐新發先生(*董事長*)
朱英偉先生
毛杰先生

獨立非執行董事

唐建新先生
付海亮先生
李志明先生

REPORT OF THE DIRECTORS 董事會報告

PRINCIPAL BUSINESS

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

SHARE CAPITAL

As of 31 December 2016, the total share capital of the Company was RMB450,822,850, divided into 450,822,850 shares of RMB1.00 each. Details of movements in the share capital of the Company during the year 2016 are set out in note 22 to the Financial Statements.

On 10 February 2017, the Company completed the issue of 1,200,000 new Domestic Shares to the Parent Company. Please refer to the announcements of the Company dated 12 December 2016 and 10 February 2017, and the circular of the Company dated 20 January 2017 for detailed information. As at the Latest Practicable Date, the total share capital of the Company was RMB452,022,850, divided into 452,022,850 shares of RMB1.00 each.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries had purchased, sold or redeemed any listed securities of the Company for the year ended 31 December 2016.

主要業務

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

股本

於2016年12月31日，本公司總股本為人民幣450,822,850元，分為450,822,850股每股面值人民幣1.00元的股份。本公司股本於2016年的變動詳情載於財務報表附註22。

於2017年2月10日，本公司完成向母公司發行1,200,000股新內資股股份。有關詳細資料，請參閱本公司日期為2016年12月12日及2017年2月10日的公告以及本公司日期為2017年1月20日的通函。於最後實際可行日期，本公司總股本為人民幣452,022,850元，分為452,022,850股每股面值人民幣1.00元的股份。

購買、出售或贖回本公司上市證券

截至2016年12月31日止年度，本公司或其附屬公司概無購買、出售或贖回本公司任何上市證券。

DEBENTURES IN ISSUE

The Company did not have any debentures in issue for the year ended 31 December 2016.

EQUITY-LINKED AGREEMENT

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

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

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

The Subscription enabled the Parent Company to apply for certain preferential tax payment arrangement when it disposes of its entire equity interest in our Company to Guangdong HEC Technology Holding Co., Ltd. (廣東東陽光科技控股股份有限公司) in accordance with relevant PRC regulations. Furthermore, the Company could utilize the net proceeds from the Subscription to supplement the general working capital of the Company. The Subscription has completed on 10 February 2017. The net proceeds from the Subscription was approximately RMB18.92 million. The Company intended to apply the net proceeds from the Subscription to supplement the general working capital of the Company. For details, please refer to the sections headed "(F) Use of proceeds" and "(G) Reasons for and Benefit of the Proposed Subscription" in the circular of the Company dated 20 January 2017.

Save as disclosed above, the Company did not entered into any equity-linked agreement, nor did any equity-linked agreement exist during the year ended 31 December 2016.

已發行債權證

截至2016年12月31日止年度，本公司並無任何已發行債權證。

股票掛鈎協議

本公司於2016年12月16日與母公司訂立增資協議，據此，本公司有條件同意發行及配發，而母公司有條件同意以現金認購合共1,200,000股新內資股股份，認購價為每股新內資股股份人民幣16.12元（「認購」）。

認購須待以下條件達成後方可作實：

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

認購使得母公司於遵照相關中國法規向廣東東陽光科技控股股份有限公司出售於本公司的全部股權時適用若干優惠稅項付款安排。此外，本公司可以利用認購所得款項淨額以補充公司的一般營運資金。認購已於2017年2月10日完成。認購所得款項淨額約為人民幣18.92百萬元。本公司擬將認購所得款項淨額用於補充本公司一般營運資金。有關詳情，請參閱本公司日期為2017年1月20日的通函「(F)所得款項用途」及「(G)進行擬議認購之原因及裨益」等節。

除上文所披露者外，截至2016年12月31日止年度，本公司並無訂立任何股票掛鈎協議，亦無任何股票掛鈎協議存在。

REPORT OF THE DIRECTORS 董事會報告

PERMITTED INDEMNITY PROVISION

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

Save as disclosed above, no permitted indemnity provision was made by the Company for the year ended 31 December 2016 and no permitted indemnity provision was in force as at the Latest Practicable Date.

PLEDGING OF SHARES BY THE CONTROLLING SHAREHOLDER

The Controlling Shareholder didn't pledge any of its shares in the Company to secure the Company's debts or to secure guarantees or other support of the Company's obligations for the year ended 31 December 2016.

LOAN AGREEMENTS OR FINANCIAL ASSISTANCE OF THE COMPANY

The Company didn't provide any financial assistance nor guarantee to its affiliated companies for the year ended 31 December 2016, which would give rise to a disclosure under Rule 13.16 of the Listing Rules. The Company didn't enter into any loan agreement with covenants relating to specific performance of its Controlling Shareholder nor breach the terms of any loan agreements for the year ended 31 December 2016.

SHARE OPTION SCHEME

The Company did not adopt any share option scheme for the year ended 31 December 2016.

PRE-EMPTIVE RIGHTS

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

獲許可彌償條文

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

除上述披露外，截至2016年12月31日止年度，本公司並無作出獲許可彌償條文，且於最後實際可行日期，概無獲許可彌償條文生效。

控股股東股份抵押

截至2016年12月31日止年度，控股股東並無為本公司的債務或為本公司取得擔保或其他債務支持作出保證而抵押本公司任何股份。

本公司的貸款協議或財務資助

截至2016年12月31日止年度，本公司並無向其聯屬公司提供任何根據上市規則第13.16條予以披露之財務資助或擔保。截至2016年12月31日止年度，本公司並無訂立任何具有控股股東須履行特定責任相關契約的貸款協議，亦無違反任何貸款協議的條款。

購股權計劃

截至2016年12月31日止年度，本公司並無採納任何購股權計劃。

優先購買權

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

RESULTS

The audited results of operations of the Company and its subsidiaries for the year ended 31 December 2016 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 116. The financial condition of the Company and its subsidiaries for the year ended 31 December 2016 is set out in the Consolidated Statement of Financial Position on pages 117 to 118. The consolidated cash flow of the Company and its subsidiaries for the year ended 31 December 2016 is set out in the Consolidated Cash Flow Statement on pages 120 to 121.

Discussion and analysis about the operating performance and significant elements affecting the results of operations and financial condition of the Company during the year are set out in Management Discussion and Analysis of the Annual Report on page 15 to page 43.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are provided on pages 18 to 23 and pages 42 to 43 of this Annual Report, respectively. Description of possible risks and uncertainties that the Group may be facing can be found on pages 41 to 42 of this Annual Report. Particulars of important events affecting the Group that have occurred since the end of the financial year are provided on note 27 to the Financial Statements. An analysis of the Group's performance during the year using financial key performance indicators is provided on pages 27 to 34 of this Annual Report.

In addition, further information of the Company's environmental policies, performance and initiatives can be found in the section heading "environmental policies and performance" of this Report of the Directors. Our Company's compliance with relevant laws and regulations which have a significant impact on the Group are provided in the section heading "compliance with laws and regulations" of this Report of the Directors. An account of the Company's relationships with its key stakeholders are disclosed in the section heading "relationship with stakeholders" of this Report of the Directors.

業績

本公司及其附屬公司截至2016年12月31日止年度的經審核經營業績載於第116頁的綜合損益及其他全面收益表。本公司及其附屬公司截至2016年12月31日止年度的財務狀況載於第117至118頁的綜合財務狀況表。本公司及其附屬公司截至2016年12月31日止年度的綜合現金流量載於第120至121頁的綜合現金流量表。

有關經營表現的討論及分析與影響本公司年內經營業績及財務狀況的重要因素載於年報第15至43頁的管理層討論及分析。

業務回顧

有關本集團年內業務的審閱及對未來業務發展的討論分別載於本年報第18至23頁及第42至43頁。有關本集團可能面對的主要風險及不明朗因素載於本年報第41至42頁。自財政年度結束以來發生對本集團有影響的重大事件詳情載於本年報合併財務報表附註27。主要財務關鍵表現指標對本集團年內表現的分析載於本年報第27至34頁。

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

REPORT OF THE DIRECTORS 董事會報告

FINAL DIVIDEND

The Board resolved to recommend the payment of final dividends of RMB0.30 (tax inclusive) per share for the year ended 31 December 2016 (the "2016 Final Dividend") with an aggregate amount of approximately RMB135.61 million to shareholders whose names are listed on the Company's register of members as at 17 June 2017 in the 2016 AGM to be held on 6 June 2017. The 2016 Final Dividend will be denominated and declared in RMB. The Company will pay dividends in respect of domestic shares in RMB and dividends in respect of H shares in HKD. Once the relevant resolution is passed at the 2016 AGM, the 2016 Final Dividend is expected to be paid on or around 14 July 2017.

Pursuant to the Enterprise Income Tax Law of the People's Republic of China and its implementation rules both effective since 1 January 2008, and other relevant provisions, the Company is required to withhold and pay a 10% enterprise income tax when paying the recommended 2016 Final Dividend to non-residential enterprise shareholders listed on the Company's register of members of H shares. Any H share registered in the name of a non-individual shareholder, such as HKSCC Nominees Limited, other nominees, trustees, organizations or corporates, will be deemed as shares held by a non-residential enterprise shareholder, and therefore the enterprise income tax on the receivable dividend in respect of such shares will be withheld.

末期股息

董事會決議在本公司將於2017年6月6日舉行的2016年股東週年大會上，建議派發截至2016年12月31日止年度的末期股息每股人民幣0.30元(含稅)(「2016年末期股息」)予於2017年6月17日名列本公司股東名冊的本公司股東，總金額約人民幣135.61百萬元。2016年末期股息將會以人民幣計值及宣派。內資股股息將以人民幣派付，而H股股息則將以港元派付。待有關決議案於2016年股東週年大會通過後，2016年末期股息預計將於2017年7月14日或前後派發。

根據自2008年1月1日生效的《中華人民共和國企業所得稅法》及其實施條例，以及其他相關規定，本公司在向名列本公司H股股東名冊的非居民企業股東分派建議2016年末期股息時，須按稅率10%代扣代繳企業所得稅。任何以香港中央結算(代理人)有限公司、其他提名人或受託人或其他組織或團體等非個人登記股東名義登記的H股，將被當作由非居民企業股東持有的股份，並因此須就其應得股息預扣企業所得稅。

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain shareholders' entitlement to attend and vote at the 2016 AGM and to the proposed 2016 Final Dividend, the H share register of members of the Company will be closed from Saturday, 6 May 2017 to Tuesday, 6 June 2017 (both days inclusive) and from Monday, 12 June 2017 to Saturday, 17 June 2017 (both days inclusive) respectively, during which no transfer of H shares will be registered. In order to qualify for attending and voting at the 2016 AGM, all unregistered shareholders of the Company shall lodge transfer documents with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before 4:30 p.m. on Friday, 5 May 2017. In order to qualify for receiving the proposed 2016 Final Dividend (subject to the approval by the shareholders at the 2016 AGM), unregistered shareholders of the Company shall lodge transfer documents with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at the above mentioned address for registration before 4:30 p.m. on Friday, 9 June 2017.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Company and its subsidiaries during the year of 2016 are set out in note 10 to the Financial Statements.

RESERVES

Details of movements in the reserves of the Company during the year 2016 are set out in Consolidated Statement of Changes in Equity, of which details of reserves available for distribution to Shareholders are set out in Consolidated Statement of Changes in Equity. The Company's reserves available for distribution to shareholders as at 31 December 2016 represents the retained profits of approximately RMB483.7 million (2015: RMB208.8 million).

暫停辦理過戶登記

為釐定股東出席2016年股東週年大會並於會上投票的資格以及股東有權獲派建議2016年末期股息的資格，本公司將分別於2017年5月6日(星期六)至2017年6月6日(星期二)(包括首尾兩天)期間及於2017年6月12日(星期一)至2017年6月17日(星期六)(包括首尾兩天)期間暫停辦理H股股份過戶登記手續。如欲享有出席2016年股東週年大會及於會上投票的資格，本公司的所有未登記股份持有人須於2017年5月5日(星期五)下午四時三十分之前，將股份過戶文件送達本公司的香港股份過戶登記處香港中央證券登記有限公司以作登記，地址為香港灣仔皇后大道東183號合和中心17樓1712-1716號舖。為了符合獲派擬派2016年末期股息(須待公司股東於2016年股東週年大會上批准，始可作實)的資格，本公司的未登記股份持有人須於2017年6月9日(星期五)下午四時三十分之前，將股份過戶文件送達上述地址的本公司香港股份過戶登記處香港中央證券登記有限公司以作登記。

物業、廠房及設備

本公司及其附屬公司的物業、廠房及設備於2016年內的變動詳情載於財務報表附註10。

儲備

本公司於2016年內的儲備變動詳情載於綜合權益變動表，其中可供分配予股東的儲備情況載於綜合權益變動表。於2016年12月31日，本公司可供分配予股東的儲備佔保留溢利約人民幣483.7百萬元(2015年：人民幣208.8百萬元)。

REPORT OF THE DIRECTORS 董事會報告

DONATIONS

During the Reporting Period, with an aim to generously contribute to society and promote social harmony, the Company and its subsidiaries actively participated in social welfare undertakings, among which, the Company made a donation of RMB2.00 million to Yidu Government to support education and health development in Yidu City. The Company's labor union has set up the Loving Heart Foundation to help and support staff and families who live in hardship. The Loving Heart Foundation gave financial assistance amounting to RMB20,000 to colleagues in hardship in 2016, which demonstrated our sense of corporate responsibilities and concern on well-being of our employees. Furthermore, since 2012, the Directors, Supervisors and senior management of the Company have unanimously agreed to give specific and continuous assistance to six high school students from poor families who are good both in character and at studies, donating an annual scholarship of RMB18,000 to them until their high school graduation as well as giving great support to other poverty-stricken high school students in their daily lives and learning.

BANK BORROWINGS AND OTHER BORROWINGS

Details of bank borrowings and other borrowings of the Company and its subsidiaries as at 31 December 2016 are set out in note 19 to the Financial Statements.

INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The partial information and the biographical details of Directors, Supervisors and senior management of the Company are set out on page 44 to page 56 of the Annual Report.

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

捐款

於報告期間，本公司及其附屬公司積極參與社會公益事業，旨在傾情回報社會，助推社會和諧。其中，本公司向宜都市政府捐贈人民幣2.00百萬元，以支持宜都市教育與醫療事業的發展。公司工會設立「愛心基金會」，對處境艱難員工及家庭主動援助。2016年「愛心基金會」給予了處境艱難職工資助共人民幣20,000元，展示了企業的責任感和對員工的關懷。此外，自2012年開始，本公司董監高通過宜都市教育局對宜都市6名品學兼優但家庭貧困的中學生進行「點對點」幫扶，每年捐助助學金人民幣18,000元直至其高中畢業，以及在學習上、生活上給予貧困中學生大力幫助。

銀行貸款及其他借款

關於本公司及其附屬公司於2016年12月31日之銀行貸款及其他借款的詳情載於財務報表附註19。

董事、監事及高級管理人員資料

董事、監事和高級管理人員的部分資料及簡歷詳情載於本年報第44至56頁。

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

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

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

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

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

EMOLUMENTS OF DIRECTORS AND SUPERVISORS

Details of the emoluments of the Directors and Supervisors in 2016 are set out in note 7 to the financial statements. None of the Directors or Supervisors waived any emoluments during the year ended 31 December 2016.

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

At the end of the year of 2016 or at any time during the year, there were no transactions, arrangement or contracts of significance subsisting in relation to the Group's business to which the Company or any of its subsidiaries was a party, directly or indirectly, and in which any Director or Supervisor (or an entity connected with any Director or Supervisor) had a material interest.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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

董事及監事的服務合約

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

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

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

董事及監事的酬金

董事及監事於2016年酬金的詳情載於財務報表附註7。截至2016年12月31日止年度，概無董事或監事放棄任何酬金。

董事及監事於交易、安排或合約的權益

於2016年末或年內的任何時間，本公司或其任何附屬公司概無參與訂立各董事或監事(或與該董事或監事有關連的實體)直接或間接有重大權益、與本集團業務有關、且仍然有效的重要交易、安排或合約。

購入股份或債權證之安排

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

REPORT OF THE DIRECTORS 董事會報告

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year 2016, none of the Directors or their associates had any competing interests in any business that constitutes or may constitute direct or indirect competition with the Company's businesses.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2016, the interests and short positions of the Directors, Supervisors and member of senior management of our Company in the shares, underlying shares or debentures of our Company and our any associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and short position in accordance with such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register kept by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

董事於競爭業務的權益

於2016年度內，概無董事及彼等的聯繫人與本公司業務可能構成直接或間接競爭的任何業務中擁有任何競爭權益。

董事、監事及高級管理人員在股份、相關股份及債權證中擁有的權益及淡倉

於2016年12月31日，下列董事、本公司監事及高級管理人員在本公司及其任何相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份或債權證中擁有須根據證券及期貨條例第XV部第7及第8分部知會本公司及聯交所的權益及淡倉(包括其根據證券及期貨條例的該等規定被認為或視為擁有的權益及淡倉)，或須根據證券及期貨條例第352條載入有關條例所述由本公司存置的登記冊內的權益及淡倉，或須根據標準守則知會本公司及聯交所的權益及淡倉：

Name of Director/Supervisor/ Chief Executive 董事/監事/最高行政 人員姓名	Types of Shares 股份類別	Nature of interest 權益性質	Number of securities 證券數目	Approximate percentage of shareholding in the total share capital of the Company 本公司股本 總額的持股 概約百分比 (%)	Approximate percentage of shareholding in the relevant class of shares 相關類別 股份的持股 概約百分比 (%)
Mr. Mo Kit ¹ 毛杰先生 ¹	H Shares H股	Interest in controlled corporation 受控制法團權益	75,000,000 (L) 75,000,000 (L)	16.64% 16.64%	33.21% 33.21%

(L) – Long position

(L) – 好倉

Note:

附註：

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

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

REPORT OF THE DIRECTORS 董事會報告

Save as disclosed above, as at 31 December 2016, so far as is known to the Directors, none of the Directors, Supervisors or member of senior management of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or our any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and short position in accordance with such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register kept by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

除上文所披露外，於2016年12月31日，據董事所知，概無董事、本公司監事或高級管理人員於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）的股份、相關股份或債權證中擁有須根據證券及期貨條例第XV部第7及第8分部知會本公司及聯交所的權益或淡倉（包括其根據證券及期貨條例的該等規定被認為或視為擁有的權益及淡倉），或須根據證券及期貨條例第352條載入有關係例所述由本公司存置的登記冊內的權益或淡倉，或須根據標準守則知會本公司及聯交所的權益或淡倉。

REPORT OF THE DIRECTORS 董事會報告

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2016, to the knowledge of the Directors of the Company, the persons (other than the Directors, Supervisors or member of the senior management of the Company) who have an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

主要股東於股份的權益

於2016年12月31日，就本公司董事所知，下列人士(本公司董事、監事或高級管理人員除外)於本公司股份或相關股份中擁有須根據證券及期貨條例第XV部第2及第3分部向本公司披露的權益或淡倉，或記錄於根據證券及期貨條例第336條須予備存於本公司的登記冊的權益或淡倉：

Name of Substantial Shareholders 主要股東名稱	Types of Shares 股份類別	Nature of interest 權益性質	Number of securities 證券數目	Approximate percentage of shareholding in the total share capital of the Company 本公司股本總額的持股概約百分比 (%)	Approximate percentage of shareholding in the relevant class of shares 相關類別股份的持股概約百分比 (%)
The Parent Company 母公司	Domestic Shares 內資股	Beneficial owner 實益擁有人	225,000,000 (L)	49.91%	100.00%
Linzi HEC Pharmaceutical Investment* ² 林芝東陽光藥業投資* ²	Domestic Shares 內資股	Interest in controlled corporation 受控制法團權益	225,000,000 (L)	49.91%	100.00%

REPORT OF THE DIRECTORS 董事會報告

Name of Substantial Shareholders 主要股東名稱	Types of Shares 股份類別	Nature of interest 權益性質	Number of securities 證券數目	Approximate percentage of shareholding in the total share capital of the Company 本公司股本總額的持股概約百分比 (%)	Approximate percentage of shareholding in the relevant class of shares 相關類別股份的持股概約百分比 (%)
Shenzhen HEC Industrial	Domestic Shares	Interest in controlled corporation	225,000,000 (L)	49.91%	100.00%
深圳市東陽光實業	內資股	受控制法團權益	225,000,000 (L)	49.91%	100.00%
Ruyuan Yao Autonomous County Yuneng Electric Industrial Co., Ltd. ²	Domestic Shares	Interest in controlled corporation	225,000,000 (L)	49.91%	100.00%
乳源瑤族自治縣寓能電子實業有限公司 ²	內資股	受控制法團權益	225,000,000 (L)	49.91%	100.00%
Ruyuan Yao Autonomous County Xinjing Technology Development Co., Ltd. ²	Domestic Shares	Interest in controlled corporation	225,000,000 (L)	49.91%	100.00%
乳源瑤族自治縣新京科技發展有限公司 ²	內資股	受控制法團權益	225,000,000 (L)	49.91%	100.00%
Mr. Zhang Zhongneng ³	Domestic Shares	Interest in controlled corporation	225,000,000 (L)	49.91%	100.00%
張中能先生 ³	內資股	受控制法團權益	225,000,000 (L)	49.91%	100.00%
Ms. Guo Meilan ⁴	Domestic Shares	Interest in controlled corporation	225,000,000 (L)	49.91%	100.00%
郭梅蘭女士 ⁴	內資股	受控制法團權益	225,000,000 (L)	49.91%	100.00%
North & South Brother Pharmacy Investment Company Limited	H Shares	Beneficial owner	75,000,000 (L)	16.64%	33.21%
南北兄弟藥業投資有限公司	H股	實益擁有人	75,000,000 (L)	16.64%	33.21%

REPORT OF THE DIRECTORS 董事會報告

Name of Substantial Shareholders 主要股東名稱	Types of Shares 股份類別	Nature of interest 權益性質	Number of securities 證券數目	Approximate percentage of shareholding in the total share capital of the Company 本公司股本總額的持股概約百分比 (%)	Approximate percentage of shareholding in the relevant class of shares 相關類別股份的持股概約百分比 (%)
North & South Brother Investment Holdings Limited ⁵	H Shares	Interest in controlled corporation	75,000,000 (L)	16.64%	33.21%
North & South Brother Investment Holdings Limited ⁵	H 股	受控制法團權益	75,000,000 (L)	16.64%	33.21%
Ample Market Investment Limited 裕市投資有限公司	H Shares H 股	Beneficial owner 實益擁有人	23,847,914 (L) 23,847,914 (L)	5.29% 5.29%	10.56% 10.56%
Silver Knight Investment Ltd. (Cayman) ⁶	H Shares	Interest in controlled corporation	23,847,914 (L)	5.29%	10.56%
Silver Knight Investment Ltd. (Cayman) ⁶	H 股	受控制法團權益	23,847,914 (L)	5.29%	10.56%
New Horizon Master IV Investment Ltd. (Cayman) ⁶	H Shares	Interest in controlled corporation	23,847,914 (L)	5.29%	10.56%
New Horizon Master IV Investment Ltd. (Cayman) ⁶	H 股	受控制法團權益	23,847,914 (L)	5.29%	10.56%
Apsif Investment Ptd Ltd ⁶	H Shares	Interest in controlled corporation	23,847,914 (L)	5.29%	10.56%
Apsif Investment Ptd Ltd ⁶	H 股	受控制法團權益	23,847,914 (L)	5.29%	10.56%
Champion Zone Investment Limited 勝境投資有限公司	H Shares H 股	Beneficial owner 實益擁有人	11,959,765 (L) 11,959,765 (L)	2.65% 2.65%	5.30% 5.30%
Kingsley Investment Ltd. (Cayman) ⁷	H Shares	Interest in controlled corporation	11,959,765 (L)	2.65%	5.30%
Kingsley Investment Ltd. (Cayman) ⁷	H 股	受控制法團權益	11,959,765 (L)	2.65%	5.30%

REPORT OF THE DIRECTORS 董事會報告

Name of Substantial Shareholders 主要股東名稱	Types of Shares 股份類別	Nature of interest 權益性質	Number of securities 證券數目	Approximate percentage of shareholding in the total share capital of the Company 本公司股本總額的持股概約百分比 (%)	Approximate percentage of shareholding in the relevant class of shares 相關類別股份的持股概約百分比 (%)
Raisson Capital L.P. (Cayman) ⁷	H Shares	Interest in controlled corporation	11,959,765 (L)	2.65%	5.30%
Raisson Capital L.P. (Cayman) ⁷	H 股	受控制法團權益	11,959,765 (L)	2.65%	5.30%
Sanxing Electric (Hong Kong) Company Limited	H Shares	Beneficial owner	15,503,000 (L)	3.44%	6.87%
Sanxing Electric (Hong Kong) Company Limited	H 股	實益擁有人	15,503,000 (L)	3.44%	6.87%
Ningbo Sanxing Medical Electric Co., Ltd. ⁸	H Shares	Interest in controlled corporation	15,503,000 (L)	3.44%	6.87%
Ningbo Sanxing Medical Electric Co., Ltd. ⁸	H 股	受控制法團權益	15,503,000 (L)	3.44%	6.87%
AUX Holdings Co., Ltd. ⁸	H Shares	Interest in controlled corporation	15,503,000 (L)	3.44%	6.87%
Aux Holdings Co., Ltd. ⁸	H 股	受控制法團權益	15,503,000 (L)	3.44%	6.87%
Mr. Zheng Jianjiang ⁸	H Shares	Interest in controlled corporation	15,503,000 (L)	3.44%	6.87%
鄭堅江先生 ⁸	H 股	受控制法團權益	15,503,000 (L)	3.44%	6.87%
Ms. He Yiju ⁹	H Shares	Interest of spouse	15,503,000 (L)	3.44%	6.87%
何意菊女士 ⁹	H 股	配偶權益	15,503,000 (L)	3.44%	6.87%
中金智德股權投資管理有限公司	H Shares	Other	11,705,490 (L)	2.60%	5.18%
中金智德股權投資管理有限公司	H 股	其他	11,705,490 (L)	2.60%	5.18%
China International Capital Corporation Limited ¹⁰	H Shares	Interest in controlled corporation	11,705,490 (L)	2.60%	5.18%
中國國際金融股份有限公司 ¹⁰	H 股	受控制法團權益	11,705,490 (L)	2.60%	5.18%

(L) – Long position

(L) – 好倉

REPORT OF THE DIRECTORS 董事會報告

Notes:

1. The Shareholding information of the Shareholders as at 31 December 2016 are based on the information recorded in the register required to be kept by the Company under section 352 of the SFO.
2. As at 31 December 2016, Linzhi HEC Pharmaceutical Investment owned 60.70% equity interest in the Parent Company, therefore Linzhi HEC Pharmaceutical Investment is deemed to be interested in the Shares held by the Parent Company. Shenzhen HEC Industrial owned 100% equity interest in Linzhi HEC Pharmaceutical Investment, therefore Shenzhen HEC Industrial is deemed to be interested in the Shares which are interested by Linzhi HEC Pharmaceutical Investment. Ruyuan Yao Autonomous County Yuneng Electric Industrial Co., Ltd. owned 42.34% equity interest in Shenzhen HEC Industrial and 58% equity interest in Shaoguan Xinyuneng Industrial Investment Company Limited, which owned 27.01% equity interest in Shenzhen HEC Industrial, therefore Ruyuan Yao Autonomous County Yuneng Electric Industrial Co., Ltd. is deemed to be interested in the Shares which are interested by Shenzhen HEC Industrial. Ruyuan Yao Autonomous County Xinjing Technology Development Co., Ltd. owned 30.66% equity interest in Shenzhen HEC Industrial and 42% equity interest in Shaoguan Xinyuneng Industrial Investment Company Limited, which owned 27.01% equity interest in Shenzhen HEC Industrial, therefore Ruyuan Yao Autonomous County Xinjing Technology Development Co., Ltd. is deemed to be interested in the Shares which are interested by Shenzhen HEC Industrial.
3. As at 31 December 2016, Mr. Zhang Zhongneng ("Mr. Zhang") owned 99.69% equity interest in Ruyuan Yao Autonomous County Yuneng Electric Industrial Co., Ltd., therefore Mr. Zhang is deemed to be interested in the Shares which are interested by Ruyuan Yao Autonomous County Yuneng Electric Industrial Co., Ltd..
4. As at 31 December 2016, Ms. Guo Meilan ("Ms. Guo") owned 99.51% equity interest in Ruyuan Yao Autonomous County Xinjing Technology Development Co., Ltd., therefore Ms. Guo is deemed to be interested in the Shares which are interested by Ruyuan Yao Autonomous County Xinjing Technology Development Co., Ltd.. Ms. Guo is the spouse of Mr. Zhang and is deemed to be interested in the Shares which are interested by Mr. Zhang under the SFO.

附註：

1. 於2016年12月31日股東的持股資料乃根據本公司按照證券及期貨條例第352條須予備存的登記冊所記錄的資料。
2. 於2016年12月31日，林芝東陽光藥業投資擁有母公司60.70%的股本權益，因此，林芝東陽光藥業投資被視為於母公司所持有之股份中擁有權益。深圳市東陽光實業擁有林芝東陽光藥業投資100%股本權益，因此，深圳市東陽光實業被視為於林芝東陽光藥業投資實益擁有的股份中擁有權益。乳源瑤族自治縣寓能電子實業有限公司擁有深圳市東陽光實業42.34%股本權益及擁有Shaoguan Xinyuneng Industrial Investment Company Limited（其擁有深圳市東陽光實業27.01%股本權益）58%股本權益，因此乳源瑤族自治縣寓能電子實業有限公司被視為於深圳市東陽光實業實益擁有的股份中擁有權益。乳源瑤族自治縣新京科技發展有限公司擁有深圳市東陽光實業30.66%股本權益及擁有Shaoguan Xinyuneng Industrial Investment Company Limited（其擁有深圳市東陽光實業27.01%股本權益）42%股本權益，因此乳源瑤族自治縣新京科技發展有限公司被視為於深圳市東陽光實業實益擁有的股份中擁有權益。
3. 於2016年12月31日，張中能先生（「張先生」）擁有乳源瑤族自治縣寓能電子實業有限公司99.69%股本權益，因此張先生被視為於乳源瑤族自治縣寓能電子實業有限公司實益擁有的股份中擁有權益。
4. 於2016年12月31日，郭梅蘭女士（「郭女士」）擁有乳源瑤族自治縣新京科技發展有限公司99.51%股本權益。因此郭女士被視為於乳源瑤族自治縣新京科技發展有限公司實益擁有的股份中擁有權益。郭女士為張先生之配偶，且根據證券及期貨條例被視為於張先生所實益擁有的股份中擁有權益。

REPORT OF THE DIRECTORS 董事會報告

5. As at 31 December 2016, North & South Brother Investment Holdings Limited owned 100% equity interest in North & South Brother Pharmacy Investment Company Limited and is deemed to be interested in the Shares which are interested by North & South Brother Pharmacy Investment Company Limited.
 6. As at 31 December 2016, Silver Knight Investment Ltd. (Cayman) owned 100% equity interest in Ample Market Investment Limited and is deemed to be interested in the Shares which are interested by Ample Market Investment Limited. New Horizon Master IV Investment Ltd. (Cayman) owned 45% equity interest in Silver Knight Investment Ltd. (Cayman) and is deemed to be interested in the Shares which are interested by Silver Knight Investment Ltd. (Cayman). Apsif Investment Ptd Ltd owned 50.2% equity interest in Silver Knight Investment Ltd. (Cayman) and is deemed to be interested in the Shares which are interested by Silver Knight Investment Ltd. (Cayman).
 7. As at 31 December 2016, Kingsley Investment Ltd. (Cayman) owned 100% equity interest in Champion Zone Investment Limited and is deemed to be interested in the Shares which are interested by Champion Zone Investment Limited. Raïsson Capital L.P. (Cayman) owned 100% equity interest in Kingsley Investment Ltd. (Cayman) and is deemed to be interested in the Shares which are interested by Kingsley Investment Ltd. (Cayman).
 8. As at 31 December 2016, Ningbo Sanxing Medical Electric Co., Ltd. owned 100% equity interest in Sanxing Electric (Hong Kong) Company Limited and is deemed to be interested in the Shares which are interested by Sanxing Electric (Hong Kong) Company Limited. AUX Holdings Co., Ltd. and Mr. Zheng Jianjiang owned 37.54% and 19.61% equity interest in Ningbo Sanxing Medical Electric Co., Ltd. respectively. Mr. Zheng Jianjiang owned 70% equity interest in AUX Holdings Co., Ltd. Therefore, AUX Holdings Co., Ltd. and Mr. Zheng Jianjiang are deemed to be interested in Shares which are interested by Ningbo Sanxing Medical Electric Co., Ltd.
 9. As at 31 December 2016, Ms. He Yiju is the spouse of Mr. Zheng Jianjiang and is deemed to be interested in the Shares which are interested by Mr. Zheng Jianjiang under the SFO.
5. 於2016年12月31日，North & South Brother Investment Holdings Limited擁有南北兄弟藥業投資有限公司100%股本權益，因而被視為於南北兄弟藥業投資有限公司擁有權益的股份中擁有權益。
 6. 於2016年12月31日，Silver Knight Investment Ltd. (Cayman)擁有裕市投資有限公司100%股本權益，因而被視為於裕市投資有限公司擁有權益的股份中擁有權益。New Horizon Master IV Investment Ltd. (Cayman)擁有Silver Knight Investment Ltd. (Cayman) 45%股本權益，因而被視為於Silver Knight Investment Ltd. (Cayman)擁有權益的股份中擁有權益。Apsif Investment Ptd Ltd擁有Silver Knight Investment Ltd. (Cayman) 50.2%股本權益，因而被視為於Silver Knight Investment Ltd. (Cayman)擁有權益的股份中擁有權益。
 7. 於2016年12月31日，Kingsley Investment Ltd. (Cayman)擁有勝境投資有限公司100%股本權益，因而被視為於勝境投資有限公司擁有權益的股份中擁有權益。Raïsson Capital L.P. (Cayman)擁有Kingsley Investment Ltd. (Cayman)100%股本權益，因而被視為於Kingsley Investment Ltd. (Cayman)擁有權益的股份中擁有權益。
 8. 於2016年12月31日，Ningbo Sanxing Medical Electric Co., Ltd.擁有Sanxing Electric (Hong Kong) Company Limited 100%股本權益，因而被視為於Sanxing Electric (Hong Kong) Company Limited擁有權益的股份中擁有權益。Aux Holdings Co., Ltd.及鄭堅江先生分別擁有Ningbo Sanxing Medical Electric Co., Ltd. 37.54%及19.61%股本權益。鄭堅江先生擁有Aux Holdings Co., Ltd. 70%股本權益。因此，Aux Holdings Co., Ltd.及鄭堅江先生均被視為於Ningbo Sanxing Medical Electric Co., Ltd.擁有權益的股份中擁有權益。
 9. 於2016年12月31日，何意菊女士是鄭堅江先生的配偶，根據證券及期貨條例，被視為於鄭堅江先生擁有權益的股份中擁有權益。

REPORT OF THE DIRECTORS 董事會報告

10. As at 31 December 2016, China International Capital Corporation Limited owned 100% equity interest in 中金智德股權投資管理有限公司 and is deemed to be interested in the Shares which are interested by 中金智德股權投資管理有限公司.

Save as disclosed above, as at 31 December 2016, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the Shares, underlying shares or debentures of the Company which are required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which are required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

MANAGEMENT CONTRACT

No contract concerning the management and administration of all or any substantial part of our business was entered into by the Company or existed in 2016.

CONNECTED TRANSACTIONS

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

Connected Transactions

On 16 December 2016, the Company entered into the capital increase agreement with the Parent Company (a substantial shareholder of the Company), pursuant to which, the Company conditionally agreed to issue and allot, and the Parent Company conditionally agreed to subscribe in cash for, an aggregate of 1,200,000 new Domestic Shares at the subscription price of RMB16.12 per new Domestic Share. The main purpose of the Proposed Subscription is to enable the Parent Company to apply for certain preferential tax payment arrangement when it disposes of its entire equity interest in our Company to Guangdong HEC Technology Holding Co., Ltd. (廣東東陽光科技控股股份有限公司) in accordance with relevant PRC regulations. For details, please refer to the sections headed "(G) Reasons for and Benefit of the Proposed Subscription" in the circular of the Company dated 20 January 2017.

The Subscription has completed on 10 February 2017. The net proceeds from the Subscription was approximately RMB18.92 million. The Company intended to apply the net proceeds from the Subscription to supplement the general working capital of the Company.

10. 於2016年12月31日，中國國際金融股份有限公司擁有中金智德股權投資管理有限公司100%股本權益，因而被視為於中金智德股權投資管理有限公司擁有權益的股份中擁有權益。

除上文所披露外，於2016年12月31日，據董事所知，概無任何人士(除董事或本公司最高行政人員外)於本公司股份或相關股份或債權證中擁有須根據證券及期貨條例第XV部第2及第3分部向本公司披露的任何權益或淡倉，或記錄於根據證券及期貨條例第336條須予備存的本公司登記冊的權益或淡倉。

管理合約

於2016年內本公司並無就有關全部或任何重大部分業務的管理及行政工作簽訂或存在任何合約。

關連交易

本集團於年內進行了若干非豁免關連交易。

關連交易

本公司於2016年12月16日與本公司的主要股東母公司訂立增資協議，據此，本公司有條件同意發行及配發，而母公司有條件同意以現金認購合共1,200,000股新內資股股份，認購價為每股新內資股股份人民幣16.12元。擬議認購的主要目的是使母公司於遵照相關中國法規向廣東東陽光科技控股股份有限公司出售於本公司的全部股權時適用若干優惠稅項付款安排。有關詳情，請參閱本公司日期為2017年1月20日的通函「(G)進行擬議認購之原因及裨益」各節。

認購已於2017年2月10日完成。認購所得款項淨額約為人民幣18.92百萬元。本公司擬將認購所得款項淨額用於補充本公司一般營運資金。

Continuing Connected Transactions

The Group has conducted certain non-exempt continuing connected transactions with the Parent Company and subsidiaries of Shenzhen HEC Industrial, a substantial shareholder of the Company, during the year:

Connected transactions under 關連交易事項	Connected persons 關連人士	Actual transaction	
		Annual caps for 2016 (RMB million) 2016年年度上限 (人民幣百萬元)	value in 2016 (RMB million) 於2016年的 實際交易值 (人民幣百萬元)
Energy Purchase 採購能源	Parent Company Yichang HEC Power Plant Co., Ltd. 母公司 宜昌東陽光火力發電有限公司	8.356	6.288
Purchase of Packaging Materials and Chemical Raw Materials 採購包裝材料及化學原料	Yichang HEC Power Plant Co., Ltd Shaoguan HEC Packaging and Printing Co., Ltd. 宜昌東陽光火力發電有限公司 韶關東陽光包裝印刷有限公司	16.417	12.880
Purchase of APIs 採購原料藥	Parent Company 母公司	19.000	3.990

Framework Energy Procurement Agreement

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

持續關連交易

本集團於年內與母公司及本公司的主要股東深東實的附屬公司進行了若干非豁免持續關連交易：

Connected transactions under 關連交易事項	Connected persons 關連人士	Actual transaction	
		Annual caps for 2016 (RMB million) 2016年年度上限 (人民幣百萬元)	value in 2016 (RMB million) 於2016年的 實際交易值 (人民幣百萬元)
Energy Purchase 採購能源	Parent Company Yichang HEC Power Plant Co., Ltd. 母公司 宜昌東陽光火力發電有限公司	8.356	6.288
Purchase of Packaging Materials and Chemical Raw Materials 採購包裝材料及化學原料	Yichang HEC Power Plant Co., Ltd Shaoguan HEC Packaging and Printing Co., Ltd. 宜昌東陽光火力發電有限公司 韶關東陽光包裝印刷有限公司	16.417	12.880
Purchase of APIs 採購原料藥	Parent Company 母公司	19.000	3.990

框架能源採購協議

於2015年12月6日，本公司與深圳市東陽光實業簽訂框架能源採購協議，內容有關不時向深圳市東陽光實業及其附屬公司購買電力和蒸汽。框架能源採購協議於上市日期生效及截至2017年止三個年度期間有效。

REPORT OF THE DIRECTORS 董事會報告

Pricing Policy

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

Framework Packaging and Chemical Materials Purchase Agreement

On 6 December 2015, the Company entered into a framework packaging and chemical materials purchase agreement with Shenzhen HEC Industrial in relation to the purchase of certain packaging and chemical materials from Shenzhen HEC Industrial and/or its associates (other than the Group) for the packaging and manufacturing of our pharmaceutical products. The framework packaging and chemical materials purchase agreement took effect upon the Listing Date and shall be valid for a period of three years ended in 2017.

Pricing Policy

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

Framework API Purchase Agreement

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

定價政策

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

框架包裝及化學材料購買協議

於2015年12月6日，本公司與深圳市東陽光實業簽訂框架包裝及化學材料購買協議，內容有關向深圳市東陽光實業及／或其聯繫人(本集團除外)購買特定包裝及化學材料用於包裝及生產藥物。框架包裝及化學材料購買協議於上市日期生效及截至2017年止三個年度期間有效。

定價政策

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

框架原料藥購買協議

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

Pricing Policy

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

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

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

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

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

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing the auditor's findings and conclusions in respect of the continuing connected transactions disclosed by the Group on page 77 of the Annual Report in accordance with Main Board Listing Rule 14A.56. A copy of the auditor's letter has been provided by the Company to The Stock Exchange of Hong Kong Limited.

Details of the related party transactions of the Group are set out in Note 25 of the Financial Statements.

定價政策

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

本公司獨立非執行董事審閱及確認

獨立非執行董事已審閱上述持續關連交易，並確認該等交易：

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

有關本集團持續關連交易之外部核數師報告

本公司的核數師已獲委聘，根據香港會計師公會所頒佈《香港核證工作準則》第3000號(經修訂)「歷史財務資料審計或審閱以外的核證工作」，及參考《實務說明》第740號「關於香港上市規則所述持續關連交易的核數師函件」，就本集團的持續關連交易作出匯報。核數師已根據主板上市規則第14A.56條發出本集團於年報第77頁所披露之持續關連交易的無保留意見函件，當中載有其發現及結論。本公司已向香港聯合交易所有限公司提供核數師函件副本。

本集團的關聯方交易詳情載於財務報表附註25。

REPORT OF THE DIRECTORS 董事會報告

Apart from the connected transactions and continuing connected transactions as disclosed in this Annual Report, none of the related party transactions constituted connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules, which are subject to announcement or independent shareholders' approval requirements.

NON-COMPETITION AGREEMENT

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

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

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

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

STRATEGIC COOPERATION AGREEMENT

We refer to the section headed "Business" in the prospectus of the Company dated 15 December 2016. As disclosed in the prospectus, we have entered into the Strategic Cooperation Agreement with Shenzhen HEC Industrial, pursuant to which we have a pre-emptive right to acquire the right to manufacture and sell new pharmaceutical products being developed by HEC Research Group. During the year of 2016, in consideration of the R&D progress of new products conducted by the HEC Research Group and the Company's product strategy, the Company didn't exercise the pre-emptive right under the Strategic Cooperation Agreement.

除於本年報披露的關連交易及持續關連交易外，概無關聯方交易構成上市規則第十四A章項下須予公告或由獨立股東批准的關連交易或持續關連交易。

避免同業競爭協議

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

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

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

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

戰略合作協議

我們提述本公司日期為2016年12月15日的招股章程「業務」一節。如招股章程中披露，我們已經與深圳市東陽光實業訂立戰略合作協議，據此我們可有取得東陽光藥研發集團開發的新藥品的生產及銷售的優先權利。於2016年年度內，基於東陽光藥研發集團藥品研發進度及本公司產品戰略安排考慮，本公司並無行使戰略合作協議項下的優先購買權。

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2016, the total amount of procurement from the five largest suppliers of the Company accounted for 43.0% of the total amount of procurement of the year. Among the five largest suppliers for the year of 2016, Yichang HEC Power Plant Co., Ltd. and Shaoguan HEC Packaging and Printing Co., Ltd. are subsidiaries of Shenzhen HEC Industrial; the single largest supplier was the Parent Company and our purchase from the Parent Company accounted for 12.6% of the total purchase amount during the year.

For the year ended 31 December 2016, the total amount of sales to the five largest customers of the Company accounted for 26.8% of the total revenue of sales of the year. The sales to the largest customers accounted for 8.1% of the total revenue of sales of the year.

Save as disclosed above, during the year 2016, to the knowledge of the Directors, none of the Directors, Supervisors, their close associates, or Shareholders of the Company (which, to the knowledge of the Directors, owned more than 5% of the number of issued Shares of the Company) had interests in the five largest suppliers or customers of the Company.

CONTRACT OF SIGNIFICANCE

Save as disclosed in this Annual Report, at no time during the year of 2016 had the Company or any of its subsidiaries entered into any contract of significance with the Controlling Shareholder or any of its subsidiaries, nor had any contract of significance been entered into for the services provided by the Controlling Shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a company listed on the Stock Exchange, the Company always strives to maintain a high level of corporate governance and complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules for the year ended 31 December 2016.

主要客戶及供貨商

截至2016年12月31日止年度，本公司向五大供貨商的採購總額佔年度採購總額的43.0%。2016年度五大供貨商中，宜昌東陽光火力發電有限公司和韶關東陽光包裝印刷有限公司為深圳市東陽光實業的附屬公司；最大供貨商為母公司，而我們向母公司的採購額佔年內採購總額的12.6%。

截至2016年12月31日止年度，本公司向五大客戶的銷售總額佔年度銷售總額26.8%。本公司最大客戶的銷售總額佔年度銷售總額8.1%。

除以上所披露外，於2016年年內，就董事所知，董事、監事、其緊密聯繫人或據董事所知任何擁有本公司已發行的股份數目5%以上的本公司股東概無擁有本集團五大供貨商或客戶的任何權益。

重要合約

除本年報所披露者外，於2016年內任何時間，本公司或其任何附屬公司概無與控股股東或其任何附屬公司訂立任何重要合約，亦無就控股股東或其任何附屬公司向本公司或其任何附屬公司提供服務而訂立任何重要合約。

退休及僱員福利計劃

退休及僱員福利計劃詳情載於財務報表附註5(b)。

遵守企業管治守則

本公司作為聯交所上市公司，始終致力於保持高水平的企業管治，並於截至2016年12月31日止年度遵守載於上市規則附錄十四所載的企業管治守則的所有守則條文。

REPORT OF THE DIRECTORS 董事會報告

PUBLIC FLOAT

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

USE OF PROCEEDS

The proceeds from initial public offering was approximately HK\$1,255.5 million (net of issue expenses) before exercise of over-allotment option. As at 31 December 2016, approximately HK\$116.2 million has been utilized, among which: (a) approximately HK\$0.4 million was used to construct a new oral formulation production plant; (b) approximately HK\$0.8 million was used to construct a new insulin production plant; (c) approximately HK\$24.2 million was used in promotional and marketing activities; and (d) approximately HK\$90.8 million, was used for working capital and general corporate purposes. The Company intends to use the rest of the proceeds as stated in the section headed "Use of Proceeds" in the prospectus of the Company dated 15 December 2015.

On 17 January 2016, the over-allotment option as disclosed in the prospectus of the Company dated 15 December 2015 was partial exercised. The proceeds from partial exercise of the over-allotment option was approximately HK\$2.4 million. As at 31 December 2016, such proceeds have not been used. The proceeds will be used as intended.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 December 2016, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company.

公眾持股量

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

所得款項用途

於行使超額配股權前，來自首次公开发售的所得款項合共約1,255.5百萬港元(扣除發行開支)。於2016年12月31日，約116.2百萬港元已獲動用，其中：(a)約0.4百萬港元已用於興建新口服製劑生產工廠；(b)約0.8百萬港元已用於興建新胰島素生產工廠；(c)約24.2百萬港元已用於推廣及營銷活動；及(d)約90.8百萬港元已用作營運資金及一般企業用途。本公司擬按本公司日期為2015年12月15日的招股章程「所得款項用途」一節所述使用餘下所得款項。

於2016年1月17日，本公司日期為2015年12月15日的招股章程所披露的超額配股權獲部分行使。超額配股權獲部分行使的所得款項約為2.4百萬港元。於2016年12月31日，此所得款項並無獲動用。此所得款項將按擬定用途使用。

重大法律訴訟

截至2016年12月31日止年度，本公司並無涉及任何重大法律訴訟或仲裁。就董事所知，亦無任何尚未了結或本公司可能面臨的重大法律訴訟或索賠。

AUDIT COMMITTEE

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

The audit committee of the Company has reviewed the Group's 2016 annual results announcement, the Annual Report and the audited financial statements for the year ended 31 December 2016 prepared in accordance with the IFRS.

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

審核委員會

本公司的審核委員會包括三名獨立非執行董事唐建新先生、唐新發先生及李志明先生。唐建新先生具備執業資格和財務經驗，獲委任為審核委員會主席。審核委員會的主要職責乃就財務申報過程、內部監控及風險管理系統是否有效及維持與本集團外聘核數師關係提供獨立意見，藉以協助董事會、監督審核過程及履行董事會委派的其他職責及有關責任。審核委員會與本公司之外聘核數師及內部核數師會晤，並審閱其審核計劃、內部審核程序、其審查及評估風險管理及內部監控系統之結果。

本公司的審核委員會已審閱本集團2016年之年度業績公告、年報，及按國際財務報告準則編製的截至2016年12月31日止年度的財務報表。

環境政策及績效

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

REPORT OF THE DIRECTORS 董事會報告

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of noncompliance with such requirements could lead to the termination of operating licences. The Group has been allocating system and staff resources to ensure ongoing compliance with rules and regulations and to maintain cordial working relationships with regulators effectively through effective communications. During the year of 2016, the Group has complied, to the best of our knowledge, with all relevant rules and regulations that have a significant impact on the Company, including but not limited to the Company Law, the Securities Law of the PRC, the Code of Corporate Governance for Listed Companies in China, the Listing Rules, the Law of the PRC on the Administration of Drugs, the Measures for the Administration of Drug Registration and the Good Manufacture Practice of Drugs.

RELATIONSHIP WITH STAKEHOLDERS

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

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

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

遵守法律及法規

本集團深明遵守監管要求的重要性，而未能遵守該等要求則可予終止營運牌照。本集團已分配系統及人力資源，以確保一直遵守規則及法規，以及透過有效溝通有效地與監管機構維持良好關係。於回顧2016年間，就我們所知悉，本集團已遵守所有對本公司有重要影響的相關規則及法規，包括但不限於公司法、《中華人民共和國證券法》、《上市公司治理規則》、《香港上市規則》、《中華人民共和國藥品管理法》、《藥品註冊管理辦法》及《藥品生產質量管理規範》。

持份者關係

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

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

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

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

AUDITORS

The consolidated financial statements of the Company for the year ended 31 December 2016 have been audited by KPMG who retire and, being eligible, offer themselves for reappointment. A resolution for the re-appointment of KPMG as the Company's auditors will be proposed for shareholders' approval at the 2016 AGM. The Company did not change the auditor for the years of 2015 and 2016.

FINANCIAL SUMMARY

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

On behalf of the Board

YiChang HEC Changjiang Pharmaceutical Co., Ltd.

TANG Xinfu

Chairman

Hubei, the PRC

20 March 2017

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

核數師

本集團截至2016年12月31日止年度綜合財務報表由畢馬威會計師事務所審核。畢馬威會計師事務所將於股東週年大會退任，惟其合資格並願意獲續聘連任。有關續聘畢馬威會計師事務所為本公司核數師的決議案，將於2016年股東週年大會上提呈。本公司於2015年及2016年並無更換核數師。

財務摘要

本集團過往五個財政年度的經營業績、資產及負債摘要載列於本年報的第3頁。

代表董事會

宜昌東陽光長江藥業股份有限公司

董事長

唐新發

中國湖北

2017年3月20日

REPORT OF THE BOARD OF SUPERVISORS 監事會報告

In 2016, all members of the Board of Supervisors complied with the requirement of the Company Law of the PRC (the "Company Law"), the Articles of Association, the Rules of the Procedures of the Board of Supervisors as well as relevant laws and regulations to diligently and honestly perform their duties. They independently exercised their power under the law to ensure the standard operation of the Company and protect the interests of the Company and the investors. The Board of Supervisors supervised the Company's operation plans, use of proceeds from financing activities, connected transactions, production and operation activities of the Company, financial position and performance of duty of directors and senior management of the Company as well as the operation of subsidiaries, and facilitated the compliant operation and healthy development of the Company. The report of main works of the Board of Supervisors for the year is set forth below:

I. BASIC ASSESSMENT OF THE COMPANY'S OPERATION AND MANAGEMENT ACTIVITIES AND PERFORMANCE IN 2016

In 2016, the Board of Supervisors strictly complied with the requirement of the Company Law, the Articles of Association, the Rules of the Procedures of the Board of Supervisors as well as relevant laws and regulations to honestly perform its supervise duties in pragmatically protecting the interests and rights of the Company and the many minority shareholders.

After having attended each of the Board meetings and general meetings in 2016, the Board of Supervisors is of the opinion that the Board has earnestly implemented resolutions of the general meetings and faithfully performed fiduciary duties, it has not conducted any acts which would damage the interests of the Company and the shareholders. Each resolution of the Board has been in compliance with the requirement of the Company Law and other laws and regulations as well as the Articles of Association. The Board of Supervisors supervised the production and operation activities of the Company during its session period. It considers that the management members of Company earnestly implemented every resolutions of the Board with due diligence and conducted no acts of violation in the course of business.

2016年度監事會全體成員按照《中華人民共和國公司法》(「公司法」)、《公司章程》、《監事會議事規則》以及相關的法律法規要求，勤勉、認真地履行職能，依法獨立行使職權，以保障本公司規範運作，保障本公司和投資者利益。監事會對公司經營計劃、募集資金使用情況、關連交易、公司生產經營活動、財務狀況和公司董事、高級管理人員的履職情況、子公司的經營情況進行了監督，促進了本公司規範運作和健康發展。現將監事會在本年度的主要工作報告如下：

一、對本公司2016年度經營管理行為和業績的基本評價

2016年監事會嚴格按照《公司法》、《公司章程》、《監事會議事規則》和有關法律、法規的要求，從切實維護本公司利益和廣大少數股東權益出發，認真履行監督職責。

監事會列席了2016年歷次董事會會議和股東大會，並認為：董事會認真執行了股東大會的決議，忠實履行了誠信義務，未出現損害本公司、股東利益的行為。董事會的各項決議符合《公司法》等法律法規和《公司章程》的要求。監事會對任期內本公司的生產經營活動進行了監督，認為本公司經營班子勤勉盡責，認真執行了董事會的各項決議，經營中不存在違規操作行為。

2. DETAILS OF MEETINGS OF BOARD OF SUPERVISORS

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

- (1) On 27 March 2016, the Board of Supervisors held its first meeting of 2016, on which the following resolutions were considered and approved: Work Report of Board of Supervisors for 2015, 2015 Final Accounts Report of the Company, The Plan Regarding Dividend Distribution for 2015 and The Proposal Regarding Continuing Connected Transactions for 2016;
- (2) On 14 August 2016, the Board of Supervisors held its second meeting of 2016, on which the following resolutions were considered and approved: Interim Results Announcement for the Period Ended 30 June 2016 and Interim Report for the Period Ended 30 June 2016.

3. THE SUPERVISE OPINION FROM THE BOARD OF SUPERVISORS ON RELATED MATTERS OF THE COMPANY IN 2016

(1) Financial Conditions of the Company

The Board of Supervisors of the Company conducted inspection with regard to the financial conditions of the Company's own segment and its subsidiaries after having taken into account the actual situation of the Company in ways of hearing reports from financial department and regular auditing and other methods, thus strengthening the supervision over the Company's financial affairs. The Board of Supervisors of the Company is of the view that the Company and each of its subsidiaries have established their own independent financial departments with separate financial books and have conducted auditing independently, and that they have complied with Accounting Law as well as relevant financial regulations and rules. In 2016, the financial management of the Company and each of its subsidiaries was carried out on a standard basis and the accounting statements gave a true and accurate picture of the actual situation of the Company and each of its subsidiaries.

二、監事會會議情況

本報告期內監事會共召開2次會議：

- (一) 2016年3月27日，監事會召開2016年第一次監事會會議，會議審議通過了以下議案：《公司2015年度監事會工作報告》、《公司2015年度財務決算報告》、《關於2015年度股息分配的預案》、《關於2016年度持續關聯交易的議案》；
- (二) 2016年8月14日，監事會召開2016年第二次監事會會議，會議審議通過了以下議案：《截至2016年6月30日止之中期業績公告》、《截至2016年6月30日止之中期報告》。

三、監事會對本公司2016年度有關事項的監督意見

(一) 本公司財務狀況

監事會結合本公司實際情況，通過聽取財務部門匯報、進行定期審計等方式，對本公司本部、附屬公司的財務情況進行了檢查，強化了對公司財務工作的監督。監事會認為，公司及各子公司設有獨立的財務部門，有獨立財務賬冊，獨立核算，遵守《會計法》和有關財務規章制度。2016年的本公司及各附屬公司財務管理規範，會計報表真實、準確地反映了本公司及各附屬公司的實際情況。

REPORT OF THE BOARD OF SUPERVISORS 監事會報告

(2) Details of Connected Transactions

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

4. COMPREHENSIVE OPINION FROM SUPERVISORY COMMITTEE ON THE COMPANY'S SITUATION IN 2016

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

(2) During the Reporting Period, the senior management members of the Company fulfilled their duties in accordance with the Articles of Association and relevant laws and regulations of China. With aims to protect the interests of the Company and its shareholders, they earnestly implemented the resolutions of the Company's general meetings, fulfilled obligations of fiduciary and due diligence so as to facilitate the Company to carry out a standard operation, democratic decision, reasonable management, clear targeting and continuing innovation, having achieved favourable economic benefits without acts of violation.

(3) The Supervisory Committee has honestly reviewed the financial reports for 2016 and other relevant information. It considers that such reports give a true and fair view of the Company's financial conditions and operating results.

(二) 關聯交易情況

本年報告期內，公司與關聯方的日常性關聯交易事項均通過了公司董事會、股東大會的審議，關聯交易按合同或協議公平交易，沒有損害公司的利益。

四、監事會對公司2016年度情況的綜合意見

(一) 本報告期內，監事會成員真誠及認真地履行職責，恪盡職守，通過列席董事會會議，對董事會履行職權、執行公司決策程序進行了監督。監事會認為，公司董事會所形成的各項決議和決策程序認真履行了《公司法》、《公司章程》和《董事會會議事規則》的規定，是合法有效的。

(二) 本報告期內，公司高級管理人員履行職務時能遵守公司章程和國家法律、法規。以維護公司股東利益為出發點，認真執行公司股東大會決議，履行誠信和勤勉盡責的義務，使公司運作規範，決策民主、合理管理、目標明確、不斷創新，取得了良好的經濟利益，沒有出現違法違規行為。

(三) 監事會真誠地審核了2016年度財務報告等有關資料，認為報告真實公允的反映了公司的財務狀況和經營成果。

REPORT OF THE BOARD OF SUPERVISORS 監事會報告

(4) Opinion Regarding The Company's Self-Appraisal on Its Internal Control

The Company has, taking into account of the Company's actual situation, established and developed an internal control system that covers all areas of the Company according to the relevant requirements of the Listing Rules, Corporate Governance Regulations, Company Law and Articles of Association. Such system has ensured that the Company's operating activities are in a normal and ordinary course and has safeguarded the security and integrity of the Company's assets. The institutional frame work of the internal control of the Company in complete and the internal auditing department and personnel is in place, which has ensured that the implementation of and supervision over key activities under the Company's internal control are sufficient and effective. In 2016, no circumstances under which the Company would violate the internal control system of the Company occurred. The Board of Supervisors considers that the Company's self-appraisal on its internal control gives a comprehensive and true picture of the actual situation of the internal control of the Company.

(四) 對本公司內部控制自我評價的意見
本公司根據上市規則、《公司治理條例》、《公司法》、《公司章程》的有關規定，按照本公司實際情況，建立健全了覆蓋本公司各環節的內部控制制度，保證了本公司業務活動的正常活動，保護本公司資產的安全和完整。本公司內部控制組織架構完整，內部審計部門及人員配備到位，保證了本公司內部控制重點活動的執行及監督充分有效。2016年本公司沒有違反本公司內部控制制度的情形發生。監事會認為，本公司內部控制自我評價全面、真實的反映了本公司內部控制的實際情況。

Chairman of the Board of Supervisors

HUANG Fangfang

Hubei, the PRC

20 March, 2017

監事會主席

黃芳芳

中國湖北

2017年3月20日

CORPORATE GOVERNANCE REPORT 企業管治報告

The Board is pleased to present this corporate governance report as set out in the Company's annual report for the year ended 31 December 2016.

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

CORPORATE GOVERNANCE PRACTICE

The Company has complied with all the code provisions as set out in Appendix 14 of the Listing Rules during the year ended 31 December 2016.

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

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

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

The Company has made specific enquiry to all of the Directors and Supervisors and all of the Directors and Supervisors have confirmed that they have complied with the Model Code during the year ended 31 December 2016.

董事會欣然提呈載於本公司截至2016年12月31日止年度報告之企業管治報告。

本公司一直致力維持高標準企業管治，以提升股東價值及保障股東權益。本公司之企業管治原則強調高質董事會、有效內部監控及向股東負責之重要性。

企業管治常規

截至2016年12月31日止年度內，本公司已遵守上市規則附錄14所載的所有守則條文。

本公司將定期檢討其企業管治常規，以確保其符合企業管治守則。

遵守有關董事及監事所進行證券交易之標準 守則

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

本公司已向全體董事及監事作出特定查詢，而全體董事及監事均已確認，彼等於截至2016年12月31日止年度已遵守標準守則。

BOARD OF DIRECTORS

Board composition

The Board is responsible for overseeing the Group's strategic development, and determining the objectives, business strategies and policies of the Group. The Board also monitors and controls operating and financial performance in pursuit of the Group's strategic objectives. The Board currently consists of nine Directors, comprising three executive Directors, three non-executive Directors and three independent non-executive Directors. The Directors who held office during the year ended 31 December 2016 and as the date of this report are:

Executive Directors

Mr. JIANG Juncai

Mr. WANG Danjin

Mr. CHEN Yangui

Non-executive Directors

Mr. TANG Xinfu (*Chairman*)

Mr. ZHU Yingwei

Mr. MO Kit

Independent Non-executive Directors

Mr. TANG Jianxin

Mr. FU Hailiang

Mr. LEE Chi Ming

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

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

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

董事會

董事會之組成

董事會負責監管本集團的戰略發展，決定本集團的目標、商務策略及政策，並監察及掌握營運及財務表現，以達到本集團的戰略性目標。目前，董事會包括九名董事，其中包括三名執行董事、三名非執行董事及三名獨立非執行董事。於截至2016年12月31日止年度內及本報告日期期間，任職董事如下：

執行董事

蔣均才先生

王丹津先生

陳燕桂先生

非執行董事

唐新發先生(*董事長*)

朱英偉先生

毛杰先生

獨立非執行董事

唐建新先生

付海亮先生

李志明先生

董事彼此間概無任何財務、業務、家族或其他重大／相關關連。

董事簡歷載於本報告「董事、監事及高級管理人員簡介」一節。

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

CORPORATE GOVERNANCE REPORT

企業管治報告

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

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

RESPONSIBILITIES OF THE BOARD

The Board shall exercise the following functions and powers:

- To convene the general meetings, submit relevant matters to the general meetings for passing, and report on its work to the Shareholders;
 - To implement the resolution of the general meeting;
 - To decide on the business plans and investment schemes of the Company;
 - To formulate the Company's proposed annual financial budget and final accounts;
 - To formulate the Company's profit distribution plan and plan for making up for losses;
 - To formulate proposals for the increase or reduction of the Company's registered capital, and plans for the issue of corporate bonds or other securities and the listing plan;
 - To draw up plans for material assets acquisition or disposal, purchase of the Company's Shares, or merger, demerger, dissolution or change of the form of the Company;
 - To decide on the establishment of the Company's internal management organization;
 - To appoint or remove the Company's general manager and secretary of the Board; to appoint or remove other senior management officers pursuant to the general manager's nominations, and to determine the abovementioned matters relating to the remuneration, incentives and punishments of the senior management officers;
- 直至本報告日期，董事會一直遵守上市規則中有關委任至少三名獨立非執行董事以及其中至少一名獨立非執行董事須擁有相關專業資格或會計或相關財務管理專長的規定。
- 本公司已接獲各獨立非執行董事根據上市規則第3.13條的規定就其獨立性發出的確認書。根據上市規則所載的獨立性指引，本公司認為全體獨立非執行董事均具獨立性。

董事會之職責

董事會須行使下列職權：

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

CORPORATE GOVERNANCE REPORT 企業管治報告

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

CORPORATE GOVERNANCE REPORT 企業管治報告

In addition, the Board undertakes corporate governance function includes:

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

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

The Group's management team, which possesses extensive operating experience and industry knowledge, has been delegated by the Board with the authority and responsibility for the day-to-day management of the Group. During the year, the Board considered and approved the annual budget and its performance under management supervision together with the business reports from the management. The Board also reviewed and approved the final results for the year ended 31 December 2016 and other critical business operations. The Board also assessed the internal control and the financial matters of the Group.

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

此外，董事會須負責的企業管治職能包括：

- 制定及檢討本公司的企業管治政策及常規；
- 檢討及監察董事、監事及高級管理人員的培訓及持續專業發展；
- 檢討及監察本公司在遵守法律及監管規定方面的政策及常規；
- 制定、檢討及監察僱員及董事的操守準則及合規手冊(如有)；
- 檢討本公司遵守上市規則內的《企業管治守則》的情況及在《企業管治報告》內的披露。

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

本集團的管理層團隊具備廣泛的營運經驗及行業知識，並已獲董事會授予權利及責任以負責本集團日常管理。年內，董事會已審議並批准年度預算及在管理層監察下的預算表現，連同管理層的業務報告。董事會亦已審閱並批准截至2016年12月31日止年度的年度業績及其他重要業務活動，董事會亦已評核本集團的內部監控及財務事宜。

此外，董事會已審閱本企業管治報告，以履行其於企業管治職能的責任。

OPERATION OF THE BOARD

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

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

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

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

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

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

董事會之運作

董事會每年至少召開四次會議，由董事長召集。

倘發生下列任何事項時，董事長應自接到提議後 10 日內召開臨時董事會會議：

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

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

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

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

CORPORATE GOVERNANCE REPORT 企業管治報告

In 2016, the Board held four meetings and the attendance records of Directors at the Board meetings were as follows:

於2016年，董事會已舉行4次會議，董事出席董事會會議次數的記錄如下：

Name of Directors 董事姓名		Meeting attended/Number of Board meetings convened 出席會議／召開董事會會議次數
Mr. Tang Xinfu	唐新發先生	4/4
Mr. Zhu Yingwei	朱英偉先生	4/4
Mr. Jiang Juncai	蔣均才先生	4/4
Mr. Wang Danjin	王丹津先生	3/4
Mr. Chen Yangui	陳燕桂先生	4/4
Mr. Mo Kit	毛杰先生	4/4
Mr. Tang Jianxin	唐建新先生	4/4
Mr. Fu Hailiang	付海亮先生	4/4
Mr. Lee Chi Ming	李志明先生	4/4

NOMINATION, APPOINTMENT AND REMOVAL OF DIRECTOR

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

董事之提名及任免

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

DIRECTOR'S TRAINING

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

董事培訓

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

CORPORATE GOVERNANCE REPORT 企業管治報告

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that they could make contribution to the Board based on their possessing of comprehensive professional attainment. In 2016, the Directors are committed to complying with the provision A.6.5 of the Code on Directors' training. All Directors have participated in continuous professional development and provided a record of training they received.

The list below summaries the training received by the Directors for the year ended 31 December 2016:

本公司鼓勵董事參與持續的專業發展，以發展及更新彼等的知識及技能，以確保彼等在具備全面職業涵養的前提下為董事會作出貢獻。於2016年，董事嚴格遵守守則條文A.6.5進行董事培訓。全體董事均已參與持續的專業發展，並已提供彼等收到的培訓記錄。

以下概列董事於截至2016年12月31日止年度已接受的培訓：

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

CORPORATE GOVERNANCE REPORT 企業管治報告

CHAIRMAN AND GENERAL MANAGER

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

Mr. Tang Xinfa, the Chairman is entitled to exercise the following functions and powers:

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

董事長及總經理

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

本公司董事長唐新發先生負責行使下列職權：

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

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

Mr. Jiang Juncai, the general manager of the Company is responsible to the Board of Directors and exercises the following functions and powers:

本公司總經理蔣均才先生向董事會負責及行使下列職權：

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

BOARD COMMITTEES

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

董事會委員會

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

CORPORATE GOVERNANCE REPORT 企業管治報告

Nomination Committee

The Company has established a Nomination Committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Nomination Committee consists of three members, namely Mr. Lee Chi Ming (an independent non-executive Director), Mr. Zhu Yingwei (a non-executive Director) and Mr. Fu Hailiang (an independent non-executive Director), among whom Mr. Lee Chi Ming serves as the chairman of Nomination Committee.

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

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

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

In 2016, the Nomination Committee held one meeting and the attendance records of Directors at the Nomination Committee meeting were as follows:

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

In 2016, the Nomination Committee reviewed the composition of the Board in accordance with the requirements as stipulated in the Code and concluded that the Board comprised members with diversified backgrounds and skills which ensured balance and safeguarded the interests of Shareholders as well as the public.

提名委員會

本公司已根據上市規則附錄 14 所載企業管治守則成立提名委員會，並制定其書面職權範圍。提名委員會由三名成員組成，即李志明先生（獨立非執行董事）、朱英偉先生（非執行董事）及付海亮先生（獨立非執行董事），其中李志明先生出任提名委員會的主席。

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

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

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

於 2016 年，提名委員會已舉行一次會議，董事出席提名委員會會議次數的記錄如下：

於 2016 年，提名委員會根據守則規定審閱董事會的組成，並認為董事會由具備多元化背景及技能的成員組成，並確保充分制衡以及保障股東及公眾人士利益。

Remuneration and Appraisal Committee

The Company had established a Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Remuneration and Appraisal Committee consists of three members, namely Mr. Fu Hailiang (an independent non-executive Director), Mr. Jiang Juncai (an executive Director) and Mr. Tang Jianxin (an independent non-executive Director), among whom Mr. Fu Hailiang serves as the chairman of Remuneration and Appraisal Committee.

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

In 2016, the Remuneration and Appraisal Committee held one meeting, at which the resolutions in relation to the remuneration of executive Directors and senior management of the Company in 2015 and the remuneration policy for the executive Directors and senior management for 2016 were discussed and proposed. The attendance records of Directors at the Remuneration and Appraisal Committee meeting were as follows:

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

In 2016, the Remuneration and Appraisal Committee assessed the performance of executive Directors, reviewed the remuneration policy, considered and approved the proposed 2017 Director's fees for executive Directors and made recommendation to the Board on the Directors' fees for non-executive Directors.

Remuneration of Directors and senior management

The Company has established a formal and transparent procedure for formulating policies on remuneration of senior management of the Group. Details of the remuneration of each of the Directors for the year ended 31 December 2016 are set out in Note 6 to the Consolidated Financial Statements.

薪酬與考核委員會

本公司已根據上市規則第3.25條以及上市規則附錄14所載企業管治守則成立薪酬與考核委員會，並制定其書面職權範圍。薪酬與考核委員會由三名成員組成，即付海亮先生（獨立非執行董事）、蔣均才先生（執行董事）及唐建新先生（獨立非執行董事），其中付海亮先生出任薪酬與考核委員會的主席。

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

於2016年，薪酬及考核委員會已舉行1次會議，會上討論及建議董事會考慮有關2015年本公司執行董事及高級管理層薪酬的決議案及2016年執行董事及高級管理層的薪酬政策。董事出席薪酬及考核委員會會議次數的記錄如下：

Meeting attended/Number of Remuneration and Appraisal Committee convened 出席會議／召開薪酬與考核委員會會議次數

於2016年，薪酬及考核委員會已評估執行董事的表現、檢討薪酬政策、審議及批准2017年執行董事的董事袍金建議以及向董事會建議非執行董事的董事袍金。

董事及高級管理人員的薪酬

本公司已就制訂本集團高級管理人員的薪酬政策建立正式及具透明度的程序。截至2016年12月31日止年度各董事薪酬的詳情載於財務報表附註6。

CORPORATE GOVERNANCE REPORT 企業管治報告

Remuneration paid to the senior management (excluding the Directors) by bands for the year ended 31 December 2016 is set out below:

Remuneration bands (RMB) 薪酬區間(人民幣)

Nil to \$1.00 million

零至一百萬元

Number of individuals 人數

6

Audit Committee

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

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

The work performed by the Audit Committee in 2016 included review of the annual results of the Company for the year ended 31 December 2015, interim results of the Company for the six months ended 30 June 2016. The Audit Committee also reviewed the adequacy and effectiveness of the risk management and internal control system and making recommendation to the Board for improvement of internal control, credit control and risk management.

下表載列截至2016年12月31日止年度按區間劃分支付予高級管理人員(不包括董事)的薪酬：

審核委員會

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

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

審核委員會於2016年的工作包括審閱本公司截至2015年12月31日止年度的年度業績、本公司截至2016年6月30日止六個月的中期業績。審核委員會亦檢討風險管理及內部控制系統是否準確有效，以及就改善內部監控、信貸控制及風險管理向董事會提出建議。

In 2016, the Audit Committee held two meetings and the attendance records of Directors at the Audit Committee meetings were as follows:

於2016年，審核委員會已舉行兩次會議，董事出席審核委員會會議次數的記錄如下：

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

In 2016, the Audit Committee reviewed, discussed and approved the annual results for the year ended 31 December 2015 and the interim results for the period ended 30 June 2016. As at the date of this report, the Audit Committee also reviewed the auditor's remuneration for 2015 and recommended the Board to re-appoint KPMG as the Company's auditor for the year of 2016, subject to the approval of the Shareholders at the 2016 annual general meeting.

於2016年，審核委員會已審閱、討論及批准截至2015年12月31日止年度的年度業績及截至2016年6月30日止期間的中期業績。審核委員會亦審閱2015年的核數師酬金及向董事會推薦續聘畢馬威會計師事務所為2016年之本公司核數師，惟須待股東於2016年股東週年大會上批准。

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the Financial Statements of the Company for the year ended 31 December 2016. The Directors consider that the Group has sufficient resources to continue its business for the foreseeable future and are not aware of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

問責及審核

董事承認須負責編製本公司截至2016年12月31日止年度的財務報表。董事認為本集團擁有充足資源以在可見將來繼續經營業務，而且並不知悉可能引致本公司能否持續經營業務成為重大疑問的重大不明朗因素。

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

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

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

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

CORPORATE GOVERNANCE REPORT 企業管治報告

INTERNAL CONTROL AND RISK MANAGEMENT

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

- *Internal Audit.* We put in place the internal audit charter that clearly states the objectives, organisation, functions and responsibilities, working scope and procedures of our internal audit functions. We established an internal audit department that is responsible for internal auditing and execution of anti-bribery measures in accordance with the internal audit charter. The internal audit department reports to our senior management and the Audit Committee.
- *Listing Rules Compliance.* We have adopted various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to corporate governance, connected transactions, notifiable transactions, inside information and securities transactions by the Directors. We have designated staff to monitor our compliance with Listing Rules and other applicable laws and regulations who have the power to investigate relevant incidents if any and communicate with the related authorities or advisers.
- *Code of Conduct.* Our code of conduct explicitly communicates to each employee our values, acceptable criteria for decision-making and our ground rules for behaviour. Our code of conduct also includes whistle-blowing policies to encourage all employees to speak up against any sub-standard behaviour. We also established an anti-money laundering management group and a related working group that are responsible for monitoring and supervising the implementation of our code of conduct and our anti-money laundering policies.

內部控制及風險管理

董事會負責確保本公司維持良好及有效的內部控制，以始終保障股東的投資及本集團的資產。為籌備上市，我們委聘一名內部控制顧問於2015年5月對我們的內部控制進行評估若干程序。完成該等程序後，內部控制顧問已向我們提供評估結果及相關推薦建議，而我們已全面採納。尤其是，我們已採納一系列針對性內部控制政策、程序及方案，以實現有效及高效營運、可靠財務申報及遵守適用法律法規。我們內部控制系統的重點包括以下各項：

- *內部審核。*我們已制訂內部審核章程，明確載列我們內部審核職能的目標、組織、職能及職責、工作範圍及程序。我們已成立內部審計部，負責根據內部審核章程進行內部審核及執行反賄賂措施。內部審計部向我們的高級管理人員及審核委員會匯報。
- *上市規則合規。*我們已採納多項政策確保遵守上市規則，包括但不限於企業管治、關連交易、須予通告交易、內幕消息及董事進行證券交易等方面。我們已指定員工監控我們是否遵守上市規則及其他適用法律法規，其有權調查相關事件(若有)及與相關部門或顧問溝通。
- *行為守則。*我們的行為守則明確地向每名僱員傳達我們的價值、可接受的決策標準及我們的基本行為準則。我們的行為守則亦包括檢舉揭發政策，鼓勵全體僱員匯報任何不規範的行為。我們亦已設立反洗黑錢小組及相關工作小組，負責監控及監督我們的行為守則及反洗黑錢政策的執行。

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

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

The Company will review the internal control and risk management twice a year. The Board has reviewed the internal control and risk management system for the year ended 31 December 2016 and confirmed its effectiveness and appropriateness.

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

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

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

本公司將會每年兩次檢討內部控制及風險管理。董事會已檢討就截至2016年12月31日止年度的內部控制及風險管理系統，並確認其有效且適當。

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

CORPORATE GOVERNANCE REPORT

企業管治報告

AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about its reporting responsibilities for the Financial Statements is set out in the "Independent Auditor's Report" on page 113 to 114.

During the year ended 31 December 2016, the remuneration paid/payable to the Company's external auditor, KPMG, is set out below:

		Amount RMB'000 金額 人民幣千元
Annual audit services	年度審核服務	1,200
Non-audit services	非審核服務	600
Total fees	費用總額	1,800

The non-audit services were included interim review service and capital verification service.

核數師酬金

本公司外部核數師有關其就財務報表須承擔的申報責任的聲明載於第113至114頁的「獨立核數師報告」內。

下表載列截至2016年12月31日止年度，支付／應付予本公司外部核數師畢馬威會計師事務所的薪酬：

非審核服務包括中期審閱服務和驗資服務。

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

Shareholder rights

Right to propose to convene extraordinary general meeting

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

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

與股東及投資者的溝通

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

股東之權利

提議召開臨時股東大會之權利

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

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

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

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

Shareholders' right to propose resolutions at the general meeting

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

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

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

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

There had been no significant changes in constitutional documents of the Company during the year ended 31 December 2016.

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

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

於股東大會提議決議案之股東權利

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

本公司現載列下列通訊資料，以便股東與本公司溝通：

電話號碼 : 86-769-81768886
公司網站 : www.hec-changjiang.com
電郵地址 : pansanxiong82@dyg-hec.com

章程之修改

截至2016年12月31日止年度，本公司章程文件並無發生任何重大變動。

CORPORATE GOVERNANCE REPORT 企業管治報告

COMPANY SECRETARY

Mr. Pan Sanxiong and Ms. Ng Wing Shan act as joint company secretaries of the Company. For the biography of Mr. Pan and Ms. Ng, please refer to the section headed “Profiles of Directors, Supervisors and Senior Management” of this report.

Ms. Ng is an assistant vice president of SW Corporate Services Group Limited and her primary corporate contact person at the Company is Mr. Pan Sanxiong. In compliance with Rule 3.29 of the Listing Rules, each of Mr. Pan and Ms. Ng has undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2016.

NON-COMPETITION UNDERTAKING

The Company had entered into the Non-Competition Agreement on 6 December 2015 with the Controlling Shareholders. Please refer to page 78 of this Annual Report for details.

The independent non-executive Directors have reviewed the Non-competition Agreement and had determined that the Controlling Shareholders have not been in breach of the Non-competition Undertaking for the year ended 31 December 2016.

公司秘書

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

吳女士為信永方圓企業服務集團有限公司之副總監，其在本公司的主要聯絡人為潘三雄先生。於截至2016年12月31日止年度內，潘先生及吳女士均已接受至少十五小時的相關專業培訓，符合上市規則第3.29條的規定。

避免同業競爭承諾

本公司已於2015年12月6日與控股股東訂立避免同業競爭協議。詳情載於本年報第78頁。

獨立非執行董事已審閱避免同業競爭協議，並確定於截至2016年12月31日止年度內，控股股東並無違反避免同業競爭承諾。



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

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

Opinion

We have audited the consolidated financial statements of YiChang HEC Changjiang Pharmaceutical Co., Ltd. ("the Company") and its subsidiaries ("the Group") set out on pages 116 to 194, which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

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

致宜昌東陽光長江藥業股份有限公司股東的獨立核數師報告

(於中華人民共和國註冊成立的有限公司)

意見

本核數師(以下簡稱「我們」)已審核列載於第116頁至194頁宜昌東陽光長江藥業股份有限公司(「貴公司」)及其附屬公司(「貴集團」)的綜合財務報表,此綜合財務報表包括於2016年12月31日的綜合財務狀況表與截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表,以及綜合財務報表附註,包括主要會計政策概要。

我們認為,綜合財務報表已根據國際會計準則委員會(「國際會計準則委員會」)頒佈的國際財務報告準則(「國際財務報告準則」)真實而公平地反映 貴集團於2016年12月31日的綜合財務狀況,及 貴集團截至該日止年度的綜合財務表現及綜合現金流量,並已遵照香港公司條例的披露規定妥為編製。

意見的基礎

我們已根據香港會計師公會(「香港會計師公會」)頒佈的香港核數準則(「香港核數準則」)進行審核。我們於該等準則項下的責任在本報告「核數師就審核綜合財務報表須承擔的責任」一節中詳述。根據香港會計師公會之國際職業會計師道德守則(「守則」)及中華人民共和國中任何與我們審核綜合財務報表有關的道德要求,我們獨立於貴集團,並已遵循該等要求及守則履行其他道德責任。我們相信,我們所獲得的審核憑證是充足和適當地為我們的審核意見提供基礎。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Key audit matters

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

關鍵審核事項

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

Timing of revenue recognition 收入確認時點	
Refer to note 3 to the consolidated financial statements and the accounting policies on page 141. 參閱綜合財務報表附註3及第141頁的會計政策。	
The Key Audit Matter 關鍵審核事項	How the matter was addressed in our audit 在審核中的處理方法
<p>Revenue of the Group mainly comprises sales of pharmaceutical products to a large number of distributors. 該集團的營業收入主要包括向多個分銷商銷售藥品的收入。</p> <p>The Group enters into standard sales contracts with each distributor and manufactures and sells its products in accordance with the terms agreed in the sales contracts. 該集團與各分銷商簽訂標準的銷售合同並根據合同約定的條款生產、銷售藥品。</p> <p>Once the products leave the warehouse and are delivered to the location designated by the distributor, the risks and rewards of ownership of the goods are considered to have been transferred to the distributor and revenue is recognised accordingly. 當貨物離開倉庫並運送至分銷商指定的地點時，商品所有權上的主要風險和報酬被認為已轉移給分銷商，該集團據此確認營業收入。</p>	<p>Our audit procedures to assess the timing of revenue recognition included the following: 我們評估營業收入確認時點的審計程序主要包括：</p> <ul style="list-style-type: none"> obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition; 了解和評價與營業收入確認環節相關的控制的設計、執行及運行的有效性； inspecting sales contracts with customers, on a sample basis, to understand the terms of the sales transactions including the terms of delivery and acceptance and any sales return arrangements to assess the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards; 通過抽樣檢查該集團與分銷商簽訂的銷售合同，了解包括收發貨物及退貨安排等銷售條款，以確定該集團營業收入確認時點的政策與適用會計準則的要求是否一致；

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

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

Recoverability of trade receivables 應收賬款的可回收性	
<i>Refer to note 14 to the consolidated financial statements and the accounting policies on page 130-132.</i> 參閱綜合財務報表附註14及第130至132頁的會計政策。	
The Key Audit Matter 關鍵審核事項	How the matter was addressed in our audit 在審核中的處理方法
<p>The carrying value of the Group's gross trade receivables as at 31 December 2016 totalled RMB286 million, which included an allowance for doubtful debts of RMB14 million.</p> <p>2016年12月31日該集團的應收賬款賬面餘額為2.86億人民幣，其中包含已計提壞賬準備的應收賬款0.14億人民幣。</p> <p>The Group's allowance for doubtful debts is based on management's estimate of the recoverability of individual trade receivables with reference to the ageing of overdue balances, repayment histories of individual debtors, existing customer-specific and market conditions and the fulfilment of repayment arrangements agreed with specific debtors, all of which involve a significant degree of management judgement.</p> <p>該集團對壞賬準備的計提是基於管理層對單筆應收賬款可回收性的評估。管理層考慮了逾期賬款的賬齡、客戶的歷史回款情況、客戶自身和市場情況及與特定客戶簽訂的還款安排的實行情況等因素評估單筆應收賬款的可回收性，以上因素都涉及了一定程度上的管理層判斷。</p>	<p>Our audit procedures to assess the recoverability of trade receivables included the following:</p> <p>我們評估應收賬款可回收性的審計程序主要包括：</p> <ul style="list-style-type: none"> obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls relating to credit control, debt collection and the calculation of the allowance for doubtful debts; 了解、評價及測試與信用控制、債務回收及壞賬準備計算環節相關的關鍵內部控制的設計、執行及運行的有效性； assessing the classification of individual balances in the trade receivable ageing report by comparing the details in the trade receivable ageing report with the underlying goods delivery notes and invoices, on a sample basis; 通過選取樣本，比對應收賬款賬齡報告和相關的出庫單及發票，評估單項應收款項餘額賬齡分類的準確性；

<p>The Key Audit Matter 關鍵審核事項</p>	<p>How the matter was addressed in our audit 在審核中的處理方法</p>
<p>We identified the recoverability of trade receivables as a key audit matter because of the inherent uncertainty in assessing if trade receivables will be recovered in full and because the assessment of the allowance for doubtful debts requires the exercise of significant management judgement.</p> <p>我們識別出應收賬款的可回收性是一個的關鍵審計事項，因為應收賬款是否可以全部收回的評定存在固有的不確定性，且在評估應收賬款的可回收性時需要運用重要的管理層判斷。</p>	<ul style="list-style-type: none"> • obtaining an understanding of the basis of management's judgements about the recoverability of individual overdue balances and evaluating the allowance for doubtful debts made by management for these individual balances with reference to the industry in which the debtors are operating, the ageing of overdue balances, historical and post year-end payment records and repayment arrangements agreed with specific debtors. This included inspecting relevant correspondence with individual debtors; • 了解管理層判斷逾期未收應收款項的可收回性以及計提壞賬準備的依據，這些依據包括客商所處的行業狀況，逾期應收賬款餘額的賬齡，歷史及期後回款情況，與特定客商商定的還款安排等，包括檢查與個別客商的對賬； • assessing the historical accuracy of the estimates made by the management for the allowance for doubtful debts by comparing the level of provision made by management as at 31 December 2015 with the actual new provisions, write offs and recoveries in respect of trade receivables as at 31 December 2015 during the current year; and • 通過比較管理層在2015年12月31日計提的壞賬準備和實際針對2015年12月31日應收賬款餘額新發生的壞賬準備計提，核銷及轉回情況，評估管理層關於應收賬款壞賬計提的歷史準確性；及 • comparing cash receipts from debtors subsequent to the financial year end relating to trade receivable balances at 31 December 2016 with bank statements and relevant underlying documentation, on a sample basis. • 抽樣檢查資產負債表日後應收賬款回款的收據、銀行回單及支持性文件，並與2016年12月31日相應的應收賬款餘額比對。

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

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

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

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

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

綜合財務報表以外的其他資料及我們就此發出的核數師報告

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

我們對綜合財務報表作出的意見並未考慮其他資料。我們不對其他資料發表任何形式的核證結論。

就審核綜合財務報表而言，我們的責任是閱讀其他資料，從而考慮其他資料是否與綜合財務報表或我們在審核過程中獲悉的資料存在重大不符，或似乎存在重大錯誤陳述。倘若我們基於已完成的工作認為其他資料出現重大錯誤陳述，我們須報告此一事實。我們就此並無須報告事項。

董事就綜合財務報表須承擔的責任

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

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

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

董事獲審核委員會協助履行其監督 貴集團財務報告流程的責任。

核數師就審核綜合財務報表須承擔的責任

我們的目標是合理確定整體而言此等綜合財務報表是否不存在由於欺詐或錯誤而導致的重大錯誤陳述，並發出包含審核意見的核數師報告。本報告僅為 閣下(作為整體)而編製，並無其他用途。我們並不就本報告之內容對任何其他人士承擔任何義務或負上任何責任。

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

我們根據香港核數準則進行審核的工作之一，是運用專業判斷，在整個審核過程中抱持職業懷疑態度。我們亦：

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

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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

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

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

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

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

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

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

KPMG

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

20 March 2017

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

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

負責此審核項目與簽發獨立核數師報告的項目合夥人為林啟華。

畢馬威會計師事務所

執業會計師
香港中環
遮打道十號
太子大廈八樓

2017年3月20日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 綜合損益及其他全面收益表

for the year ended 31 December 2016
截至2016年12月31日止年度
(Expressed in Renminbi)
(以人民幣呈列)

		Note	2016	2015
		附註	RMB'000 人民幣千元	RMB'000 人民幣千元
Revenue	營業額	3	941,504	692,910
Cost of sales	銷售成本		(214,234)	(178,334)
Gross profit	毛利		727,270	514,576
Other revenue	其他收入	4(a)	15,998	15,801
Distribution costs	分銷成本		(180,887)	(77,287)
Administrative expenses	行政管理開支		(132,711)	(120,171)
Other net income	其他收入淨額	4(b)	30,629	6,686
Profit from operation	經營溢利		460,299	339,605
Finance costs	融資成本	5(a)	(7,233)	(24,899)
Profit before taxation	除稅前溢利	5	453,066	314,706
Income tax	所得稅	6	(72,469)	(48,956)
Profit for the year attributable to equity shareholders of the Company	本公司權益持有人應佔年內溢利		380,597	265,750
Total comprehensive income for the year attributable to equity shareholders of the Company	本公司權益持有人應佔年內全面收益總額		380,597	265,750
Basic and diluted earnings per share	每股基本及攤薄盈利	9	RMB0.84	RMB0.79

The notes on pages 122 to 194 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in Note 22(b).

第122頁至194頁之附註構成該等財務報表一部份。有關年內溢利中應付公司權益股東的股息詳情，載於附註22(b)。

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 綜合財務狀況表

at 31 December 2016
於2016年12月31日
(Expressed in Renminbi)
(以人民幣呈列)

			2016	2015
		Note	RMB'000	RMB'000
		附註	人民幣千元	人民幣千元
Non-current assets	非流動資產			
Fixed assets	固定資產			
– Property, plant and equipment	– 物業、廠房及設備	10	413,915	378,801
– Interests in leasehold land held for own use under operating leases	– 根據經營租賃持作自用之租賃土地權益	10	81,767	83,699
			495,682	462,500
Prepayments	預付款項	12	422,544	294,599
Deferred tax assets	遞延稅項資產	21(b)	11,415	10,392
Total non-current assets	非流動資產總額		929,641	767,491
Current assets	流動資產			
Inventories	存貨	13	110,624	154,628
Trade and other receivables	貿易及其他應收款項	14	337,149	260,568
Time deposits	定期存款	15	238,988	33,000
Pledged deposits	已抵押存款	16	2,635	8,077
Cash and cash equivalents	現金及現金等值項目	17	1,212,072	1,353,651
Total current assets	流動資產總額		1,901,468	1,809,924
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付款項	18	182,377	155,961
Bank loans	銀行貸款	19	70,000	105,000
Deferred income	遞延收益	20	4,379	4,379
Current taxation	應付即期稅項	21(a)	27,525	5,826
Total current liabilities	流動負債總額		284,281	271,166
Net current assets	流動資產淨額		1,617,187	1,538,758
Total assets less current liabilities	總資產減流動負債		2,546,828	2,306,249

The notes on pages 122 to 194 form part of these financial statements.

第122頁至194頁之附註構成該等財務報表一部份。

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 綜合財務狀況表

at 31 December 2016
於2016年12月31日
(Expressed in Renminbi)
(以人民幣呈列)

		Note	2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
		附註		
Non-current liabilities	非流動負債			
Bank loans	銀行貸款	19	20,000	90,000
Deferred income	遞延收益	20	69,021	73,400
Total non-current liabilities	非流動負債總額		89,021	163,400
Net assets	淨資產		2,457,807	2,142,849
Capital and reserves	資本及儲備			
Share capital	股本	22(c)	450,823	450,659
Reserves	儲備	22(d)	2,006,984	1,692,190
Total equity	總權益		2,457,807	2,142,849

Approved and authorised for issue by the board of directors on 20 March 2017.

財務報表已由董事會於2017年3月20日批准及授權刊發。

Tang Xinfra
唐新發
Director
董事

Chen Yangui
陳燕桂
Director
董事

The notes on pages 122 to 194 form part of these financial statements.

第122頁至194頁之附註構成該等財務報表一部份。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

for the year ended 31 December 2016
截至2016年12月31日止年度
(Expressed in Renminbi)
(以人民幣呈列)

		Share capital 股本	Capital reserve 資本儲備	Statutory reserve 法定儲備	Retained earnings 保留收益	Total equity 總權益
	Note 附註	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
		Note22(c) 附註 22(c)	Note22(d)(i) 附註 22(d)(i)	Note22(d)(ii) 附註 22(d)(ii)		
Balance at 1 January 2015:	於2015年1月1日的結餘:	170,800	8,064	97,726	665	277,255
Changes in equity for 2015:	2015年權益變動:					
Total comprehensive income for the year	年內全面收入總額	—	—	—	265,750	265,750
Conversion to joint stock limited liability company	改制為股份有限公司	129,200	(635)	(97,722)	(30,843)	—
Capital injection	注資	60,527	456,567	—	—	517,094
Shares issued upon initial public offering	首次公開發售時發行的股份	90,132	992,618	—	—	1,082,750
Appropriation to statutory reserve	轉撥至法定儲備	—	—	26,567	(26,567)	—
Balance at 31 December 2015 and 1 January 2016	於2015年12月31日及2016年1月1日的結餘	450,659	1,456,614	26,571	209,005	2,142,849
Changes in equity for 2016:	2016年權益變動:					
Total comprehensive income for the year	年內全面收入總額	—	—	—	380,597	380,597
Dividends approved in respect of the previous year	批准過往年度股息	—	—	—	(67,623)	(67,623)
Shares issued upon the over-allotment options exercised	行使超額配股權時發行的股份	164	1,820	—	—	1,984
Appropriation to statutory reserve	轉撥至法定儲備	—	—	38,065	(38,065)	—
Balance at 31 December 2016	於2016年12月31日的結餘	450,823	1,458,434	64,636	483,914	2,457,807

The notes on pages 122 to 194 form part of these financial statements.

第122頁至第194頁之附註構成該等財務報表一部分。

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

for the year ended 31 December 2016
截至2016年12月31日止年度
(Expressed in Renminbi)
(以人民幣呈列)

		Year ended 31 December	
		截至12月31日止年度	
		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		Note	
		附註	
Operating activities	經營活動		
Cash generated from operations	經營所得之現金	17(b)	448,999
The People's Republic of China	已支付的中華人民共和國		343,998
(the "PRC") income tax paid	(「中國」)所得稅	21(a)	(51,793)
			(56,604)
Net cash generated from operating activities	經營活動產生的現金淨值		397,206
			287,394
Investing activities	投資活動		
Interest received	已收利息		8,104
Payment for the purchase of property, plant and equipment	購買物業、廠房及設備所付款項		(62,987)
Proceeds received from disposal of property, plant and equipment	出售物業、廠房及設備所得款項		—
Prepayment for intangible assets	無形資產預付款	12	(110,000)
Investment in time deposits with maturity over three months	到期日超過三個月之定期存款投資		(235,826)
Proceeds from time deposits	定期存款所得款項		33,000
			—
Net cash used in investing activities	投資活動中使用的現金淨值		(367,709)
			(343,575)

The notes on pages 122 to 194 form part of these financial statements.

第122頁至第194頁之附註構成該等財務報表一部分。

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

for the year ended 31 December 2016
截至2016年12月31日止年度
(Expressed in Renminbi)
(以人民幣呈列)

		Year ended 31 December	
		截至12月31日止年度	
	Note	2016	2015
		RMB'000	RMB'000
	附註	人民幣千元	人民幣千元
Financing activities	融資活動		
Proceeds from issuance of shares	發行股份所得款項	1,984	1,613,481
Payment of listing expenses	上市開支所付款項	(22,535)	(14,916)
Proceeds from new bank loans	新銀行貸款所得款項	—	50,000
Repayments of bank loans	償還銀行貸款	(105,000)	(270,000)
Dividends paid to equity shareholders of the Company	已付本公司權益持有人的股息	(67,623)	—
Repayments to related parties	償還關聯方款項	—	(30,091)
Interest paid	已付利息	(7,454)	(25,196)
Net cash (used in)/generated from financing activities	(用於)/來自融資活動 的現金淨值	(200,628)	1,323,278
Net (decrease)/increase in cash and cash equivalents	現金及現金等值項目淨 (減少)/增加	(171,131)	1,267,097
Cash and cash equivalents at 1 January	於1月1日的現金及現金等值項目	1,353,651	86,554
Effect of foreign exchange rate changes	外匯匯率變動的影響	29,552	—
Cash and cash equivalents at 31 December	於12月31日的現金及 現金等值項目	1,212,072	1,353,651

17(a)

The notes on pages 122 to 194 form part of these financial statements.

第122頁至第194頁之附註構成該等財務報表一部分。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

I SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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

I 重大會計政策

(a) 合規聲明

該等財務報表已根據所有適用國際財務報告準則（「國際財務報告準則」）編製，其條款包括所有適用的國際財務報告準則、國際會計準則委員會頒佈的國際會計準則（「國際會計準則」）以及詮釋、香港公認會計原則及香港公司條例有關披露之規定。該等財務報表亦符合香港聯合交易所有限公司證券上市規則的適用披露條文。本集團所採納的重大會計政策披露如下。

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

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有指明外，均以人民幣列示)

I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Basis of presentation of the financial statements (Cont'd)

The consolidated financial statements for the year ended 31 December 2016 comprise the Company and its subsidiary (together referred to as “the Group”).

The Company was formerly named as Yichang Changjiang Pharmaceutical Company Limited, which was established as a limited liability company in Yichang City, Hubei Province, the People's Republic of China (“PRC”) on 8 August 2001. On 11 May 2015, the Company was converted into a joint stock limited liability company and with a registered capital of RMB300,000,000 in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited. Upon completion of this conversion, the Company changed its name to YiChang HEC Changjiang Pharmaceutical Co., Ltd. (宜昌東陽光長江藥業股份有限公司).

All material intra-group transactions and balances have been eliminated on consolidation.

The financial statements are presented in Renminbi (“RMB”), rounded to the nearest thousand.

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

I 重大會計政策(續)

(b) 財務報表呈列基準(續)

截至2016年12月31日止年度之綜合財務報表包括本公司及其附屬公司(統稱「本集團」)。

本公司前稱為宜昌長江藥業有限公司(「長江藥業」)，於2001年8月8日在中華人民共和國(「中國」)湖北省宜昌市成立為有限責任公司。為籌備本公司股份於香港聯合交易所有限公司上市，於2015年5月11日，本公司轉換成股份有限公司，註冊股本人民幣300,000,000元。於完成此轉換時，本公司把其名稱更改為宜昌東陽光長江藥業股份有限公司。

所有重大集團內交易及結餘已於綜合入賬時抵銷。

財務報表以人民幣(「人民幣」)呈列，並調整至最接近的千位數。

編製本財務報表時以歷史成本作為計量基準。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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

I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Basis of presentation of the financial statements (Cont'd)

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 2.

I 重大會計政策(續)

(b) 財務報表呈列基準(續)

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

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

管理層應用國際財務報告準則時所作出對財務報表有重大影響的判斷以及估計不確定性的主要來源於附註2討論。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有指明外，均以人民幣列示)

I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Changes in accounting policies

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

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

I 重大會計政策(續)

(c) 會計政策變更

國際會計準則理事會已頒布多項國際財務報告準則修訂本，於本集團的本會計期間首次生效。有關修訂本對於如何編製或呈列本集團於本年度或過往年度的業績及財務狀況並無重大影響。

本集團並未應用於現行會計期間尚未生效的任何新準則或詮釋。

(d) 附屬公司

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

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

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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

I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Subsidiaries (Cont'd)

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

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

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 1(h)) unless the investment is classified as held to sale (or included in a disposal group that is classified as held for sale).

I 重大會計政策(續)

(d) 附屬公司(續)

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

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

於本公司之財務狀況表內，於附屬公司之投資乃按成本減除任何減值損失(見附註1(h))列賬，除非該投資乃分類為持作出售(或計入分類為持作出售的出售組別)。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Property, plant and equipment

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

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

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

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

I 重大會計政策(續)

(e) 物業、廠房及設備

下列物業、廠房及設備項目按成本減累計折舊及減值虧損列賬(附註I(h))：

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

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

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

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

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

I 重大會計政策(續)

(e) 物業、廠房及設備(續)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Research and development costs

Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Because of the nature of the Group's research and development activities, the criteria for the recognition of such costs as an asset are generally not met until late in the development stage of the project when the remaining development costs are immaterial. Hence both research costs and development costs are generally recognised as expenses in the period in which they are incurred.

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

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

I 重大會計政策(續)

(f) 研究及開發成本

研究及開發成本包括直接與研究及開發活動有關之所有成本，或按合理準則撥入研究開發活動之所有成本。基於本集團研究及開發活動之性質，該等成本通常在項目開發階段末期於餘下開發成本並不重要時方達到確認為資產入賬的條件，因此研究成本及開發成本通常在支出期間列為開支入賬。

(g) 根據經營租賃持作自用之土地權益

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

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Impairment of assets

(i) Impairment of trade and other receivables

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

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

I 重大會計政策(續)

(h) 資產減值

(i) 貿易及其他應收款項的減值

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

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

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Impairment of assets (Cont'd)

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

If any such evidence exists, any impairment loss is determined and recognized as follows. For trade and other receivables carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

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

I 重大會計政策(續)

(h) 資產減值(續)

(i) 貿易及其他應收款項的減值(續)

倘出現任何該等證據，則任何減值虧損會按以下方式釐定及確認：就以攤銷成本列賬的貿易及其他應收款項而言，減值虧損乃根據資產的賬面值與估計未來現金流量現值兩者間的差額計量，如折現影響屬重大，則按金融資產原實際利率(即初始確認該等資產時計算的實際利率)折現。倘該等金融資產具備類似風險特徵(如類似的逾期情況)及並未單獨評估為已減值，則有關評估會一同進行。集合評估減值的金融資產的未來現金流量乃根據與該類資產具有類似信貸風險特徵的資產的過往虧損經驗計算。

倘若其後減值虧損金額減少，而有關減少與確認減值虧損後發生的事件可客觀地聯繫，則有關減值虧損透過損益表撥回。減值虧損的撥回不應導致資產的賬面值超過倘在過往年度沒有確認任何減值虧損而應釐定的金額。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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

I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Impairment of assets (Cont'd)

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

Impairment losses recognised in respect of trade and other receivables, whose recovery is considered doubtful but not remote, are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade and other receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

I 重大會計政策(續)

(h) 資產減值(續)

(i) 貿易及其他應收款項的減值(續)

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

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Impairment of assets (Cont'd)

(ii) Impairment of other assets

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

- Property, plant and equipment;
- Interest in leasehold land held for own use under operating leases;
- Prepayments; and
- Investments in subsidiaries of the Company.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

I 重大會計政策(續)

(h) 資產減值(續)

(ii) 其他資產減值

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

- 物業、廠房及設備；
- 根據經營租賃持作自用之土地權益；
- 預付款項；及
- 於附屬公司之投資。

倘出現任何該等跡象，則會估計資產的可收回金額。

- 計算可收回金額

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

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Impairment of assets (Cont'd)

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

– Recognition of impairment losses

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

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

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

I 重大會計政策(續)

(h) 資產減值(續)

(ii) 其他資產減值(續)

– 確認減值虧損

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

– 撥回減值虧損

倘用於釐定可收回金額的估計出現有利變動，則撥回減值虧損。

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

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Inventories

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

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

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

(j) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (Note I(h)).

I 重大會計政策(續)

(i) 存貨

存貨乃按成本及可變現淨值的較低者列賬。成本乃按加權平均成本法計算，並包括所有採購成本、轉換成本及將存貨保存於現時所在地點及保持現有狀況所產生的其他成本。

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

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

(j) 貿易及其他應收款項

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

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(k) Interest-bearing borrowings

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

(l) Trade and other payables

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

(m) Cash and cash equivalents

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

I 重大會計政策(續)

(k) 計息借款

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

(l) 貿易及其他應付款項

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

(m) 現金及現金等值項目

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

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Employee benefits

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

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

(o) Income tax

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

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

I 重大會計政策(續)

(n) 僱員福利

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

向中國政府所營運的退休福利計劃作出的年度供款乃於產生時在損益表中確認。

(o) 所得稅

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

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

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(o) Income tax (Cont'd)

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

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

I 重大會計政策(續)

(o) 所得稅(續)

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

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

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(o) Income tax (Cont'd)

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

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

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

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

I 重大會計政策(續)

(o) 所得稅(續)

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

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

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

因派發股息而產生的額外所得稅在支付有關股息時確認。

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(o) Income tax (Cont'd)

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

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

I 重大會計政策(續)

(o) 所得稅(續)

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

- 倘為即期稅項資產與負債，本集團擬按淨額基準結算，或同時變現該資產及清償該負債；或
- 倘為遞延稅項資產及負債，而此等資產及負債與同一稅務機關就以下其中一項徵收的所得稅有關：
 - 同一應課稅實體；或
 - 不同的應課稅實體，此等實體計劃在日後每個預期有大額遞延稅項負債需要清償或大額遞延稅項資產可以收回的期間內，按淨額基準變現即期稅項資產及清償即期稅項負債，或同時變現該資產及清償該負債。

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(p) Provisions and contingent liabilities

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

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

(q) Revenue recognition

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

(i) Sale of goods

Revenue is recognised when goods leave the warehouse and are delivered to the location designated by the customers and the related risks and rewards of ownership of the goods are considered to have been transferred to the customers. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

I 重大會計政策(續)

(p) 撥備及或然負債

撥備乃於本集團或本公司因過往事件而產生法律或推定責任，而可能需要經濟利益流出以清償責任及能作出可靠估計時，就不確定時間或金額的其他負債確認。倘金錢的時間值屬重大時，撥備乃按預期清償責任的開支的現值列賬。

當需要經濟利益流出的可能性較低或當金額不能可靠估計時，責任會作為或然負債披露，除非經濟利益流出的可能性極低。可能的責任（其存在將僅由一項或以上未來事件的出現或不出現確認）亦作為或然負債披露，除非經濟利益流出的可能性極低者，則另當別論。

(q) 收入確認

收入是按已收或應收代價的公允價值計量。倘有經濟利益可能流入本集團，而收入及成本（如適用）能可靠地計量時，則收入會根據下列方法於損益表中確認：

(i) 銷售貨品

收入是在貨品離開倉庫並送達客戶指定的場所且貨品擁有權的有關風險及回報被視為轉嫁予客戶時確認。收入不包括增值稅或其他銷售稅，並已扣除任何貿易折扣。

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(q) Revenue recognition (Cont'd)

(ii) Interest income

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

(iii) Government grants

Government grants are recognised in the statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset by way of recognized in other revenues.

(iv) Service income

Service income is recognised when the relevant services are rendered.

I 重大會計政策(續)

(q) 收入確認(續)

(ii) 利息收入

利息收入是在產生時按實際利率法確認。

(iii) 政府補助

當可以合理確定本集團將會收到政府補助並會遵守其附帶條件時，政府補助會初步於財務狀況表內予以確認。用作補償本集團所產生的開支的補助於產生開支的同一期間有系統地於損益表內確認為收入。補償本集團資產成本的補助初步確認為遞延收入，並於該項資產的可使用年期以確認為其他收入的方式按直線法於損益表內攤銷。

(iv) 服務收入

服務收入乃於提供相關服務時確認。

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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(r) Borrowing costs

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

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

(s) Translation of foreign currencies

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

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

I 重大會計政策(續)

(r) 借貸成本

凡直接與購置、興建或生產某項資產(該資產必須經過頗長時間籌備以作預定用途或出售)有關的借貸成本，均資本化為資產的部份成本。其他借貸成本均於發生期間內支銷。

符合資本化條件的借貸成本，在資產已產生開支、借貸成本已發生及使資產達到預定可使用或可銷售狀態所必要的工作已進行時，開始資本化。符合資本化條件的資產投入擬定用途或銷售所必須的絕大部份工作中止或完成時，借貸成本便會暫停或停止資本化。

(s) 外幣換算

年內的外幣交易按交易日期公佈的外匯匯率換算。以外幣計值的貨幣資產及負債，按報告期末公佈的外匯匯率換算。匯兌盈虧於損益中確認。

按歷史成本以外幣計值的非貨幣資產及負債，按交易日期公佈的外匯匯率換算。按公平值列賬以外幣計值的非貨幣資產及負債，按計量公平值日期公佈的外匯匯率換算。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有指明外，均以人民幣列示)

I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(t) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

I 重大會計政策(續)

(t) 關連人士

- (a) 在以下情況下，某人士或其近親家庭成員與本集團有關聯：
- (i) 可控制或共同控制本集團；
 - (ii) 對本集團有重大影響力；或
 - (iii) 是本集團或本集團母公司的主要管理人員的成員。
- (b) 在任何以下情況下，某實體與本集團有關聯：
- (i) 該實體及本集團均是同一集團的成員公司（即母公司、附屬公司及同系附屬公司各自與其他方有關聯）。
 - (ii) 某實體是另一實體的聯營公司或合營公司（或另一實體為成員公司的某集團的成員公司的聯營公司或合營公司）。
 - (iii) 兩家實體均是同一第三方的合營公司。
 - (iv) 某實體是第三方實體的合營公司而另一實體則是該第三方實體的聯營公司。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(t) Related parties (Cont'd)

- (b) An entity is related to the Group if any of the following conditions applies: (Cont'd)
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

I 重大會計政策(續)

(t) 關連人士(續)

- (b) 在任何以下情況下，某實體與本集團有關聯：(續)
- (v) 該實體是旨在提供福利予本集團或與本集團有關聯的實體的僱員的離職後福利計劃。
- (vi) 該實體受(a)項中所辨別的人士控制或共同控制。
- (vii) 在(a)(i)項中所辨別的人士對該實體有重大影響力，或該人士是該實體(或是該實體的母公司)的主要管理人員的成員。
- (viii) 向本集團或本集團母公司提供主要管理人員服務的實體或其所屬集團的任何成員公司。

某人士的近親家庭成員為在與實體交易時預期會影響該名人士或受到該名人士影響的家庭成員。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) Segment reporting

Management has determined operating segments with reference to the reports reviewed by the chief operating decision maker of the Group that are used to assess the performance and allocate resources.

The chief operating decision maker of the Group assesses the performance and allocates the resources of the Group as a whole, as all of the Group's activities are considered to be primarily dependent on the performance on sales of pharmaceutical products. Therefore, management considers there to be only one operating segment under the requirements of IFRS 8, Operating Segments. In this regard, no segment information is presented for the year end 31 December 2016.

No geographic information is shown as the Group's operating profit is derived from activities of manufacture and sale of pharmaceutical products in the PRC.

I 重大會計政策(續)

(u) 分部報告

管理層乃參照本公司最高營運決策者所審閱用以評估業績表現及分配資源的報告以釐定經營分部。

由於本集團全部業務活動被視為主要依賴藥品銷售的表現，故本集團的最高經營決策者評估本集團整體表現並分配其資源。因此，根據國際財務報告準則第8號經營分部的規定，管理層認為僅存在一個經營分部。就此而言，並無呈列截至2016年12月31日止年度的分部資料。

本集團的經營溢利來自中國的產銷藥品業務，故並無展示地理資料。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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2 ACCOUNTING ESTIMATES AND JUDGEMENTS

The key sources of estimation uncertainty and critical accounting judgments in applying the Group's accounting policies are described below.

(a) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value.

The Group reviews annually the useful life of an asset and its residual value, if any. The depreciation expense for future years is adjusted if there are significant changes from previous estimation.

(b) Impairments

(i) In considering the impairment losses that may be required for certain property, plant and equipment and lease prepayments, recoverable amount of these assets needs to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to items such as level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as revenue and operating costs.

2 會計估計及判斷

估計不確定性的主要來源及於應用本集團會計政策時所作出的重大會計判斷載述於下文。

(a) 折舊

於考慮估計剩餘價值後，物業、廠房及設備於估計可使用年內按直線法折舊。

本集團每年審閱資產的可使用年期及其剩餘價值(如有)。倘過往作出的估算出現重大變動，則會對未來年度的折舊開支作出調整。

(b) 減值

(i) 於考慮可能須就若干物業、廠房及設備及預付租賃款項作出的減值虧損時，需要釐定該等資產的可收回金額。可收回金額為淨售價與使用價值兩者之較高者。由於未必能即時取得該等資產的市場報價，故難以精確估計售價。於釐定使用價值時，資產所產生的預期現金流會折現至其現值，當中需要就收益水平及經成本金額等項目作出重大判斷。於釐定可收回金額的合理約數時，本集團使用所有可即時取得的資料，包括根據就收益及營運成本等作出的合理及有理據支持的假設及預測作出的估算。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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2 ACCOUNTING ESTIMATES AND JUDGEMENTS

(b) Impairments (Cont'd)

- (ii) Impairment losses for doubtful debts are assessed and provided based on the directors' regular review of ageing analysis and evaluation of collectability. A considerable level of judgment is exercised by the directors when assessing the credit worthiness and past collection history of each individual customer.

An increase or decrease in the above impairment losses would affect the net profit or loss in future years.

3 REVENUE

The principal activities of the Group are manufacturing and sales of pharmaceuticals.

Revenue represents the sales value of goods supplied to customers. Revenue excludes sales taxes and surcharges and is after deduction of any trade discounts.

The amount of each significant category of revenue is as follows:

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Sales of anti-viral drugs	銷售抗病毒藥物	739,824	457,436
Sales of cardiovascular drugs	銷售心血管藥物	89,182	107,083
Sales of endocrine and metabolic drugs	銷售內分泌及代謝藥物	46,739	39,047
Sales of other medical products	銷售其他藥物	65,759	89,344
		941,504	692,910

2 會計估計及判斷(續)

(b) 減值(續)

- (ii) 呆壞賬減值虧損乃根據董事定期對賬齡分析作出的審閱及可收回程度的估計進行評估，並作出撥備。董事於釐定每名個別客戶的信譽及過往收款記錄時需要作出大量判斷。

上述減值虧損的增減將影響未來幾年的淨溢利或虧損。

3 營業額

本集團的主要業務為藥品生產及銷售。

營業額指供應給客戶的貨品的銷售價值。營業額不包括銷售稅及附加費，並已扣除任何貿易折扣。各主要營業額類別的金額如下：

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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3 REVENUE (Cont'd)

The Group's customer base is diversified and includes one customer (2015: one) with whom transactions have exceeded 10% of the Group's revenues for the year ended 31 December 2016, including sales to entities which are known to the Group under common control with this customer. Revenues from this customer amounted to approximately RMB384,468,000 (2015: RMB202,478,000).

4 OTHER REVENUE AND OTHER NET INCOME

(a) Other revenue

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Government grants	政府補助		
– Unconditional subsidies	– 無條件補助	3,322	4,490
– Conditional subsidies (Note 20)	– 有條件補助(附註20)	4,379	7,886
Interest income	利息收入	8,104	2,172
Research service income	研究服務收入	—	1,129
Others	其他	193	124
		15,998	15,801

(b) Other net income

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
(Loss)/gain on disposal of fixed assets	出售固定資產的(虧損)/收益	(136)	13
Exchange gain	匯兌收益	32,765	8,001
Others	其他	(2,000)	(1,328)
		30,629	6,686

3 營業額(續)

本集團的客戶群多元化，截至2016年12月31日止年度，包括一名(2015年：一名)交易額超過本集團營業額10%的客戶(包括向本集團知悉與該名客戶受共同控制之實體銷售)。來自該名客戶的營業額約達人民幣384,468,000元(2015年：人民幣202,478,000元)。

4 其他收入及其他收入淨額

(a) 其他收入

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Government grants	政府補助		
– Unconditional subsidies	– 無條件補助	3,322	4,490
– Conditional subsidies (Note 20)	– 有條件補助(附註20)	4,379	7,886
Interest income	利息收入	8,104	2,172
Research service income	研究服務收入	—	1,129
Others	其他	193	124
		15,998	15,801

(b) 其他收入淨額

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
(Loss)/gain on disposal of fixed assets	出售固定資產的(虧損)/收益	(136)	13
Exchange gain	匯兌收益	32,765	8,001
Others	其他	(2,000)	(1,328)
		30,629	6,686

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Interest expenses	利息開支	7,233	24,899

(b) Staff costs

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Salaries, wages, bonuses and benefits	薪金、工資、花紅及福利	71,942	47,964
Contribution to retirement schemes	退休計劃供款	7,820	4,513
		79,762	52,477

Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in defined contribution retirement benefit schemes (the "Schemes") organised by the local government authorities whereby the Group is required to make contributions to the Schemes based on certain percentages of the eligible employee's salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees. The Group has no other obligations for payments of retirement and other post-retirement benefits of employees other than the contributions described above.

根據中國的相關勞動規則及規例，本集團參與由地方政府機關組織的界定供款退休福利計劃（「計劃」），據此，本集團須按照合資格僱員薪金的某百分比向計劃作出供款。地方政府機關承擔向退休僱員支付全部退休金的責任。除上述供款外，本集團並無其他責任支付僱員的退休及其他退休後福利。

5 除稅前溢利

除稅前溢利乃扣除／（計入）以下各項後得出：

(a) 融資成本

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Interest expenses	利息開支	7,233	24,899

(b) 員工成本

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Salaries, wages, bonuses and benefits	薪金、工資、花紅及福利	71,942	47,964
Contribution to retirement schemes	退休計劃供款	7,820	4,513
		79,762	52,477

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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5 PROFIT BEFORE TAXATION (Cont'd)

(c) Other items

		Note	2016	2015
		附註	RMB'000 人民幣千元	RMB'000 人民幣千元
Depreciation	折舊	10	27,449	25,747
Auditor's remuneration	核數師酬金			
– audit services	– 審核服務		1,200	800
– non-audit services	– 非審核服務		600	2,763
(Reversal) / provision of impairment losses on	減值虧損(轉回)/計提			
– trade receivables	– 貿易應收款項	14	500	7,064
– other receivables	– 其他應收款項		(1,064)	994
Operating lease charges	經營租賃費用		1,094	364
Research and development cost (i)	研發成本 (i)		64,236	52,303
Cost of inventories (ii)	存貨成本 (ii)	13	136,793	130,546
Listing expenses	上市開支		—	23,815

(i) Research and development cost include RMB27,068,000 (2015:RMB21,796,000) relating to staff costs, depreciation expenses and operating lease charges, which amount is also included in the respective total amounts disclosed separately above or in the Note 5(b) for each of these types of expenses.

(ii) Cost of inventories include RMB31,400,000 (2015:RMB24,761,000) relating to staff costs, depreciation expenses and operating lease charges, which amount is also included in the respective total amounts disclosed separately above or in the Note 5(b) for each of these types of expenses.

5 除稅前溢利(續)

(c) 其他項目

(i) 研發成本包括與員工成本、折舊開支和經營租賃費用相關的支出人民幣27,068,000元(2015年：人民幣21,796,000元)，以上款項亦計入上文或附註5(b)就各開支類別獨立披露的相應總金額內。

(ii) 存貨成本包括與員工成本、折舊開支和經營租賃費用相關的支出人民幣31,400,000元(2015年：人民幣24,761,000元)，以上金額亦計入上文或附註5(b)就各開支類別獨立披露的相應總金額內。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Current tax	即期稅項		
Provision for PRC Corporate Income Tax for the year (Note 21(a))	本年度中國企業所得稅撥備 (附註21(a))	73,768	53,501
Over-provision for PRC income tax in respect of prior years	過往年度中國所得稅超額撥備	(276)	—
Deferred tax	遞延稅項		
Origination and reversal of temporary differences	暫時差額的產生及撥回	(1,023)	(4,545)
Total income tax	所得稅總額	72,469	48,956

(b) Reconciliation between income tax expenses and accounting profit at applicable tax rates:

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Profit before taxation	除稅前溢利	453,066	314,706
Applicable tax rate (i)	適用稅率 (i)	25%	25%
Notional tax on profit before taxation	除稅前溢利的推算稅項	113,267	78,676
Over-provision for PRC income tax in respect of prior years	過往年度中國所得稅超額撥備	(276)	—
Effect of non-deductible expenses	不可扣稅開支的影響	8,630	4,796
Effect of preferential tax rate (ii)	優惠稅率的影響 (ii)	(45,303)	(31,475)
Effect of bonus deduction of research and development expenses (iii)	研發開支優惠扣稅的影響 (iii)	(3,849)	(3,041)
Income tax expenses	所得稅開支	72,469	48,956

6 綜合損益及其他全面收益表內的所得稅

(a) 綜合損益及其他全面收益表內的所得稅指：

	2016	2015
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Current tax		
Provision for PRC Corporate Income Tax for the year (Note 21(a))	73,768	53,501
Over-provision for PRC income tax in respect of prior years	(276)	—
Deferred tax		
Origination and reversal of temporary differences	(1,023)	(4,545)
Total income tax	72,469	48,956

(b) 所得稅開支與按適用稅率計算的會計溢利的對賬：

	2016	2015
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Profit before taxation	453,066	314,706
Applicable tax rate (i)	25%	25%
Notional tax on profit before taxation	113,267	78,676
Over-provision for PRC income tax in respect of prior years	(276)	—
Effect of non-deductible expenses	8,630	4,796
Effect of preferential tax rate (ii)	(45,303)	(31,475)
Effect of bonus deduction of research and development expenses (iii)	(3,849)	(3,041)
Income tax expenses	72,469	48,956

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Cont'd)

(b) Reconciliation between income tax expenses and accounting profit at applicable tax rates: (Cont'd)

- (i) The PRC corporate income tax rate is 25%.
- (ii) The PRC Corporate Income Tax Law allows enterprises to apply for the certificate of "High and New Technology Enterprise" ("HNTE") which entitles the qualified companies to a preferential income tax rate of 15%. The qualification is valid for three years from 2014 to 2016. Therefore, the Company was entitled to a preferential income tax rate of 15% for the years ended 31 December 2016 and 2015.

Yichang HEC Pharmaceutical Co., Ltd. (宜昌東陽光醫藥有限公司, "Yichang HEC Pharmaceutical"), a PRC subsidiary of the Group, is qualified as a Small Micro-Size Enterprise (小微企業), which entitled to a preferential income tax rate of 10% for the years ended 31 December 2016 and 2015.

- (iii) According to relevant tax rules in the PRC, qualified research and development expenses ("R&D expenses"), which are not capitalised, are allowed for bonus deduction for income tax purpose, i.e. an additional 50% of such expenses could be deemed as deductible expenses.

6 綜合損益及其他全面收益表內的所得稅(續)

(b) 所得稅開支與按適用稅率計算的會計溢利的對賬：(續)

- (i) 中國企業所得稅率為25%。
- (ii) 中國企業所得稅法允許企業申請認定為「高新技術企業」(「HNTE」)，合資格公司可藉此按優惠所得稅率15%繳納中國企業所得稅。該資格由2014年至2016年有效三年。因此，本公司於截至2016年及2015年12月31日止年度享有15%的優惠所得稅率。

宜昌東陽光醫藥有限公司(「宜昌東陽光醫藥」，本集團的中國附屬公司)獲認定為小微企業，於截至2016年及2015年12月31日止年度享有10%的優惠所得稅率。

- (iii) 根據中國相關稅務規則，未經資本化之符合條件的研發開支(「研發開支」)可於所得稅前加計扣除，即該開支之額外50%可被視為可扣稅開支。

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(除另有指明外，均以人民幣列示)

7 DIRECTORS' AND SUPERVISORS' REMUNERATION

The details of directors' remuneration are disclosed as follows:

7 董事及監事酬金

董事酬金之詳情披露如下：

		Directors' fees	Salaries, allowances and benefits in kind	Contributions to defined retirement plans	Discretionary bonuses	2016 Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Executive directors	執行董事	—	163	16	42	221
Mr. Jiang Juncai (i)	蔣均才先生 (i)	—	156	14	42	212
Mr. Wang Danjin	王丹津先生	—	213	20	60	293
Mr. Chen Yangui (i)	陳燕桂先生 (i)	—	—	—	—	—
Non-executive directors	非執行董事	—	—	—	—	—
Mr. Tang Xinfa (ii)	唐新發先生 (ii)	—	—	—	—	—
Mr. Zhu Yingwei	朱英偉先生	—	—	—	—	—
Mr. Mo Kit (ii)	毛杰先生 (ii)	—	—	—	—	—
Independent non-executive directors	獨立非執行董事	80	—	—	—	80
Mr. Tang Jianxin (iii)	唐建新先生 (iii)	80	—	—	—	80
Mr. Fu Hailiang (iii)	付海亮先生 (iii)	80	—	—	—	80
Mr. Lee Chi Ming (iii)	李志明先生 (iii)	160	—	—	—	160
Supervisors	監事	—	—	—	—	—
Ms. Huang Fangfang (iv)	黃芳芳女士 (iv)	—	—	—	—	—
Ms. Xue Lian (iv)	薛蓮女士 (iv)	—	128	14	42	184
Mr. Lin Jian (iv)	林健先生 (iv)	—	—	—	—	—
Total	總計	320	660	64	186	1,230

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7 DIRECTORS' AND SUPERVISORS' REMUNERATION (Cont'd)

7 董事及監事酬金(續)

		Directors' fees	Salaries, allowances and benefits in kind	Contributions to defined retirement plans	Discretionary bonuses	2015 Total
		董事袍金	薪金、津貼及實物福利	定額供款退休計劃供款	酌情花紅	2015年合計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Executive directors	執行董事					
Mr. Jiang Juncai (i)	蔣均才先生 (i)	—	146	13	47	206
Mr. Wang Danjin	王丹津先生	—	144	13	51	208
Mr. Chen Yangui (i)	陳燕桂先生 (i)	—	164	21	60	245
Non-executive directors	非執行董事					
Mr. Tang Xinfu (ii)	唐新發先生 (ii)	—	—	—	—	—
Mr. Zhu Yingwei	朱英偉先生	—	—	—	—	—
Mr. Mo Kit (ii)	毛杰先生 (ii)	—	—	—	—	—
Mr. Lou Wangjun (v)	樓望俊先生 (v)	—	—	—	—	—
Independent non-executive directors	獨立非執行董事					
Mr. Tang Jianxin (iii)	唐建新先生 (iii)	54	—	—	—	54
Mr. Fu Hailiang (iii)	付海亮先生 (iii)	53	—	—	—	53
Mr. Lee Chi Ming (iii)	李志明先生 (iii)	107	—	—	—	107
Supervisors	監事					
Ms. Huang Fangfang (iv)	黃芳芳女士 (iv)	—	—	—	—	—
Ms. Xue Lian (iv)	薛蓮女士 (iv)	—	112	13	47	172
Mr. Lin Jian (iv)	林健先生 (iv)	—	—	—	—	—
Total	總計	214	566	60	205	1,045

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7 DIRECTORS' AND SUPERVISORS' REMUNERATION (Cont'd)

- (i) Mr. Jiang Juncai and Mr. Chen Yangui were appointed as executive directors on 4 May 2015.
- (ii) Mr. Tang Xinfu and Mr. Mo Kit were appointed as non-executive directors on 4 May 2015.
- (iii) Mr. Tang Jianxin, Mr. Fu Hailiang and Mr. Lee Chi Ming were appointed as independent non-executive directors on 4 May 2015.
- (iv) Ms. Huang Fangfang, Ms. Xue Lian and Mr. Lin Jian were appointed as supervisors on 4 May 2015.
- (v) Mr. Lou Wangjun resigned as non-executive director on 11 May 2015.

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2015: three) are the directors whose emoluments are disclosed in Note 7. The aggregate of the emoluments in respect of the other two (2015: two) individuals are as follows:

7 董事及監事酬金(續)

- (i) 蔣均才先生及陳燕桂先生於2015年5月4日獲委任為執行董事。
- (ii) 唐新發先生及毛杰先生於2015年5月4日獲委任為非執行董事。
- (iii) 唐建新先生、付海亮先生及李志明先生於2015年5月4日獲委任為獨立非執行董事。
- (iv) 黃芳芳女士、薛蓮女士及林健先生於2015年5月4日獲委任為監事。
- (v) 樓望俊先生於2015年5月11日辭任非執行董事。

8 最高薪酬人士

五名最高薪酬人士中，其中三名(2015年：三名)為董事，彼等薪酬披露於附註7。餘下兩名人士(2015年：兩名)的薪酬總額如下：

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Salaries and other emoluments	薪金及其他薪酬	406	356
Discretionary bonuses	酌情花紅	78	102
Contribution to retirement schemes	退休計劃供款	52	27
		536	485

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8 INDIVIDUALS WITH HIGHEST EMOLUMENTS (Cont'd)

The emoluments of the two (2015: two) individuals with the highest emoluments are within the following bands:

	2016	2015
	Number of Individuals 人數	Number of Individuals 人數
Nil to HKD1,000,000	2	2
零至1,000,000港元	2	2

8 最高薪酬人士(續)

兩名(2015年：兩名)最高薪酬人士的薪酬介乎以下範圍：

9 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB380,597,000 (2015: RMB265,750,000) and the weighted average of 450,814,367 (2015:335,564,823) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

	2016	2015
	shares 股份	shares 股份
Issued ordinary shares at 1 January (Note 22(c))	450,659,450	300,000,000
Effect of shares issued upon certain new investors on 5 June 2015 (Note 22(c) (ii))	—	34,824,012
Effect of shares issued upon initial public offering on 29 December 2015 (Note 22(c) (iii))	—	740,811
Effect of shares issued upon the over-allotment option of initial public offering (Note 22(c) (iv))	154,917	—
Weighted average number of ordinary shares at 31 December	450,814,367	335,564,823

9. 每股盈利

(a) 每股基本盈利

以下計算每股基本盈利時乃以本公司普通權益持有人應佔溢利人民幣380,597,000元(2015年：人民幣265,750,000元)和年內已發行普通股加權平均數450,814,367股(2015年：335,564,823股)為基準：

普通股的加權平均數：

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9 EARNINGS PER SHARE (Cont'd)

(b) Diluted earnings per share

There were no dilutive potential ordinary shares in 2016 and 2015, and therefore, diluted earnings per share is the same as the basic earnings per share.

10 FIXED ASSETS

9. 每股盈利(續)

(b) 每股攤薄盈利

於2016年及2015年，並無具攤薄效應的潛在普通股，故每股攤薄盈利與每股基本盈利相同。

10 固定資產

	Plant and Buildings	Machinery	Office equipment and others	Motor vehicles	Construction in progress	Sub-total	Interest in leasehold land held for own use under operating leases	Total	
	廠房及樓宇	機器	辦公室設備 及其他	汽車	在建工程	小計	根據經營租賃 持有自用之 租賃土地權益	總計	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
Cost:	成本：								
At 1 January 2015	於2015年1月1日	239,336	178,376	52,660	647	2,934	473,953	96,709	570,662
Additions	添置	2,110	5,183	3,943	—	18,620	29,856	—	29,856
Transfer from construction in progress	自在建工程轉移	2,996	4,286	1,406	—	(8,688)	—	—	—
Disposals	處置	—	(4,184)	(2,017)	—	—	(6,201)	—	(6,201)
At 31 December 2015	於2015年12月31日	244,442	183,661	55,992	647	12,866	497,608	96,709	594,317
Additions	添置	15,289	13,278	8,691	130	23,380	60,768	—	60,768
Transfer from construction in progress	自在建工程轉移	16,244	6,063	10,297	—	(32,604)	—	—	—
Disposals	處置	—	(171)	(224)	(136)	—	(531)	—	(531)
At 31 December 2016	於2016年12月31日	275,975	202,831	74,756	641	3,642	557,845	96,709	654,554

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(除另有指明外，均以人民幣列示)

10 FIXED ASSETS (Cont'd)

10 固定資產(續)

		Plant and Buildings	Machinery	Office equipment and others	Motor vehicles	Construction in progress	Sub-total	Interest in leasehold land held for own use under operating leases	Total
		廠房及樓宇	機器	辦公室設備 及其他	汽車	在建工程	小計	根據經營租賃 持有自用之 租賃土地權益	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Accumulated depreciation:	累計折舊：								
At 1 January 2015	於2015年1月1日	(34,176)	(39,313)	(22,158)	(302)	—	(95,949)	(11,078)	(107,027)
Charge for the year	年內扣除	(7,557)	(10,810)	(5,390)	(58)	—	(23,815)	(1,932)	(25,747)
Written-back on disposals	於處置時撇銷	—	443	514	—	—	957	—	957
At 31 December 2015	於2015年12月31日	(41,733)	(49,680)	(27,034)	(360)	—	(118,807)	(13,010)	(131,817)
Charge for the year	年內扣除	(7,543)	(11,356)	(6,552)	(66)	—	(25,517)	(1,932)	(27,449)
Written-back on disposals	於處置時撇銷	—	101	201	92	—	394	—	394
At 31 December 2016	於2016年12月31日	(49,276)	(60,935)	(33,385)	(334)	—	(143,930)	(14,942)	(158,872)
Carrying amount:	賬面值：								
At 31 December 2016	於2016年12月31日	226,699	141,896	41,371	307	3,642	413,915	81,767	495,682
At 31 December 2015	於2015年12月31日	202,709	133,981	28,958	287	12,866	378,801	83,699	462,500

(i) All property, plant and equipment owned by the Group are located in the PRC.

(ii) As at 31 December 2016, the Group was applying for certificates of ownership for certain properties, with carrying value of RMB5,171,000 (2015:RMB13,226,000). The directors of the Company are of the opinion that the use of and the conduct of operating activities at the properties referred to above are not affected by the fact that the Group has not yet obtained the relevant property title certificates.

(i) 本集團擁有之所有物業、廠房及設備均位於中國。

(ii) 於2016年12月31日，本公司正就賬面值為人民幣5,171,000元(2015年：人民幣13,226,000元)的若干物業申請所有權證書。本公司董事認為本集團尚未取得相關物業業權所有證書並不影響使用上述物業及從事業務活動。

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11 INVESTMENTS IN SUBSIDIARIES

As at 31 December 2016, the Company has direct interests in the following subsidiary, which is a private company. The particulars of the subsidiary are set out below:

Name of company 公司名稱	Place of incorporation and business 註冊成立及 經營地點	Issued and fully paid up/ registered capital 已發行及繳足/ 註冊股本	Proportion of direct ownership interest 擁有 直接權益比例	Principal activities 主要業務
Yichang HEC Pharmaceutical Co., Ltd. ("Yichang HEC Pharmaceutical") (宜昌東陽光醫藥有限公司) (i)	PRC	RMB2,000,000	100%	Sales of pharmaceutical products
宜昌東陽光醫藥有限公司 (「宜昌東陽光醫藥」) (i)	中國	人民幣2,000,000元	100%	銷售醫藥產品

(i) The official name of the entity is in Chinese. The English translation of the entity's name is for reference only.

11 於附屬公司之投資

於2016年12月31日，本公司於以下附屬公司(為非上市公司)擁有直接權益，有關該附屬公司詳情載列如下：

(i) 該實體之正式名稱為中文，英文譯名僅供參考。

12 PREPAYMENTS

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Prepayments for intangible assets	無形資產預付款項	400,000	290,000
Prepayments for fixed assets	固定資產預付款項	22,544	4,599
		422,544	294,599

12 預付款項

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12 PREPAYMENTS (Cont'd)

On 22 July 2015, the Group entered into an agreement with Sunshine Lake Pharma Co., Ltd. (廣東東陽光藥業有限公司, "Sunshine Lake Pharma") which is a related party of the Group. Pursuant to the agreement, the Group have acquired the right to use all the relevant knowhow and patents relating to yimitasvir phosphate and follow-up direct anti-viral agent compounds (the "Compounds") and, upon obtaining the necessary government approvals, the right to manufacture and sell worldwide. A consideration is RMB700,000,000, which comprised a down payment of RMB250,000,000 and eight milestone payments totalling RMB450,000,000 payable upon each stage of development or approval of yimitasvir phosphate or the Compounds. The agreement expires on 31 December 2030 or the date when the first patent mentioned above expires, whichever is earlier.

Up to 31 December 2016, the Group had made payments of RMB400,000,000 to Sunshine Lake Pharma. During 2016, the Group paid RMB110,000,000 in aggregate to Sunshine Lake Pharma while the second, the third and the fourth payment milestone according to the agreement achieved. By end of 2016, the clinic experimentation application for the first follow-up direct anti-viral agent compounds product has been submitted to China Food and Drug Administration.

Phase I clinical trial of yimitasvir phosphate was accomplished, and the application for phase II and III clinical trial has been approved by 31 December 2016. Sunshine Lake Pharma is targeting to obtain the necessary approvals and permits for yimitasvir phosphate on or before 2019 and begin commercial introduction of relevant products in 2019. The necessary approvals and permits for the Compounds are expected to be obtained in 2020 and onwards.

12 預付款項(續)

於2015年7月22日，本集團已與廣東東陽光藥業有限公司(「廣東東陽光藥業」，為本集團之關連方)訂立協議。根據該協議，本集團已取得全球有關磷酸依米他韋及後續直接抗病毒化合物(「磷酸依米他韋化合物」)的所有相關技術和專利的使用權，並在取得相關政府部門的批文和許可證後，擁有在全球生產和銷售的權利。有關代價為人民幣700,000,000元包括首筆付款人民幣250,000,000元和八筆總額為人民幣450,000,000元的分期於磷酸依米他韋及後續直接抗病毒化合物各開發或審批階段的付款。該協議將於2030年12月31日與上述第一項專利到期日兩者中更早期到期。

截至2016年12月31日止，本集團已向廣東東陽光藥業支付人民幣400,000,000元。於2016年，本集團根據達成的協議已就第二筆、第三筆及第四筆分期付款向廣東東陽光藥業支付合共人民幣110,000,000元。2016年底，本集團已向中華人民共和國國家食品藥品監督管理總局申請對首批後續直接抗病毒化合物產品進行臨床試驗。

於2016年12月31日磷酸依米他韋已完成臨床一期試驗，且臨床二、三期試驗申請已獲批准。廣東東陽光藥業擬於2019年或之前取得磷酸依米他韋的必要批文及許可證並於2019年開始相關產品的商業推廣。磷酸依米他韋化合物的必要批文及許可證預期將於2020年或以後獲得。

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13 INVENTORIES

13 存貨

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Raw materials	原材料	56,260	110,684
Work in progress	在製品	33,051	17,140
Finished goods	製成品	21,313	26,804
		110,624	154,628

The analysis of the amount of inventories recognised as an expense and included in profit and loss is as follows:

已確認為開支並計入損益表的存貨金額分析如下：

		Note	2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Carrying amount of inventories sold	已售存貨賬面值		135,769	127,773
Write down of inventories	存貨撇減		1,803	2,786
Reversal of write-down of inventories	存貨撇減撥回		(779)	(13)
Cost of inventories	存貨成本	5(c)	136,793	130,546

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14 TRADE AND OTHER RECEIVABLES

14 貿易及其他應收款項

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Current	流動		
Trade receivables	貿易應收款項	286,176	241,308
Bills receivable	應收票據	56,409	22,133
Less: allowance for doubtful debts (Note 14(b))	減：呆賬準備(附註 14(b))	(13,847)	(13,347)
		328,738	250,094
Prepayments for inventories	預付購貨款	5,538	7,393
Other receivables	其他應收款項	2,873	3,081
Total	總計	337,149	260,568

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

(a) 賬齡分析

於報告期末，應收賬款及應收票據（已計入貿易及其他應收款項）按發票日期經扣除呆賬準備的賬齡分析如下：

		As at 31 December	
		於12月31日	
		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Within 3 months	3個月內	280,266	193,214
More than 3 months but within 1 year	超過3個月但1年內	48,472	56,880
		328,738	250,094

Trade debtors are generally due within 30-90 days from the date of billing. Bills receivable is due in 3 months or 6 months from the date of billing. The Group's credit policy is set out in Note 23(a). All of the trade and other receivables of the Group are expected to be recovered within one year.

應收賬款一般自發出賬單日期起計30至90日內到期。應收票據自發出賬單日期起計3個月或6個月內到期。本集團之信貸政策載於附註23(a)。本集團所有貿易及其他應收款項預計將可於一年內收回。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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

14 TRADE AND OTHER RECEIVABLES (Cont'd)

(b) Impairment of trade debtors and bills receivable

Impairment losses in respect of trade debtors and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivable directly (see Note 1(h)(i)).

The movement in the allowance for doubtful debts during the year is as follows:

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
At 1 January	於1月1日	13,347	6,283
Impairment loss recognised	已確認減值虧損	500	7,064
At 31 December	於12月31日	13,847	13,347

At 31 December 2016, trade debtors of RMB17,609,000 (2015: RMB18,049,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of RMB13,847,000 (2015:RMB13,347,000) were recognised.

14 貿易及其他應收款項(續)

(b) 應收賬款及應收票據的減值

有關應收賬款及應收票據的減值虧損乃以撥備賬記錄，除非本集團信納收回有關款項的可能性極低，則在此情況下，減值虧損會從應收賬款及應收票據直接撇銷(見附註1(h)(i))。

年內呆賬撥備的變動如下：

於2016年12月31日，人民幣17,609,000元(2015年：人民幣18,049,000元)的應收賬款個別釐定減值。個別出現減值的應收款項乃有關出現財政困難的客戶，且據管理層評估預料僅可收回部份應收賬款。因此，已就此確認特定呆賬撥備為人民幣13,847,000元(2015年：人民幣13,347,000元)。

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

14 TRADE AND OTHER RECEIVABLES (Cont'd)

(c) Trade debtors and bills receivable that are not impaired

The aging analysis of trade debtors and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Not past due	並無逾期	274,284	191,924
Less than 3 months past due	逾期少於3個月	36,512	36,916
More than 3 months but within 1 year past due	逾期超過3個月但1年內	14,180	16,552
		324,976	245,392

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

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

未逾期及未減值的應收款項與近期並無拖欠記錄的多名客戶有關。

已逾期但未減值的應收款項乃與若干與本集團維持良好交易記錄的獨立客戶有關。根據過往經驗，管理層認為毋須就該等結餘作出減值撥備，因信貸質素並無重大變動且結餘仍被視為可全數收回。

15 TIME DEPOSITS

As at 31 December 2016, the time deposits represented bank deposits denominated in Hong Kong dollars with original maturity of one year, carrying at an interest rate of 1.290% per annum.

16 PLEDGED DEPOSITS

The amount represented bank deposits pledged to secure certain bills payable as at 31 December 2016 and 2015 (see Note 18).

14 貿易及其他應收款項(續)

(c) 並無減值的應收賬款及應收票據

並無個別或共同視作減值的應收賬款及應收票據賬齡分析如下：

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Not past due	並無逾期	274,284	191,924
Less than 3 months past due	逾期少於3個月	36,512	36,916
More than 3 months but within 1 year past due	逾期超過3個月但1年內	14,180	16,552
		324,976	245,392

未逾期及未減值的應收款項與近期並無拖欠記錄的多名客戶有關。

已逾期但未減值的應收款項乃與若干與本集團維持良好交易記錄的獨立客戶有關。根據過往經驗，管理層認為毋須就該等結餘作出減值撥備，因信貸質素並無重大變動且結餘仍被視為可全數收回。

15 定期存款

於2016年12月31日，以港元計值之定期銀行存款原到期期限為一年，按年利率1.290%計息。

16 已抵押存款

於2016年及2015年12月31日，有關金額是指已抵押的銀行存款，從而取得若干應付票據(見附註18)。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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17 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Cash on hand	手頭現金	442	234
Cash at bank	銀行現金	1,211,630	1,353,417
		1,212,072	1,353,651

(b) Reconciliation of profit before taxation to cash generated from operations:

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Profit before taxation	除稅前溢利	453,066	314,706
Adjustments for:	經調整：		
Depreciation	折舊	27,449	25,747
Interest income	利息收入	(8,104)	(2,172)
Impairment (reversal)/recognition of trade and other receivables	(撥回)/確認貿易及其他應收款項減值	(564)	8,058
Finance costs	融資成本	7,233	24,899
Loss/(gain) on disposal of fixed assets	出售固定資產的虧損/(收益)	136	(13)
Net foreign exchange gain	匯兌收益淨額	(32,714)	—
Listing expenses	上市開支	—	23,815
Changes in working capital	營運資金變動		
Decrease in inventories	存貨減少	44,004	45,648
Increase in trade and other receivables	貿易及其他應收款項增加	(76,017)	(122,901)
Increase in trade and other payables	貿易及其他應付款項增加	29,068	26,211
Cash generated from operations	經營所得現金	443,557	343,998

17 現金及現金等值項目

(a) 現金及現金等值項目包括：

(b) 除稅前溢利與經營所得現金的對賬：

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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

18 TRADE AND OTHER PAYABLES

18 貿易及其他應付款項

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Note	附註		
	Trade payables (ii)	19,279	31,258
	Bills payable (i)	2,635	2,153
	Trade and bills payables	21,914	33,411
	Amount due to related parties	2,392	—
	Receipts in advance	9,933	5,934
	VAT and other taxes payable	17,605	16,357
	Accrued payroll and benefits	17,483	12,397
	Other payables and accruals	113,050	87,862
		182,377	155,961

(i) Certain bills payable of the Group as at 31 December 2016 and 2015 were secured by pledged deposits (Note 16).

(i) 於2016年及2015年12月31日，本集團的若干應付票據以存款作抵押（附註16）。

(ii) An ageing analysis of the trade payables based on the invoice date is as follows:

(ii) 以發票日期為基準的貿易應付款項賬齡分析如下：

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
	Within 1 month	14,554	10,467
	Over 1 month but within 3 months	2,109	8,123
	Over 3 months but within 1 year	1,392	10,600
	Over 1 year	1,224	2,068
		19,279	31,258

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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19 BANK LOANS

As at 31 December 2016 and 2015, the bank loans were repayable as follows:

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Within 1 year or on demand	1年內或按需求	70,000	105,000
After 1 year but within 2 years	1年後但2年內	20,000	80,000
After 2 years but within 5 years	2年後但5年內	—	10,000
Subtotal	小計	20,000	90,000
Total	總計	90,000	195,000

At 31 December 2016 and 2015, the bank loans were secured as follows:

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Bank loans	銀行貸款		
– Secured	– 有抵押	60,000	145,000
– Unsecured	– 無抵押	30,000	50,000
		90,000	195,000

19 銀行貸款

於2016年及2015年12月31日，銀行貸款須償還如下：

於2016及2015年12月31日，銀行貸款抵押如下：

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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

19 BANK LOANS (Cont'd)

At 31 December 2016, the bank loans of the Group of RMB60,000,000 were secured by certain buildings, machinery and interests in leasehold land owned by Shenzhen HEC Industrial Development Co., Ltd. (深圳市東陽光實業發展有限公司, "Shenzhen HEC Industrial") and its subsidiaries (2015: RMB145,000,000).

At 31 December 2016 and 2015, the bank loans of the Group were guaranteed by Mr. Zhang Zhongneng, who is the director of the Shenzhen HEC Industrial, and his spouse Mrs. Guo Meilan.

20 DEFERRED INCOME

As at 31 December 2016 and 2015, deferred income of the Group mainly included various conditional government grants for research and development projects of new or existing pharmaceutical products and subsidies relating to purchase of fixed assets.

Deferred income relating to purchase of fixed assets are recognised as income on a straight-line basis over the expected useful life of the relevant assets.

19 銀行貸款(續)

於2016年12月31日，人民幣60,000,000元之本集團銀行貸款已由深圳市東陽光實業發展有限公司(「深圳市東陽光實業」)及其附屬公司所持有之若干樓宇、機器及租賃土地權益抵押(2015年：人民幣145,000,000元)。

於2016年及2015年12月31日，本集團之銀行貸款由深圳市東陽光實業董事張中能先生及其配偶郭梅蘭女士擔保。

20 遞延收益

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
At 1 January	於1月1日	77,779	85,665
Credited to profit or loss (Note 4(a))	計入損益(附註4(a))	(4,379)	(7,886)
At 31 December	於12月31日	73,400	77,779
Net carrying amounts representing:	賬面淨值指：		
Current portion	即期部份	4,379	4,379
Non-current portion	非即期部份	69,021	73,400
		73,400	77,779

於2016年及2015年12月31日，本集團的遞延收益主要包括有關新藥品或現有藥品的研發項目的多項有條件政府補助，以及與購置固定資產有關的補貼。

有關購置固定資產的遞延收益在相關資產的預計可使用年內以直線法確認為收益。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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21 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

21 綜合財務狀況表內的所得稅

(a) 綜合財務狀況表內的即期稅項指：

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Provision of PRC Corporate Income Tax for the year (Note 6(a))	年內的中國企業所得稅撥備(附註6(a))	73,768	53,501
Over-provision for PRC income tax in respect of prior years	過往年度中國所得稅超額撥備	(276)	—
PRC Corporate Income Tax paid for the current year	本年度內的已付中國企業所得稅	(51,793)	(56,604)
		21,699	(3,103)
Balance of PRC Corporate Income Tax at 1 January	於1月1日的中國企業所得稅結餘	5,826	8,929
Balance of PRC Corporate Income Tax at 31 December	於12月31日的中國企業所得稅結餘	27,525	5,826

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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21 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

(b) Deferred tax assets recognised

The components of deferred tax assets recognised in the consolidated statements of financial position and the movements during the year are as follows:

		Deferred revenue 遞延收益	Provisions for inventory and receivables 存貨及應收 款項撥備	Accrued expenses and others 應計費用 及其他	Total 總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Deferred tax arising from:	來自下列各項的 遞延稅項：				
At 1 January 2015	於 2015 年 1 月 1 日	999	1,404	3,444	5,847
(Charged)/credited to profit or loss	(扣除)/計入損益	(576)	1,643	3,478	4,545
At 31 December 2015 and 1 January 2016	於 2015 年 12 月 31 日 及 2016 年 1 月 1 日	423	3,047	6,922	10,392
(Charged)/credited to profit or loss	(扣除)/計入損益	(50)	(558)	1,631	1,023
At 31 December 2016	於 2016 年 12 月 31 日	373	2,489	8,553	11,415

21 綜合財務狀況表內的所得稅(續)

(b) 已確認遞延稅項資產

於綜合財務狀況表內確認的遞延稅項資產的組成部份及本年度內變動如下：

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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22 CAPITAL, RESERVE AND DIVIDENDS

(a) Movements in components of equity of the Company

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

		Share capital 股本 RMB'000 人民幣千元 Note 22(c) 附註 22(c)	Capital reserve 資本儲備 RMB'000 人民幣千元 Note 22(d)(i) 附註 22(d)(i)	Statutory reserve 法定儲備 RMB'000 人民幣千元 Note 22(d)(ii) 附註 22(d)(ii)	Retained earnings 保留盈利 RMB'000 人民幣千元	Total equity 總權益 RMB'000 人民幣千元
Balance at 1 January 2015	於 2015 年 1 月 1 日 結餘	170,800	8,096	97,722	508	277,126
Total comprehensive income for the year	年內全面收益總額	—	—	—	265,664	265,664
Conversion to joint stock limited liability company	改制為股份有限公司	129,200	(635)	(97,722)	(30,843)	—
Capital injection	注資	60,527	456,567	—	—	517,094
Shares issued upon initial public offering	首次公開發售時發行的股份	90,132	992,618	—	—	1,082,750
Appropriation to statutory reserve	轉撥至法定儲備	—	—	26,567	(26,567)	—
Balance at 31 December 2015 and 1 January 2016	於 2015 年 12 月 31 日及 2016 年 1 月 1 日 結餘	450,659	1,456,646	26,567	208,762	2,142,634
Total comprehensive income for the year	年內全面收益總額	—	—	—	380,657	380,657
Dividends approved in respect of the previous year	批准過往年度股息	—	—	—	(67,623)	(67,623)
Shares issued upon the over-allotment options exercised	行使超額配股權時發行的股份	164	1,820	—	—	1,984
Appropriation to statutory reserve	轉撥至法定儲備	—	—	38,065	(38,065)	—
Balance at 31 December 2016	於 2016 年 12 月 31 日 結餘	450,823	1,458,466	64,632	483,731	2,457,652

22 資本、儲備及股息

(a) 本公司之權益部份變動

本集團綜合權益各部份之年初及年終結餘之間的對賬載於綜合權益變動表內。有關本公司年初至年終期間本公司個別權益部份之變動詳情載列如下：

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(除另有指明外，均以人民幣列示)

22 CAPITAL, RESERVE AND DIVIDENDS (Cont'd)

(b) Dividends

- (i) Dividends payable to equity shareholders of the Company attributable to the year

	2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Final dividend proposed after the end of the reporting period of RMB0.30 (2015: RMB0.15) per ordinary share	135,607	67,599

Pursuant to the resolution passed at the directors' meeting on 20 March 2017, a cash dividend of RMB0.30 (2015: RMB0.15) per share for the year ended 31 December 2016 were proposed for shareholders' approval at the annual general meeting.

The final dividend proposed after the end of the year has not been recognised as liabilities as at 31 December 2016.

22 資本、儲備及股息(續)

(b) 股息

- (i) 年內應付本公司權益股東的股息

	2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
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Final dividend proposed after the end of the reporting period of RMB0.30 (2015: RMB0.15) per ordinary share

根據於2017年3月20日董事會議所通過之決議案，截至2016年12月31日止年度之每股現金股息人民幣0.30元(2015年：人民幣0.15元)已於股東週年大會上提呈股東批准。

於本年末之後建議派付之末期股息未確認為2016年12月31日之負債。

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22 CAPITAL, RESERVE AND DIVIDENDS (Cont'd)

(b) Dividends (Cont'd)

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Final dividends in respect of the previous financial year, approved and paid during the year of RMB0.15 per ordinary share (2015: nil)	67,623	—

(c) Share capital

Ordinary shares, issued and fully paid

		2016		2015	
		Number of shares 股份數目	RMB'000 人民幣千元	Number of shares 股份數目	RMB'000 人民幣千元
At 1 January	於1月1日	450,659,450	450,659	—	—
Shares issued upon reorganisation (i)	根據重組發行的股份 (i)	—	—	300,000,000	300,000
Shares issued to certain new investors (ii)	向若干新投資者發行的股份 (ii)	—	—	60,527,450	60,527
Shares issued upon initial public offering (iii)	根據首次公開發售發行的股份 (iii)	—	—	90,132,000	90,132
Shares issued upon the over-allotment options exercised (iv)	行使超額配股權時發行的股份 (iv)	163,400	164	—	—
As at 31 December	於12月31日	450,822,850	450,823	450,659,450	450,659

22 資本、儲備及股息(續)

(b) 股息(續)

- (ii) 於年內批准及支付上個財政年度應付本公司權益股東的股息

(c) 股本

已發行及繳足普通股

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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22 CAPITAL, RESERVE AND DIVIDENDS (Cont'd)

(c) Share capital (Cont'd)

- (i) On 11 May 2015, the Company converted into a joint stock company and 300,000,000 shares of RMB1 each were issued. The retained profits and statutory reserve of the Company upon the conversion were transferred to share capital and capital reserve of the Company accordingly under rules and regulations in respect of conversion to a joint stock company in the PRC.
- (ii) On 5 June 2015, the Company entered into a capital injection agreement with certain new investors (the "Investors"). Pursuant to the capital injection agreement, the Company issued and allotted 60,527,450 shares to the Investors, at a price of RMB8.54 per share. Proceeds of RMB60,527,450, representing the nominal value of the shares, were credited to the Company's share capital and the excess of the proceeds over the nominal value of the total number of shares issued were credited to the capital reserve account of the Company.
- (iii) On 29 December 2015, the shares of the Company was listed on the Stock Exchange of Hong Kong Limited following the completion of its initial public offering of 90,132,000 ordinary shares of RMB1.00 each issued at a price of HK\$15.00 per share. Proceeds of RMB90,132,000 representing the par value of these ordinary shares, were credited to the Company's share capital and the excess of the proceeds over the nominal value of the total number of ordinary shares issued after offsetting share issuance costs of RMB992,618,000 were credited to the share premium account of the Company.

22 資本、儲備及股息(續)

(c) 股本(續)

- (i) 於2015年5月11日，本公司改制成股份制公司，已發行300,000,000股每股面值人民幣1元之股份。根據中國改制成股份制公司之規則及法規，本公司之保留溢利及法定儲備於轉換時應轉入本公司之股本及資本儲備。
- (ii) 於2015年6月5日，本公司與若干名新投資者（「投資者」）訂立注資協議。根據該注資協議，本公司以每股人民幣8.54元的價格向投資者發行及配發60,527,450股股份。所得款項人民幣60,527,450元作為股份面值計入本公司股本，超出全部已發行股份面值的款項計入本公司資本儲備。
- (iii) 於2015年12月29日，本公司股份按每股15.00港元的價格完成首次公開發售90,132,000股每股人民幣1.00元之普通股後，於香港聯合交易所有限公司上市。所得款項人民幣90,132,000元為該等普通股之面值乃計入本公司股本，經抵銷股份發行成本後，超過已發行普通股總數面值的所得款項人民幣992,618,000元計入本公司股份溢價賬。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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

22 CAPITAL, RESERVE AND DIVIDENDS (Cont'd)

(c) Share capital (Cont'd)

- (iv) On 20 January 2016, 163,400 additional ordinary shares of RMB1.00 each issued at a price of HK\$15.00 per share by the Company as the over-allotment option had been partially exercised. Proceeds of RMB163,400 representing the par value of these ordinary shares, were credited to the Company's share capital and the excess of the proceeds over the nominal value of the total number of ordinary shares issued after offsetting share issuance costs of RMB1,820,000 were credited to the share premium account of the Company.

(d) Reserves

(i) Capital reserve

Capital reserve of the Group and the Company mainly represented premium arising from capital injection from equity owners.

(ii) Statutory reserve

According to the Company's Articles of Association, the Company is required to transfer at least 10% of its net profit as determined in accordance with the Company Law of the PRC to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to equity owner. The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

22 資本、儲備及股息(續)

(c) 股本(續)

- (iv) 於2016年1月20日，由於超額配股權獲部份行使，本公司按每股15.00港元的價格發行額外163,400股每股人民幣1.00元的普通股。所得款項人民幣163,400元（即該等普通股的面值）乃計入本公司股本，經抵銷股份發行成本後，超過已發行普通股總數面值的所得款項人民幣1,820,000元計入本公司股份溢價賬。

(d) 儲備

(i) 資本儲備

本集團及本公司之資本儲備主要是指產生自權益持有人注資的溢價。

(ii) 法定儲備

根據本公司的章程，本公司須根據中國的公司法把至少10%的淨利潤轉入法定盈餘儲備，直至儲備結餘達到註冊股本的50%。轉入該儲備必須在給權益持有人分配股息之前進行。經相關當局批准後，本次倘發行後結餘低於其註冊股本之25%，法定儲備可用於抵銷累計虧損或增加附屬公司之資本。

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22 CAPITAL, RESERVE AND DIVIDENDS (Cont'd)

(e) Distributability of reserves

At 31 December 2016, the aggregate amount of reserves available for distribution to equity shareholders of the Company, as calculated under the provisions of Company Law of the PRC, was RMB483,731,000 (2015: RMB208,762,000).

(f) Capital management

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

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of bank loans and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes interest-bearing bank loans), less cash and cash equivalents. Adjusted capital comprises all components of equity.

During 2016, the Group's strategy was to maintain the capital in order to cover any debt position, which was unchanged from 2015.

22 資本、儲備及股息(續)

(e) 可分派儲備

於2016年12月31日，可分派儲備可用於向本公司權益股東分派的儲備總額(按《中國公司法》規定計算)為人民幣483,731,000元(2015年：人民幣208,762,000元)。

(f) 資本管理

本集團管理資本的主要目的是維護其持續經營的能力，從而使其能夠透過按風險水平為產品定價，以及憑藉以合理成本取得融資，繼續為股東提供回報，並為其他利益相關者提供利益。

本集團積極及定期評審及管理其資本結構，以在盡量提高股東回報及借貸水平上升之間，以及在穩健的資本狀況的優勢與安全性之間維持平衡，此外亦會就經濟情況改變而調整其資本結構。

本集團以經調整淨債務與資本比率監管其資本架構。就此而言，經調整淨債務乃界定為總債務(包括計息銀行貸款)減現金及現金等值項目。經調整資本包括權益的所有組成部份。

於2016年度，本集團之策略為維持足以應付任何負債的資本水平與2015年一致。

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22 CAPITAL, RESERVE AND DIVIDENDS (Cont'd)

(f) Capital management (Cont'd)

The Group's adjusted net debt-to-equity ratios at 31 December 2016 and 2015 are as follows:

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Bank loans-current	銀行貸款－即期	70,000	105,000
Bank loans-non-current	銀行貸款－非即期	20,000	90,000
Total debt	總債務	90,000	195,000
Less: Cash and cash equivalents	減：現金及現金等值項目	(1,212,072)	(1,353,651)
Adjusted net debt	經調整負債淨額	(1,122,072)	(1,158,651)
Total equity	總權益	2,457,807	2,142,849
Adjusted net debt-to-equity ratio	經調整淨負債對權益比率	N/A	N/A

Neither the Company nor its subsidiary are subject to externally imposed capital requirements.

22 資本、儲備及股息(續)

(f) 資本管理(續)

本集團於2016年及2015年12月31日之經調整淨負債對權益比率如下：

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Bank loans-current	銀行貸款－即期	70,000	105,000
Bank loans-non-current	銀行貸款－非即期	20,000	90,000
Total debt	總債務	90,000	195,000
Less: Cash and cash equivalents	減：現金及現金等值項目	(1,212,072)	(1,353,651)
Adjusted net debt	經調整負債淨額	(1,122,072)	(1,158,651)
Total equity	總權益	2,457,807	2,142,849
Adjusted net debt-to-equity ratio	經調整淨負債對權益比率	N/A	N/A

本公司及其任何附屬公司概無受限於外部施加的資本要求。

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23 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Credit limit is established for each distributor which represents the maximum open amount or credit term without requiring approval from the Board of Directors. The Group chases the customers to settle the due balances and monitors the settlement progress on an ongoing basis. The Group usually granted credit term to distributors which was generally due within 30 - 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

23 財務風險管理及公允價值

本集團於日常業務過程中會產生信貸、流動資金、利率及貨幣風險。本集團所面對的該等風險及本集團用以管理該等風險的財務風險管理政策及慣例載述如下。

(a) 信貸風險

本集團的信貸風險主要來自貿易及其他應收款項。管理層已制定適當的信貸政策，並且持續監察這些信貸風險的額度。

就貿易及其他應收款項而言，本集團會對所有要求授予一定金額信貸的客戶進行個別信貸評估。該等評估著重客戶過去到期還款紀錄以及目前的還款能力，並會考慮關於客戶以及客戶經營所在經濟環境的特定情況。各分銷商所獲設定信貸限額為毋須經董事會批准的最高未償還金額或信貸條款。本集團會追討客戶結清到期餘額，並持續監察結算進度。本集團通常向分銷商授出之信貸條款一般為自發出賬單日期起計30至90日內到期。一般而言，本集團不會要求客戶提供抵押品。

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23 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

(a) Credit risk (Cont'd)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

The Group has a concentration of credit risk of the total trade receivables due from the Group's largest debtor and the five largest debtors as follows:

		2016	2015
Due from	應收		
largest trade debtor	最大債務人	13%	8%
five largest trade debtors	五大債務人	42%	23%

23 財務風險管理及公允價值(續)

(a) 信貸風險(續)

本集團面對的信貸風險主要受到每名客戶的個別特性所影響多於客戶營運所在行業或國家，因此重大信貸集中風險主要於本集團面臨個別客戶重大風險時產生。

本集團的信貸風險集中，應收本集團最大債務人及五大債務人的貿易應收款項總額如下：

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23 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(b) Liquidity risk

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in Note 14.

The maximum exposure of credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet. The Group does not provide any other guarantees which would expose the Group to credit risk.

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations associated with financial liabilities. The Company and its individual subsidiaries are responsible for their own cash management, including short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the bank loans exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each report periods of the Group's financial liabilities (excluding advances from customers and provision for sales return), which are based on contractual undiscounted cash flows (including interest payments computed at contracted rates) and the earliest date the Group can be required to repay:

23 財務風險管理及公允價值(續)

(b) 流動資金風險

本集團所承受因貿易及其他應收款項而產生的信貸風險的進一步定量披露載於附註14。

所承受之最高信貸風險來自綜合資產負債表內之每項金融資產之賬面值。本集團並無提供任何使本集團承受信貸風險的擔保。

流動資金風險，是指企業在履行與金融負債有關的義務時遇到資金短缺的風險。本公司及各附屬公司負責自身的現金管理工作，包括現金盈餘的短期投資和籌借貸款以應付預計現金需求(如果銀行貸款額超過某些預設授權上限，便需獲得本公司董事會的批准)。本集團的政策是定期監控短期和長期的流動資金需求，以及是否符合借款協議的規定，以確保維持充裕的現金儲備和可供隨時變現的有價證券，同時獲得主要金融機構承諾提供足夠的備用資金，以滿足短期和較長期的流動資金需求。

下表呈列本集團之金融負債(不包括預收客戶款及銷售退回撥備)於各報告期末餘下之合約到期日，乃基於合約未折現現金流(包括按合約利率計算之利息付款)以及本集團被要求償還之最早日期：

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23 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(b) Liquidity risk (Cont'd)

		Contractual undiscounted cash outflow 合約未折現現金流出			
		More than			2016 Carrying amount 2016年 賬面值 RMB'000 人民幣千元
		Within 1 year or on demand 1年內 或按要求 RMB'000 人民幣千元	1 year but less than 5 years 超過1年 但5年內 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	
Bank loans	銀行貸款	74,316	21,361	95,677	90,000
Trade and other payables	貿易及其他應付款項	182,377	—	182,377	182,377
Total	總計	256,693	21,361	278,054	272,377

		Contractual undiscounted cash outflow 合約未折現現金流出			
		More than			2015 Carrying amount 2015年 賬面值 RMB'000 人民幣千元
		Within 1 year or on demand 1年內 或按要求 RMB'000 人民幣千元	1 year but less than 5 years 超過1年 但5年內 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	
Bank loans	銀行貸款	112,781	96,676	209,457	195,000
Trade and other payables	貿易及其他應付款項	155,961	—	155,961	155,961
Total	總計	268,742	96,676	365,418	350,961

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23 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank loans. Bank loans that are at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate profiles as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's bank loans at the end of the reporting period:

23 財務風險管理及公允價值(續)

(c) 利率風險

本集團之利率風險主要源自銀行貸款。浮息及固定利率銀行貸款使本集團分別面對現金流量利率風險及公允價值利率風險。下文(i)中載列經由管理層監察之本集團利率狀況。

(i) 利率狀況

下表詳述於報告期末本集團銀行貸款之利率狀況：

		2016		2015	
		Effective interest rate	Amount	Effective interest rate	Amount
		實際利率	金額	實際利率	金額
			RMB'000		RMB'000
			人民幣千元		人民幣千元
Fixed rate instrument:	固定利率工具：				
Bank loans	銀行貸款		—	6.55%	90,000
Floating rate instrument:	浮息工具：				
Bank loans	銀行貸款	5.01%	90,000	4.90%	105,000
Total instruments	工具總額		90,000		195,000
Net fixed rate instruments as a percentage of total instruments	固定利率工具淨額佔 工具總額的百分比		N/A		46.15%

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23 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(c) Interest rate risk (Cont'd)

(ii) Sensitivity analysis

At 31 December 2016, it is estimated that a general increase/decrease of 25 basis points in bank loans interest rates, with all other variables held constant, would have decrease/increase the Group's profit after tax and retained profits by approximately RMB191,000 (2015:RMB223,000). Other components of equity would not be affected by the changes in interest rates.

The sensitivity analysis above indicates the impact on the Group's profit for the year and retained profits that would arise assuming that there is an annualised impact on interest expense by a change in interest rates. The analysis has been performed on the same basis as 2015.

(d) Currency risk

The group is exposed to currency risk primarily through shares issued upon initial public offering which give rise to cash balances and time deposits that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Hong Kong dollars.

23 財務風險管理及公允價值(續)

(c) 利率風險(續)

(ii) 敏感度分析

於2016年12月31日，在所有其他變量保持不變的情況下，估計銀行貸款利率整體上升/下降25個基點，將導致本集團的除稅後溢利及保留溢利分別減少/增加約人民幣191,000元(2015年：人民幣223,000元)。其他權益部份將不會受利率變動所影響。

上述敏感度分析中本集團年度溢利及保留盈利的影響是假設利率變動會對利息開支構成年度化影響而產生。以上分析按與2015年同樣基準進行。

(d) 貨幣風險

本集團主要因首次公開發行時發行股份產生的現金結餘及以外幣(即與交易有關的業務所涉及的非功能貨幣)計值的定期存款而承受貨幣風險。引致此項風險的貨幣主要為港元。

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23 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(d) Currency risk (Cont'd)

Sensitivity analysis

At 31 December 2016, it is estimated that a general appreciation/depreciation of 5% in RMB, with all other variables held constant, would have increased/decreased the Group's net profit for the year and retained profits by approximately RMB19,815,000 (2015:RMB47,970,000).

The sensitivity analysis assumes that the change in foreign exchange rate had been applied to re-measure the bank deposits which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statement of foreign operations into the Group's presentation currency.

24 CAPITAL COMMITMENTS

Capital commitments outstanding at 31 December 2016 not provided for in the consolidated financial statements were as follows:

Contracted for	已訂約
– Acquisition of fixed assets	購買固定資產
– Acquisition of intangible assets (Note 12)	購買無形資產(附註12)

23 財務風險管理及公允價值(續)

(d) 貨幣風險(續)

敏感度分析

於2016年12月31日，在所有其他變量保持不變的情況下，估計人民幣整體升值／貶值5%，將導致本集團的年內淨利潤及保留溢利分別增加／減少約人民幣19,815,000元（2015年：人民幣47,970,000元）。

上述敏感度分析假設匯率變動已用於重新計量於報告期末令本集團面臨外幣風險的銀行存款。該分析不包括將海外業務財務報表換算為本集團呈列貨幣產生的差額。

24 資本承擔

於2016年12月31日，在綜合財務報表中未撥備的未履行資本承擔如下：

	2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Contracted for		
– Acquisition of fixed assets	24,835	13,266
– Acquisition of intangible assets (Note 12)	300,000	410,000

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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

25 MATERIAL RELATED PARTY TRANSACTIONS

During 2016 and 2015, the directors are of the view that related parties of the Group include the following:

Name of related parties

關連方名稱

Shenzhen HEC Industrial

深圳市東陽光實業

HEC Pharm Co., Ltd.

(宜昌東陽光藥業股份有限公司)

Ruyuan Yao Autonomous County Yuneng Electric Industrial Co., Ltd.

(乳源瑤族自治縣寓能電子實業有限公司)

Sunshine Lake Pharma

廣東東陽光藥業

Dongguan HEC Medicine Development and Research Co., Ltd.

(東莞市東陽光藥物研發有限公司)

("Dongguan HEC Research")

(「東莞東陽光藥研發」)

Shaoguan HEC Packaging and Printing Co., Ltd.

(韶關東陽光包裝印刷有限公司)

("Shaoguan HEC Printing")

(「韶關東陽光印刷」)

Yichang HEC Power Plant Co., Ltd.

(宜昌東陽光火力發電有限公司)

("HEC Power Plant")

(「宜昌東陽光發電廠」)

Yidu Shangchengshuidu Project Construction Co., Ltd.

(宜都山城水都建築工程有限公司)

("Yidu Construction")

(「宜都建築」)

* The English translation of the above companies' names is for reference only. The official names of these companies are in Chinese.

25 重大關連方交易

於2016年及2015年，董事認為本集團的關連方包括以下各方：

Relationship with the Group

與本集團的關係

the intermediate controlling shareholder

中間控股股東

the immediate controlling shareholder

直接控股股東

the ultimate controlling shareholder

最終控股股東

effectively owned by the controlling shareholder

由控股股東實益擁有

effectively owned by the controlling shareholder

由控股股東實益擁有

associate of the intermediate controlling shareholder

中間控股股東的聯營公司

effectively owned by the controlling shareholder

由控股股東實益擁有

effectively owned by the ultimate shareholder

由最終股東實益擁有

上述公司之英文譯名僅供參考，該等公司之正式名稱為中文。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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

25 MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

(a) Transactions with related parties

During 2016 and 2015, the Group entered into the following material related party transactions:

Recurring transactions

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Purchase of goods from:	自以下各方購買貨品：		
HEC Pharm Co., Ltd.	宜昌東陽光藥業股份有限公司	10,375	17,254
Shaoguan HEC Printing	韶關東陽光印刷	8,407	10,578
HEC Power Plant	宜昌東陽光發電廠	4,632	4,283
		23,414	32,115

25 重大關連方交易(續)

(a) 與關連方之交易

於2016年及2015年，本集團已訂立以下重大關連方交易：

經常性交易

2016	2015
RMB'000	RMB'000
人民幣千元	人民幣千元
10,375	17,254
8,407	10,578
4,632	4,283
23,414	32,115

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有指明外，均以人民幣列示)

25 MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

(a) Transactions with related parties

Non-recurring transactions

		非經常性交易	
		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
(i) Sales of goods to: Sunshine Lake Pharma	(i) 向以下各方銷售貨品： 廣東東陽光藥業	242	1,002
(ii) Sales of fixed assets to: Dongguan HEC Research	(ii) 向以下各方銷售固定資產： 東莞東陽光藥研發	—	5,189
(iii) Interest income: HEC Pharm Co., Ltd.	(iii) 利息收入： 宜昌東陽光藥業股份有限公司	—	737
(iv) Processing service received from Sunshine Lake Pharma	(iv) 接受廣東東陽光藥業 提供的加工服務	—	1,982
(v) Research and development services provided to: Dongguan HEC Research	(v) 向以下各方提供的 研發服務： 東莞東陽光藥研發	—	1,129
(vi) Other services received from: Yidu Construction	(vi) 接受以下各方提供的其他服務： 宜都建築	2,093	8,317

25 重大關連方交易(續)

(a) 與關連方之交易(續)

非經常性交易

2016	2015
RMB'000	RMB'000
人民幣千元	人民幣千元

(i) Sales of goods to: Sunshine Lake Pharma	(i) 向以下各方銷售貨品： 廣東東陽光藥業	242	1,002
(ii) Sales of fixed assets to: Dongguan HEC Research	(ii) 向以下各方銷售固定資產： 東莞東陽光藥研發	—	5,189
(iii) Interest income: HEC Pharm Co., Ltd.	(iii) 利息收入： 宜昌東陽光藥業股份有限公司	—	737
(iv) Processing service received from Sunshine Lake Pharma	(iv) 接受廣東東陽光藥業 提供的加工服務	—	1,982
(v) Research and development services provided to: Dongguan HEC Research	(v) 向以下各方提供的 研發服務： 東莞東陽光藥研發	—	1,129
(vi) Other services received from: Yidu Construction	(vi) 接受以下各方提供的其他服務： 宜都建築	2,093	8,317

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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

25 MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

(b) Balances with related parties

(i) Amounts due from related parties

	2016	2015
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Prepayment and trade receivable from: 來自以下各方的預付款及 貿易應收款項：		
Sunshine Lake Pharma 廣東東陽光藥業	400,000	290,000

(ii) Amounts due to related parties

	2016	2015
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Trade payables to: 應付以下各方的貿易款項：		
Shaoguan HEC Printing 韶關東陽光印刷	2,392	—

25 重大關連方交易(續)

(b) 與關連方的結餘

(i) 應收關連方款項

	2016	2015
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Prepayment and trade receivable from: 來自以下各方的預付款及 貿易應收款項：		
Sunshine Lake Pharma 廣東東陽光藥業	400,000	290,000

(ii) 應付關連方款項

	2016	2015
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Trade payables to: 應付以下各方的貿易款項：		
Shaoguan HEC Printing 韶關東陽光印刷	2,392	—

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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

25 MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

(c) Key management personnel compensation

Key management personnel compensation comprised:

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Salaries and other benefits	薪金及其他福利	1,936	1,576
Contribution to defined retirement plans	定額退休計劃供款	116	95
		2,052	1,671

(d) Applicability of the Listing Rules relating to connected transactions

The recurring transactions with related parties in respect of Note 25(a) above constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section headed "Continuing Connected Transactions" of the Directors' Report.

25 重大關連方交易(續)

(c) 主要管理人員的報酬

主要管理人員的報酬包括：

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Salaries and other benefits	薪金及其他福利	1,936	1,576
Contribution to defined retirement plans	定額退休計劃供款	116	95
		2,052	1,671

(d) 與關聯交易有關的上市規則的適用性

上述附註25(a)中的關連方經營性交易構成上市規則第十四A章定義下之持續關聯交易。根據上市規則第十四A章所規定之披露載於董事報告之「持續關連交易」一節。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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

26 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

26 公司層面之財務狀況表

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Non-current assets	非流動資產		
Fixed assets	固定資產		
– Property, plant and equipment	– 物業、廠房及設備	413,851	378,728
– Interests in leasehold land held for own use under operating leases	– 根據經營租賃持作自用之土地權益	81,767	83,699
		495,618	462,427
Investments in subsidiaries	於附屬公司之投資	2,032	2,032
Prepayments	預付款項	422,544	294,599
Deferred tax assets	遞延稅項資產	11,392	10,372
Total non-current assets	非流動資產總額	931,586	769,430
Current assets	流動資產		
Inventories	存貨	110,624	154,628
Trade and other receivables	貿易及其他應收款項	336,650	270,055
Time deposits	定期存款	238,988	33,000
Pledged deposits	已抵押存款	2,635	2,153
Cash and cash equivalents	現金及現金等值項目	1,210,177	1,347,666
Total current assets	流動資產總額	1,899,074	1,807,502
Current liabilities	流動負債		
Trade and other payables	貿易及其他應付款項	182,083	155,704
Bank loans	銀行貸款	70,000	105,000
Deferred income	遞延收益	4,379	4,379
Current taxation	即期稅項	27,525	5,815
Total current liabilities	流動負債總額	283,987	270,898
Net current assets	流動資產淨額	1,615,087	1,536,604
Total assets less current liabilities	總資產減流動負債	2,546,673	2,306,034

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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

26 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (Cont'd)

		Note	2016	2015
		附註	RMB'000	RMB'000
			人民幣千元	人民幣千元
Non-current liabilities	非流動負債			
Bank loans	銀行貸款		20,000	90,000
Deferred income	遞延收益		69,021	73,400
Total non-current liabilities	非流動負債總額		89,021	163,400
Net assets	淨資產		2,457,652	2,142,634
Capital and reserves	資本及儲備			
Share capital	股本	22(c)	450,823	450,659
Reserves	儲備	22(d)	2,006,829	1,691,975
Total equity	總權益		2,457,652	2,142,634

26 公司層面之財務狀況表(續)

27 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

- (i) On 6 February 2017, the extraordinary general meeting had resolved to issue 1,200,000 additional shares of RMB1.00 each to HEC Pharm Co., Ltd. (宜昌東陽光藥業股份有限公司) (the immediate controlling shareholder) at a price of HK\$18.05 per share. Proceeds of RMB1,200,000 representing the par value of these ordinary shares, were credited to the Company's share capital and the excess of the proceeds over the nominal value of the total number of ordinary shares issued after offsetting share issuance costs of RMB17,729,000 were credited to the capital reserve account of the Company. As the completion of the private issue, the Company's share capital and the capital reserve increased to RMB452,023,000 and RMB1,476,163,000 respectively

27 報告期間後非調整事項

- (i) 於2017年2月6日，臨時股東大會議決以每股18.05港元的價格向宜昌東陽光藥業股份有限公司(直接控股股東)增發1,200,000股股份，每股面值人民幣1.00元。募集資金中相當於該等普通股面值的人民幣1,200,000元計入本公司股本，超過已發行普通的總數面值的所得款項扣除股份發行成本後的人民幣17,729,000元計入本公司的資本儲備。該項私人增發完成後，本公司的股本為人民幣452,023,000元，資本儲備為人民幣1,476,163,000元。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有指明外，均以人民幣列示)

27 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD (Cont'd)

- (ii) The Company and TaiGen Biopharmaceuticals Co. (Beijing), Ltd. established a joint venture of company, Dongguan HEC TaiGen Biopharmaceuticals Co., Ltd. (東莞東陽光太景醫藥研發有限責任公司, "HEC TaiGen") on 10 January 2017. HEC TaiGen is engaged in the research and development, production and sales of medical drugs. The Company invested RMB348.4 million in cash, representing 51% equity interests of HEC TaiGen.
- (iii) After the end of the reporting period, the board of directors of the Company approved a distribution of dividends. Further details are disclosed in Note 22(b).

28 IMMEDIATE AND ULTIMATE CONTROLLING PARTIES

At 31 December 2016, the directors consider the immediate parent of the Group to be HEC Pharm Co., Ltd., while the ultimate controlling party of the Group to be Ruyuan Yao Autonomous County Yuneng Electric Industrial Co., Ltd., which is incorporated in the PRC. This entity does not produce financial statements available for public use.

27 報告期間後非調整事項(續)

- (ii) 於2017年1月10日，本公司與太景醫藥(北京)有限公司共同設立東莞東陽光太景醫藥研發有限責任公司(「東陽光太景」)作為合營公司。東陽光太景主要從事新藥研發、生產及銷售業務。本公司以現金出資人民幣348,400,000元，佔東陽光太景註冊資本的51%。
- (iii) 於報告期末之後，本公司董事會已批准現金股息分派。更多詳情披露於附註22(b)。

28 直接及最終控股股東

於2016年12月31日，董事認為本集團之直接母公司宜昌東陽光藥業股份有限公司，而本集團之最終控股方為於中國註冊成立的乳源瑤族自治縣寓能電子實業有限公司。該實體並無編製可作公開用途的財務報表。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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

29 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2016 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

29 於截至2016年12月31日止年度已頒佈但尚未生效的修訂、新準則及詮釋的潛在影響

截至本財務報表刊發當日，國際會計準則委員會已頒佈多項於截至2016年12月31日止年度尚未生效且並未於本財務報表內採納的修訂及新準則。當中可能與本集團有關的包括下列各項。

	Effective for accounting periods beginning on or after 自以下日期或之後 開始的會計期間生效
Amendments to IAS 7, <i>Statement of cash flows: Disclosure initiative</i> 國際會計準則第7號(修訂本)，現金流量表：披露計劃	1 January 2017 2017年1月1日
Amendments to IAS 12, <i>Income taxes: Recognition of deferred tax assets for unrealised losses</i> 國際會計準則第12號(修訂本)，所得稅：確認未變現虧損之遞延稅項資產	1 January 2017 2017年1月1日
Amendments to IFRS 2, <i>Share-based payment: Classification and measurement of share-based payment transactions</i> 國際財務報告準則第2號(修訂本)，以股份為基礎的付款：以股份為基礎的付款交易之分類及計量	1 January 2018 2018年1月1日
IFRS 9, <i>Financial instruments</i> 國際財務報告準則第9號，金融工具	1 January 2018 2018年1月1日
IFRS 15, <i>Revenue from contracts with customers</i> 國際財務報告準則第15號，來自客戶合約之收入	1 January 2018 2018年1月1日
IFRS 16, <i>Leases</i> 國際財務報告準則第16號，租賃	1 January 2019 2019年1月1日

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

本集團現正評估此等修訂及新準則預期於最初應用期間產生之影響。直至目前，董事認為採納該等準則將不大可能對本集團綜合財務報表產生重大影響。

“2016 AGM” 「2016年股東週年大會」	指	the forthcoming annual general meeting for the year 2016 of the Company 本公司2016年應屆股東週年大會
“Annual Report” 「年報」	指	the annual report of the Company for the year 2016 本公司2016年年報
“Articles of Association” 「公司章程」	指	Articles of association of the Company 本公司章程
“Board of Directors” or “Board” 「董事會」	指	board of directors of the Company 本公司董事會
“Board of Supervisors” 「監事會」	指	board of supervisors of the Company 本公司監事會
“China” or “PRC” 「中國」	指	the People’s Republic of China, but for the purposes of this annual report and for geographical reference only (unless otherwise indicated), excluding Taiwan, Macau and Hong Kong 中華人民共和國，僅就本年報及地域上而言，除另有指明外，不包括台灣、澳門及香港
“Controlling Shareholder(s)” 「控股股東」	指	has the meaning given to it under the Listing Rules 具有上市規則所賦予的涵義
“Company”, “we” or “HEC Pham” 「本公司」、「我們」或「東陽光藥」	指	YiChang HEC Changjiang Pharmaceutical Co., Ltd. (宜昌東陽光長江藥業股份有限公司), a company established in the PRC on 11 May 2015 as a joint stock company 宜昌東陽光長江藥業股份有限公司，一家於2015年5月11日在中國成立的股份公司
“Director(s)” 「董事」	指	director(s) of the Company 本公司董事
“Domestic Share(s)” 「內資股」	指	issued ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is (are) subscribed for or credited as fully paid in RMB 本公司股本中每股面值人民幣1.00元的已發行普通股，其以人民幣認購及繳足
“Group” 「本集團」	指	the Company and its subsidiaries 本公司及其附屬公司
“HEC Group” 「東陽光集團」	指	Shenzhen HEC Industrial and its subsidiaries 深圳市東陽光實業及其附屬公司
“HKSCC” 「香港結算」	指	Hong Kong Securities Clearing Company Limited 香港中央結算有限公司

DEFINITIONS 釋義

“HK\$” or “HKD” 「港元」	指	Hong Kong dollars, the lawful currency for the time being of Hong Kong 港元，香港現時法定貨幣
“Hong Kong” 「香港」	指	the Hong Kong Special Administrative Region of the PRC 中國香港特別行政區
“H Shares” 「H股」	指	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is (are) listed on the Stock Exchange and is (are) subscribed for and traded in HKD 本公司股本中每股面值人民幣1.00元的普通股，其在聯交所上市並以港元認購及買賣
“IFRSs” 「國際財務報告準則」	指	the International Financial Reporting Standards, which include standards and interpretations promulgated by the International Accounting Standards Board (IASB), and the International Accounting Standards (IAS) and interpretation issued by the International Accounting Standards Committee (IASC) 國際財務報告準則，包括國際會計準則理事會頒佈的準則及詮釋以及國際會計準則委員會頒佈的國際會計準則及詮釋
“Latest Practicable Date” 「最後實際可行日期」	指	5 April 2017, being the latest practicable date for the purpose of ascertaining certain information contained in this Annual Report prior to its publication 2017年4月5日，於本年報刊發前為確定其中所載若干資料的最後實際可行日期
“Listing Date” 「上市日期」	指	29 December 2015, on which the H Shares were listed on the Stock Exchange and from which dealings in the H Shares were permitted to commence on the Stock Exchange 2015年12月29日，H股於聯交所上市的日期，並自此日期起，H股獲准於聯交所開始買賣
“Listing Rules” 「上市規則」	指	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time 香港聯合交易所有限公司證券上市規則，經不時修訂
“Model Code” 「標準守則」	指	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules 上市規則附錄十所載的上市發行人董事進行證券交易的標準守則
“Parent Company” 「母公司」	指	HEC Pharm Co., Ltd.* (宜昌東陽光藥業股份有限公司), a company incorporated in the PRC on 12 January 2004 and the immediate controlling shareholder of the Company as at the Latest Practicable Date 宜昌東陽光藥業股份有限公司，一家於2004年1月12日在中國註冊成立的公司，於最後實際可行日期，為本公司間接控股股東

DEFINITIONS 釋義

“PBOC” 「中國人民銀行」	指	中國人民銀行(People's Bank of China) 中國人民銀行
“Renminbi” or “RMB” 「人民幣」	指	the lawful currency of the PRC 中國法定貨幣
“Reporting Period” 「報告期間」	指	the year ended 31 December 2016 截至2016年12月31日止年度
“SFO” 「證券及期貨條例」	指	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time 香港法例第571章證券及期貨條例，經不時修訂、補充或以其他方式修改
“SFC” 「證監會」	指	the Securities and Futures Commission of Hong Kong 香港證券及期貨事務監察委員會
“Shareholder(s)” 「股東」	指	holder(s) of our Shares, including holders of H shares and holders of domestic shares of the Company 本公司股份持有人，包括本公司H股持有人及內資股持有人
“Shares” 「股份」	指	shares in the share capital of the Company, with a nominal value of RMB1.00 each 本公司股本中每股面值人民幣1.00元的股份
“Shenzhen HEC Industrial” 「深圳市東陽光實業」	指	Shenzhen HEC Industrial Development Co., Ltd. (深圳市東陽光實業發展有限公司), a company incorporated in the PRC on 27 January 1997) and a Controlling Shareholder 深圳市東陽光實業發展有限公司，一家於1997年1月27日在中國註冊成立的公司，為一名控股股東
“Hong Kong Stock Exchange” or “Stock Exchange” 「香港聯交所」或「聯交所」	指	The Stock Exchange of Hong Kong Limited 香港聯合交易所有限公司
“Supervisor(s)” 「監事」	指	the supervisor(s) of the Company 本公司監事
“Yichang HEC Pharmaceutical” 「宜昌東陽光醫藥」	指	Yichang HEC Pharmaceutical Co., Ltd. (宜昌東陽光醫藥有限公司), a company incorporated in the PRC on 8 July 2005 宜昌東陽光醫藥有限公司，一家於2005年7月8日在中國註冊成立的公司
“%” 「%」	指	per cent. 百分比

CORPORATE INFORMATION

公司資料

REGISTERED NAME

YiChang HEC Changjiang Pharmaceutical Co., Ltd.

DIRECTORS

Executive Director

Mr. JIANG Juncai

Mr. WANG Danjin

Mr. CHEN Yangui

Non-executive Directors

Mr. TANG Xinfa (*Chairman*)

Mr. ZHU Yingwei

Mr. MO Kit

Independent Non-executive Directors

Mr. TANG Jianxin

Mr. FU Hailiang

Ms. LEE Chi Ming

REMUNERATION AND APPRAISAL COMMITTEE

Mr. FU Hailiang (*Chairman*)

Mr. JIANG Juncai

Mr. TANG Jianxin

AUDIT COMMITTEE

Ms. TANG Jianxin (*Chairman*)

Mr. LEE Chi Ming

Mr. TANG Xinfa

NOMINATION COMMITTEE

Mr. LEE Chi Ming (*Chairman*)

Mr. ZHU Yingwei

Mr. FU Hailiang

註冊名稱

宜昌東陽光長江藥業股份有限公司

董事

執行董事

蔣均才先生

王丹津先生

陳燕桂先生

非執行董事

唐新發先生(*董事長*)

朱英偉先生

毛杰先生

獨立非執行董事

唐建新先生

付海亮先生

李志明先生

薪酬與考核委員會

付海亮先生(*主席*)

蔣均才先生

唐建新先生

審核委員會

唐建新先生(*主席*)

李志明先生

唐新發先生

提名委員會

李志明先生(*主席*)

朱英偉先生

付海亮先生

SUPERVISORS

Ms. HUANG Fangfang
Ms. XUE Lian
Mr. LIN Jian

COMPANY SECRETARIES

Mr. PAN Sanxiong
Ms. NG Wing Shan (FCS, FCIS)

AUTHORIZED REPRESENTATIVES

Mr. TANG Xinfa
West Fourth Floor, Building 106
Huafa North Road, Futian District, Shenzhen
Guangdong Province, the PRC

Ms. NG Wing Shan
18/F, Tesbury Centre, 28 Queen's Road East
Wanchai, Hong Kong

REGISTERED OFFICE

No. 38 Binjiang Road
Yidu, Yichang, Hubei Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 38 Binjiang Road
Yidu, Yichang, Hubei Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18/F, Tesbury Centre
28 Queen's Road East, Wanchai, Hong Kong

PRINCIPAL BANKER

China Construction Bank Co., Ltd.
Qingjiang Branch
56 Changjiang Avenue
Yidu, Hubei Province, PRC

監事

黃芳芳女士
薛蓮女士
林健先生

公司秘書

潘三雄先生
吳詠珊女士 (FCS, FCIS)

授權代表

唐新發先生
中國廣東省
深圳市福田區華發北路
106棟四樓西

吳詠珊女士
香港灣仔
皇后大道東28號金鐘滙中心18樓

註冊辦事處

中國湖北省宜昌宜都市
濱江路38號

中國主要營業地點

中國湖北省宜昌宜都市
濱江路38號

香港主要營業地點

香港灣仔皇后大道東28號
金鐘滙中心18樓

主要往來銀行

中國建設銀行股份有限公司
清江支行
中國湖北省宜都市
長江大道56號

CORPORATE INFORMATION

公司資料

AUDITORS

KPMG
Certified Public Accountants
8/F, Prince's Building, 10 Chater Road
Central, Hong Kong

HONG KONG LEGAL ADVISORS

Freshfields Bruckhaus Deringer
11/F, Two Exchange Square,
Central, Hong Kong

PRC LEGAL ADVISORS

Jia Yuan Law Offices
F408 Ocean Plaza
158 Fuxingmennei Avenue
Xicheng District
Beijing
PRC

H SHARE REGISTRAR

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

STOCK CODE

01558

COMPANY'S WEBSITE

www.hec-changjiang.com

LISTING PLACE

The Stock Exchange of Hong Kong Limited

核數師

畢馬威會計師事務所
執業會計師
香港中環
遮打道10號太子大廈8樓

香港法律顧問

富而德律師事務所
香港中環
交易廣場2座11樓

中國法律顧問

嘉源律師事務所
中國
北京市
西城區
複興門內大街158號
遠洋大廈F408

H股證券登記處

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

股份代號

01558

本公司網址

www.hec-changjiang.com

上市地

香港聯合交易所有限公司

