



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

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

(在中華人民共和國註冊成立之股份有限公司)

股份代號 Stock Code : 1558



OUR MISSION:  
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HEALTH

我們的使命 — 為每個人的健康

2018 年度報告  
Annual Report

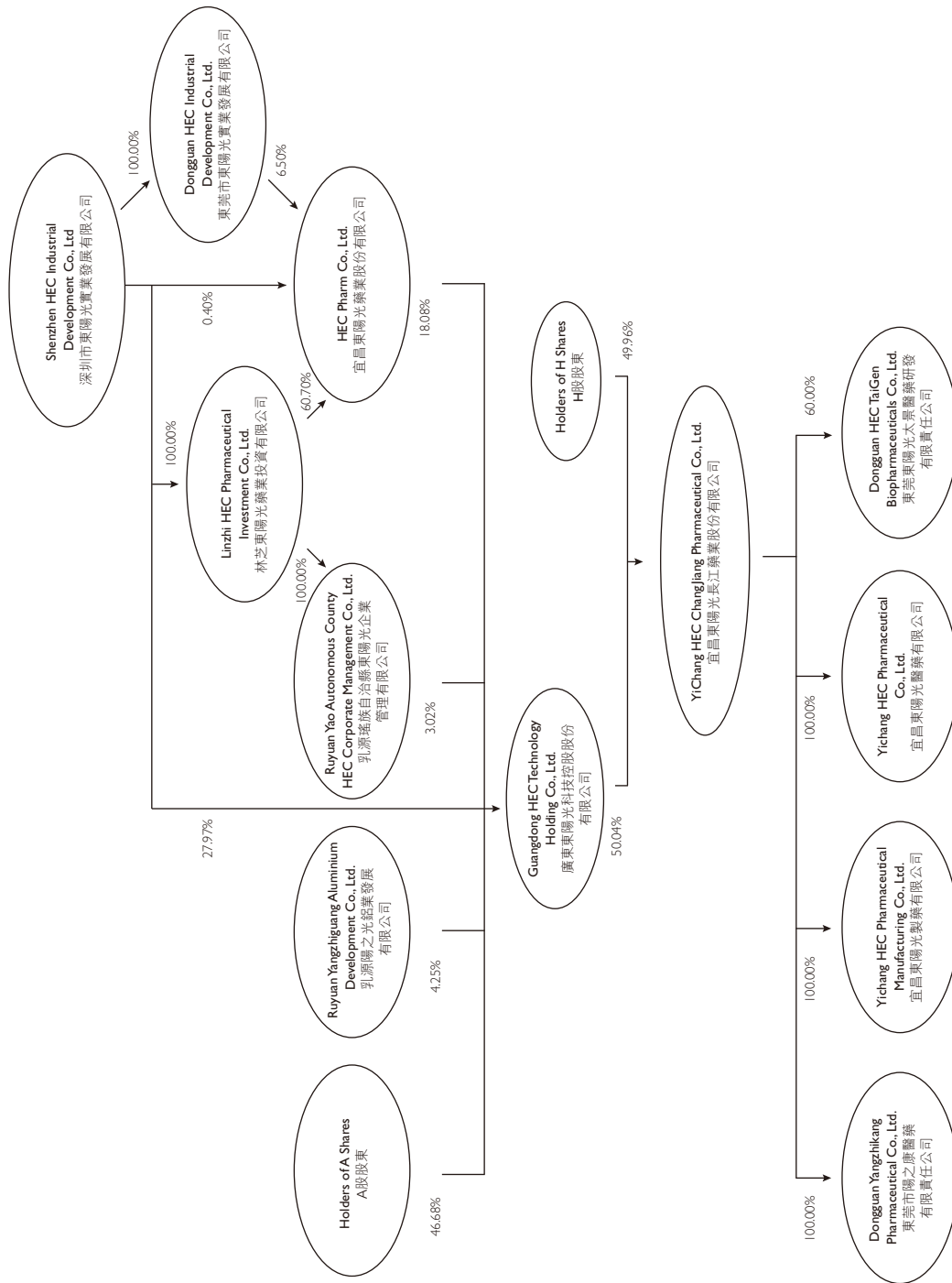
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# CORPORATE STRUCTURE 企業架構



Set out below is the financial summary for the year ended 31 December 2018 ("the year" or "the reporting period"):

以下為截至二零一八年十二月三十一日止年度(「本年度」或「報告期內」)的財務摘要：

Revenue of the Group in 2018 increased by 56.75% to RMB2,510.48 million as compared with 2017.

二零一八年本集團營業額為人民幣2,510.48百萬元，同比二零一七年增長56.75%。

Profit and total comprehensive income attributable to the equity shareholders of the Company in 2018 increased by 45.66% to RMB942.54 million as compared with 2017.

二零一八年本公司權益股東應佔溢利及全面收益總額為人民幣942.54百萬元，同比二零一七年增長45.66%。

Basic/diluted earnings per share in 2018 increased by 46.15% to RMB2.09 as compared with 2017.

二零一八年每股基本／攤薄盈利為人民幣2.09元，同比二零一七年增長46.15%。

The Board of Directors proposed to pay a final cash dividend of RMB0.6 per share, subject to the approval by the shareholders at the forthcoming AGM to be held by the Company.

董事會建議派發末期現金股息每股人民幣0.6元，須經股東於本公司稍後舉行的股東週年大會上批准。

|  |                    | 2014<br>二零一四年<br>RMB'000<br>人民幣千元 | 2015<br>二零一五年<br>RMB'000<br>人民幣千元 | 2016<br>二零一六年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|--|--------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>Operating result</b>  | <b>經營業績</b>        |                                   |                                   |                                   |                                   |                                   |
| Revenue  | 營業額                | 440,904                           | 692,910                           | 941,504                           | 1,601,567                         | <b>2,510,476</b>                  |
| Gross profit   | 毛利                 | 321,075                           | 514,576                           | 727,270                           | 1,321,151                         | <b>2,111,667</b>                  |
| Profit from operation  | 經營溢利               | 205,445                           | 339,605                           | 460,299                           | 752,484                           | <b>1,103,742</b>                  |
| Profit before taxation   | 除稅前溢利              | 163,115                           | 314,706                           | 453,066                           | 748,195                           | <b>1,102,324</b>                  |
| Profit and total comprehensive income attributable to equity shareholders of the Company | 本公司權益股東應佔溢利及全面收益總額 | 135,343                           | 265,750                           | 380,597                           | 647,101                           | <b>942,536</b>                    |
| <b>Profit margin</b>   | <b>利潤率</b>         |                                   |                                   |                                   |                                   |                                   |
| Gross profit margin  | 毛利率                | 72.82%                            | 74.26%                            | 77.25%                            | 82.49%                            | <b>84.11%</b>                     |
| Net profit margin  | 純利率                | 30.70%                            | 38.35%                            | 40.42%                            | 39.11%                            | <b>35.90%</b>                     |
| <b>Earnings per share</b>  | <b>每股盈利</b>        |                                   |                                   |                                   |                                   |                                   |
| Basic & Diluted (RMB)  | 基本及攤薄(人民幣：元)       | 0.45                              | 0.79                              | 0.84                              | 1.43                              | <b>2.09</b>                       |
| <b>Assets condition</b>  | <b>資產狀況</b>        |                                   |                                   |                                   |                                   |                                   |
| Total assets   | 總資產                | 949,531                           | 2,577,415                         | 2,831,109                         | 3,775,975                         | <b>4,560,940</b>                  |
| Total equity attributable to equity shareholders of the Company                          | 本公司權益股東應佔總權益       | 277,255                           | 2,142,849                         | 2,457,807                         | 2,807,836                         | <b>3,433,956</b>                  |
| Non-controlling interests  | 非控股權益              | N/A 不適用                           | N/A 不適用                           | N/A 不適用                           | 252,750                           | <b>244,972</b>                    |
| Total liabilities  | 總負債                | 672,276                           | 434,566                           | 373,302                           | 715,389                           | <b>882,012</b>                    |
| Net cash generated from operating activities   | 經營活動所得現金淨額         | 129,878                           | 287,394                           | 397,206                           | 670,751                           | <b>715,392</b>                    |
| Quick ratio  | 速動比率               | 0.6                               | 6.1                               | 6.3                               | 3.1                               | <b>2.0</b>                        |



## CORPORATE PROFILE

### 公司簡介

YiChang HEC Changjiang Pharmaceutical Co., Ltd. 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 and cardiovascular diseases. It's the domestic pharmaceutical manufacturing platform of the HEC Group.

The Company entered into China's pharmaceutical industry through the establishment of its predecessor, Yichang Changjiang Pharmaceutical Co., Ltd., in 2001. Up to now, we have been operating for more than 18 years, and are in the leading position in the domestic pharmaceutical industry in terms of pharmaceutical sales performance and research and development 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" and has a strong industrial foundation and leading competitive edges in the manufacturing, marketing and sales of pharmaceutical products. As of 31 December 2018, the Company has manufactured, promoted and sold a total of 33 pharmaceutical products in China, with more than 2,000 professional sales staff across nationwide product distribution network. Kewei (oseltamivir phosphate), one of the Company's core products, is the first-line drug for clinical application of anti-influenza virus in China and its granules form is the exclusive patented product of the Company. Following the inclusion in the *National Drug List for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance (2017 Version)* issued by the Ministry of Human Resources and Social Security of the People's Republic of China in 2017, oseltamivir phosphate was included in the *National Essential Drug List (2018 Version)* in 2018.

In addition, the Company has built strategic cooperative partnerships with various renowned pharmaceutical enterprises within the PRC and abroad, including the entering of a strategic agreement with Lannett Company, Inc. (NYSE: LCI) to jointly develop generic insulin drugs and enter the US market. The Company also established a joint venture company with TaiGen Biopharmaceuticals Holdings Limited ("TaiGen Biopharmaceuticals") (4157.TWO) to conduct clinical trials of combination therapy with Yimitasvir Phosphate and Furaprevir. The Company reached a strategic cooperative partnership with China National Accord Medicines Corporation Ltd. ("China National Accord Medicines") (000028.SZ) and kick-offed its first operational project during the year of 2018. The Company believes that the abovementioned strategic cooperative partnerships will bring huge development prospects for the Company's business.

宜昌東陽光長江藥業股份有限公司是一家專注於在抗病毒、內分泌、心血管等疾病治療領域進行醫藥產品研發、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。

本公司通過成立於二零零一年的公司前身—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18餘載的經營歷史，藥品銷售業績以及研發能力列國內醫藥行業領先地位。

二零一五年五月十一日，本公司改制為股份有限公司，並於二零一五年十二月二十九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，在藥品製造和營銷方面均具有雄厚的產業基礎和領先的競爭優勢。截至二零一八年十二月三十一日，本公司在國內生產、推廣及銷售合共33款醫藥產品，並擁有覆蓋全國的產品分銷網絡及專業銷售人員逾2,000名。本公司核心產品之一——可威(磷酸奧司他韋)是中國抗流感病毒臨床應用的一線用藥，其顆粒劑型為本公司獨家專利產品。繼於二零一七年入選由中國人力資源和社會保障部頒佈的《國家基本醫療保險、工傷保險和生育保險藥品目錄(二零一七年版)》後，磷酸奧司他韋更於二零一八年獲納入《國家基本藥物目錄(二零一八年版)》。

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，包括與美國Lannett Company, Inc. (紐交所：LCI)訂立戰略協議共同發展胰島素仿製藥進軍美國市場；與台灣太景醫藥研發控股股份有限公司(「太景醫藥」)(4157.TWO)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；與國藥集團一致藥業股份有限公司(「國藥一致」)(000028.SZ)達成了戰略合作夥伴關係，首個運營項目已於二零一八年內正式啟動。本公司相信，以上戰略合作關係，將會為本公司業務帶來巨大的發展前景。

The Company is committed to the implementation of professionalism, branding and differentiated development strategy all along. The Company is committed to the establishment of a professional marketing team, a steady and innovative marketing 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 further value for the vast pharmaceutical consumers and our partners.

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

本公司始終堅持實施專業化、品牌化、差異化的發展戰略，致力於營銷團隊的專業性打造、穩健創新的市場運作及戰略性的資源整合，在行業內創造「東陽光藥」獨有的品牌特色和核心競爭力，為廣大醫藥消費者及合作夥伴們創造更多價值。

在未來，本公司將進一步發展及豐富產品綫，開拓市場及提升產品的國際化生產標準及質量，繼續擴大市場推廣及銷售範圍的覆蓋，以促進本公司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

- Inclusion in the Hong Kong Stock Connect List under the Shenzhen-Hong Kong Stock Connect
- Became a constituent of the Hang Seng family of indexes
  - Being a subsidiary of A-share listed company, Guangdong HEC Technology Holding Co., Ltd.
    - 獲納入深港通下的港股通股票名單
    - 獲納入恒生指數系列成分股
- 成為A股上市公司廣東東陽光科技控股股份有限公司之附屬公司

2018

2017

2016

2015

2013

2008

2006

2001

- Results of the Company sustained a significant increase as compared to that of 2016
- Oseltamivir phosphate was listed as a drug recommended for treatment for influenza by the Influenza Treatment Guidelines (2018 Edition)
- 公司業績相較於二零一六年保持大幅增長
- 《流行性感冒治療指南（二零一八年版）》中磷酸奧司他韋被列為流感推薦藥物

- Transformed into a joint stock limited company by means of reorganization
- Established strategic cooperation relationship with our controlling shareholder, and acquired the pre-emptive right to purchase products developed by the research institute of the controlling shareholder
- Successfully listed on the Stock Exchange on 29 December 2015
- 重組改制為股份有限公司
- 與控股股東建立戰略合作關係，擁有控股股東下屬研究院研發成果優先購買權
- 二零一五年十二月二十九日於聯交所正式掛牌交易

The Company's Kewei granule product was registered with the China Food and Drug Administration and the Company became the only manufacturer of oseltamivir phosphate granule in China  
公司可威顆粒劑產品於國家食品藥品監管局登記註冊，成為中國唯一一家磷酸奧司他韋顆粒劑生產商

The predecessor of the Company was established in Hubei Province and formally entered into China's pharmaceutical industry  
公司前身於湖北省成立，正式進入中國醫藥行業

Kewei product dominated the largest market share of oseltamivir phosphate products in China  
可威產品佔據中國磷酸奧司他韋產品市場最大份額

The Company was licensed to manufacture oseltamivir phosphate products in China  
獲得中國磷酸奧司他韋生產許可

On behalf of the Board, I am hereby pleased to present the annual results of the Group for the year ended 31 December 2018 and the future outlook of 2019.

## 2018 REVIEW

2018 was a challenging year for China's pharmaceutical industry. At the beginning of the year, the National Medical Insurance Bureau (國家醫療保障局) was officially established which marked the new stage of medical insurance reform. In the middle of the year, the vaccine event has triggered close attention to drug safety. At the end of the year, the Document on Centralized Procurement of Drugs in 4+7 Cities (《4+7城市藥品集中採購文件》) was issued. Under this background, the regulators would continue to pay more attention to the quality of pharmaceutical products, the standard production system and the regulated operation of pharmaceutical enterprises, and would also promote the transformation of the industry to a standardized, normalized and efficient direction. Meanwhile, the regulators would further encourage pharmaceutical enterprises to increase investment in research and development ("R&D") and deepen the development of high value-added industries by expanding the scope of priority evaluation to accelerate the launching process for innovative clinical-needed drug and encouraging enterprises to promote drug innovation. In view of this, the consolidation of China's pharmaceutical industry is just around the corner. While pharmaceutical enterprises are facing more challenges, quality enterprises will also gain more historic development opportunities.

As a company listed on the Stock Exchange, the Company has entered its fourth year. The Board has been upholding the governance principle of "standardization, independence, rational structure and high efficiency" and constantly leading the management of the Company to improve its governance level and strengthen the Company's management systems and internal control, striving to become a highly competitive listed company in the domestic and even the international market. The Company completed the restructuring in mid-2018 and became a subsidiary of A-share listed company Guangdong HEC Technology Holding Co., Ltd. Moreover, in September 2018, the Company was included in the Hong Kong Stock Connect's stock list under the Shenzhen-Hong Kong Stock Connect and was selected as a Hang Seng Index Series and other index components such as Hang Seng Healthcare Index. All of the above initiatives are strong recognition of the Company's business and future development prospects by China, Hong Kong and overseas capital markets. During the Reporting Period, the Company completed the acquisition of Yichang HEC Pharmaceutical Manufacturing Co., Ltd. ("Yichang HEC Pharmaceutical"), an active pharmaceutical ingredient ("API") factory, and six other domestic leading generic drugs, further expanding its production capacity and product portfolio, laying a solid foundation for the subsequent supply of products and sales. In addition, during the year, the Company introduced Blackstone, the world's leading investment capital, with which the establishment of strategic partnership will support the Company's continued growth in its business by acquiring drug to enrich product lines, improving development strategies, strengthening international business cooperation and enhancing corporate governance.

本人謹代表董事會欣然呈報本集團截至二零一八年十二月三十一日止年度之年度業績，及對二零一九年工作簡要展望。

## 二零一八年回顧

二零一八年對於中國醫藥企業是充滿了挑戰的一年。從年初標誌著醫保改革進入新階段的國家醫療保障局的正式成立，到年中引發各界對藥品安全密切關注的疫苗事件至年末《4+7城市藥品集中採購文件》的發佈，監管機構對藥品質量、體系標準及藥企規範經營將持續加大關注，也將促進行業向標準化、規範化及高效化的方向轉變。與此同時，監管部門通過擴大優先審評審批範疇加速臨床急需創新藥上市流程及鼓勵企業推進藥品創新，將進一步激勵醫藥企業持續增加研究和開發(「研發」)投入，深化高附加值產業的發展。有鑑於此，中國醫藥行業整合在即，醫藥企業在面向更多挑戰的同時，優質企業也將迎來更多歷史性的發展機遇。

自東陽光藥登陸香港聯交所以來已邁入第四個年頭，董事會一直秉承著「規範、獨立、結構合理、富有效率」的治理理念，並帶領本公司管理層繼續完善自身治理水準、加強公司規範管理及完善內控制度，為建立在國內乃至國際市場具備強大競爭力的上市公司不斷努力。本公司於二零一八年年中完成重組，成為A股上市公司廣東東陽光科技控股股份有限公司之附屬公司，另於二零一八年九月獲納入深港通下的港股通股票名單，並獲選為恒生指數系列及恒生醫療保健指數等其他指數成分股，以上舉措皆是中、港及海外各地資本市場對本公司業務及未來發展前景的強有力肯定。報告期內，本公司完成了對原料藥工廠宜昌東陽光製藥有限公司(「宜昌東陽光製藥」)及另外6種國內領先仿製藥品種的收購，進一步擴大產能及產品組合，為後續源源不斷的儲備產品及銷售打下堅實的基礎。此外，年內本公司引進國際領先投資資金黑石，與其戰略合作夥伴關係的建立將支持本公司通過收購藥品豐富產品線、完善發展策略及戰略、加強國際商業合作及提升企業管治，促進本公司業務的持續增長。



# CHAIRMAN'S STATEMENT

## 董事長報告書

In 2018, the Company's overall performance recorded a leap-forward growth following the highly efficient operations by the management of the Company and the joint efforts of all employees of the Group. For the year ended 31 December 2018, revenue of the Group achieved RMB2,510.48 million, representing an increase of 56.75% as compared to the previous year, and a net profit of RMB901.22 million, representing an increase of 43.88% as compared to last year, realizing a significant increase in the overall performance.

### FUTURE PROSPECTS

The Company has established a mature drug research platform and will continue to deepen innovation in the therapeutic areas of anti-virus, endocrine and metabolic diseases, cardiovascular diseases. Looking ahead into the future, the Company will continually increase its investment in R&D and accelerate the transformation of drug R&D into clinical research and clinical applications in the above-mentioned therapeutic areas. Additionally, the Company will closely follow clinical needs, strengthen the R&D of oncology and anti-fibrosis drugs, continuously introduce new products and enrich existing product portfolio.

In terms of sales, the Company will continue to strengthen the construction of the sales team, consolidate its path in academic promotion and further expand the primary healthcare market. To prepare for the future, we have established a scientific and sustainable marketing strategy to create a highly recognized business image and well-respected reputation in the domestic market and laid down a solid foundation for new products to be rapidly launched in the market in the future.

We believe that under the leadership of the Board and the efforts of all employees, the Company would become a benchmark pharmaceutical enterprise in China and the world as well as a major and influential brand in China's pharmaceutical industry, through formulating comprehensive development strategy, implementing strict management system and strengthening of innovative R&D.

Once again, I would like to express my sincere gratitude to all Shareholders, Board members, the management of the Company and all employees and partners.

**TANG Xinfa**

Chairman

22 March 2019

二零一八年，在本公司管理層的高效運作及本集團全體員工的共同努力下，整體業績繼續實現跨越式發展。截至二零一八年十二月三十一日，本集團的營業收入達到人民幣2,510.48百萬元，同比增長56.75%，淨利潤達到人民幣901.22百萬元，同比增長43.88%，整體業績實現了大幅度的增長。

### 未來展望

本公司已建立起成熟的藥物研究平台，並將在抗病毒、內分泌和代謝疾病以及心血管病領域繼續深化創新。展望未來，本公司將繼續加大研發投入，加速上述疾病領域藥物研發向臨床研究及臨床應用的轉化。此外，本公司也將緊跟臨床需求，加強對抗腫瘤、抗纖維化藥物的研發佈局，不斷推出新產品，豐富現有產品組合。

在銷售方面，本公司將不斷加強銷售團隊的建設，延續夯實學術推廣道路的同時，進一步開拓基層醫療市場。面向未來，我們已建立起科學、可持續性的市場銷售策略，全力打造國內市場內優良的商業形象和口碑，為未來更多新產品進入市場能夠快速放量打下堅實的基礎。

我們相信，在董事會的帶領以及全體員工的努力下，通過制定全面的發展戰略、實行嚴格的管理體系以及大力加強創新研發，東陽光藥成為中國乃至世界知名的一流標杆性醫藥企業及具有影響力的國民醫藥大品牌。

再次，本人謹向各位股東、董事會成員、本公司管理層、所有僱員及合作夥伴表示由衷的感謝。

董事長

唐新發

二零一九年三月二十二日

- |   |   |
|---|---|
| <p>1. Completion of review and approval of esomeprazole sodium for injection by the National Medical Products Administration for launching into market.</p>   | <p>1. 注射用埃索美拉唑獲國家藥品監督管理局審批完畢，獲准上市。</p>  |
| <p>2. The Company acquired the know – how, the ownership of the domestic approvals for manufacturing and marketing and the right to sale of Clarithromycin Sustained Release Tablets (克拉黴素緩釋片), Levofloxacin Tablets (左氧氟沙星片), Clarithromycin Tablets (克拉黴素片), Moxifloxacin Tablets (莫西沙星片), Olmesartan Tablets (奧美沙坦酯片) and Esomeprazole Magnesium Enteric-coated Capsule (埃索美拉唑鎂腸溶膠囊) in the PRC from Sunshine Lake Pharma.</p> | <p>2. 本公司向廣東東陽光藥業購買克拉黴素緩釋片、左氧氟沙星片、克拉黴素片、莫西沙星片、奧美沙坦酯片及埃索美拉唑鎂腸溶膠囊的技術訣竅、生產及上市國內批文的擁有權及在中國的銷售權。</p> |
| <p>3. The Company became a constituent of Hang Seng Family of Indexes.</p>  | <p>3. 本公司獲納入恒生指數系列之成分股。</p>   |
| <p>4. The Company proposed to issue US\$400,000,000 3.0% H share convertible bonds to Blackstone.</p>   | <p>4. 本公司向黑石擬議發行4億美元年利率為3.0%的H股可轉換債券。</p>   |
| <p>5. The Company has been included in the Hong Kong Stock Connect list under the Shenzhen-Hong Kong Stock Connect.</p>   | <p>5. 本公司獲納入深港通下的港股通股票名單。</p>   |
| <p>6. The Company became a subsidiary of A-shares listed company Guangdong HEC Technology Holding Co., Ltd.</p>   | <p>6. 本公司成為A股上市公司廣東東陽光科技控股股份有限公司之附屬公司。</p>  |
| <p>7. Oseltamivir, benzbromarone and moxifloxacin were included in the National Essential Drug List.</p>  | <p>7. 奧司他韋、苯溴馬隆及莫西沙星納入國家基本藥物目錄。</p>   |
| <p>8. The Company has passed the recognition review of the National High-Tech Enterprise.</p>   | <p>8. 本公司通過「國家高新技術企業」認定複審。</p>  |
| <p>9. The Company obtained the following national invention patent: method for synthesizing isomers of oseltamivir phosphate (《一種磷酸奧司他韋異構體雜質的合成方法》), method for quality detection of glipizide capsules (《一種格列吡嗪膠囊的質量檢測方法》), the pichia fermentation method for enhancing the expression of insulin and its analog precursors (《一種提高胰島素及其類似物前體表達的畢赤酵母發酵方法》).</p>  | <p>9. 本公司獲國家發明專利：《一種磷酸奧司他韋異構體雜質的合成方法》、《一種格列吡嗪膠囊的質量檢測方法》、《一種提高胰島素及其類似物前體表達的畢赤酵母發酵方法》。</p>        |
| <p>10. The Company was conferred as the provincial technology and innovative platform (省級科技創新平台) in Hubei province.</p>   | <p>10. 本公司獲湖北省「省級科技創新平台」稱號。</p>   |
| <p>11. The Company was awarded the Intellectual Property Model Construction Enterprise in Hubei province (湖北省知識產權示範建設企業).</p>   | <p>11. 本公司獲「湖北省知識產權示範建設企業」稱號。</p>   |
| <p>12. The Economy and Information Technology Committee of Hubei province promulgated the list of the invisible champion enterprises in various segments among the pillar industries in Hubei province, of which the Company was awarded the Invisible Champion Technology Giant (隱形冠軍科技小巨人).</p>   | <p>12. 湖北省經濟和信息化委員會頒佈「湖北省支柱產業細分領域隱形冠軍企業」名單，本公司獲「隱形冠軍科技小巨人」。</p>                                 |
| <p>13. The Company acquired Yichang HEC Pharmaceutical.</p>   | <p>13. 本公司收購宜昌東陽光製藥。</p>  |

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### I. INDUSTRY REVIEW

Looking back to 2018, China's economy faced various challenges. As a national emerging industry of strategic importance, the pharmaceutical industry has maintained a steady growth in the light of national policy. Meanwhile, Chinese pharmaceutical industry has entered into a new stage of development under the policy guidelines of the National Plan for Drug Safety during the period of the 13th Five-year Plan. The relevant government agencies will strengthen the supervision on the entire process to ensure the safety, validity and quality of drugs and encourage innovative R&D to promote quality of drugs. The outlook of the pharmaceutical industry in China is still full of opportunities and challenges.

#### **Release of new Essential Drug List advantageous to the sales of newly included drugs**

In October 2018, the National Health Commission of China released the National Essential Drug List (2018 Version)《國家基本藥物目錄(2018年版)》(the "Essential Drug List"). The main adjustment of this list lies on the clinical needs, the balance between Chinese and Western medicines, the increase in number of drug varieties from 520 to 685 and the inclusion of urgently needed new drugs in clinical practice. The entry into the Essential Drug List will be advantageous to the new drugs where such drugs will obtain bulk volume purchase from primary healthcare institutions and increase its market share. In addition, the establishment of the dynamic adjustment mechanism of the Essential Drug List enables a timely inclusion of newly launched drugs which have better therapeutic outcome than the listed drugs and with a reasonable price, thereby promoting pharmaceutical innovation and being favorable to pharmaceutical companies with strong R&D background.

#### **Promote consistency evaluation and centralized procurement, the generic drug market facing consolidation**

The "Document on Centralized Procurement of Drugs in 4+7 Cities"《4+7城市藥品集中採購文件》was officially released in November 2018. In face of the year-on-year increasing pressure of medical insurance payment at the national level and the further tightening control on medical insurance fees, the generic drug market will usher in a round of comprehensive consolidation. Pharmaceutical companies with strong R&D capabilities, diversified product portfolio and well-developed production systems will enjoy the benefits offered by this consolidation to capture greater market share.

### I. 行業回顧

回首二零一八年，中國經濟面臨多重挑戰。作為國家的戰略性新興產業，醫藥行業在國家政策的支持下仍然實現了穩健增長。與此同時，中國醫藥行業在「十三五規劃」國家藥品安全規劃的政策指引下，進入了新的發展階段，相關政府部門將會加強對醫藥製造企業的全程監管，確保藥品的安全性、有效性和質量可控性；鼓勵研發創新，提高藥品質量。中國醫藥行業的未來仍充滿機遇與挑戰。

#### **新版基藥目錄發佈，利好新增品種放量**

二零一八年十月，中國國家衛生健康委員會發佈《國家基本藥物目錄(二零一八年版)》(「基藥目錄」)，本次基藥目錄調整重點關注臨床需求及中西藥佔比平衡，品種數量由原來的520種增加到685種，納入了多種臨床急需新藥。進入基藥目錄有利於相關藥品在基層醫療機構快速放量，提升市場份額。此外，基藥目錄動態調整機制的建立使新上市但療效優於已上市藥品且價格合理的藥品適時調入基藥目錄，進一步推動醫藥創新且有利於研發實力雄厚的醫藥企業。

#### **推進一致性評價和集中採購，仿製藥市場面臨整合**

二零一八年十一月，《4+7城市藥品集中採購文件》正式發佈。面臨國家層面醫保支付壓力逐年增加及醫保控費的進一步執行，仿製藥市場將迎來一輪全面整合。研發實力雄厚、產品組合豐富以及生產體系成熟的醫藥企業也將借助於此次整合帶來的機遇，快速佔領市場份額。

Looking into the future, while the government continues to strongly support the development of the pharmaceutical industry, its supervision and guidance to the industry will be further strengthened at the same time. In the future, the industry landscape will continue to differentiate. Pharmaceutical companies with strong R&D capabilities, enriched drug pipeline, well-developed production systems, strong brand advantages and excellent marketing team will gain unprecedented development opportunities. The Group will also seize the opportunity and strive to build an all-rounded pharmaceutical platform integrating production, R&D and sales and become a leading pharmaceutical enterprise in China.

## II. BUSINESS REVIEW

### I. Summary of Overall Results

In 2018, the Group achieved a revenue of RMB2,510.48 million, representing an increase of 56.75% as compared to 2017 and maintaining a relatively high growth. Profit and total comprehensive income attributable to equity shareholders of the Company recorded RMB942.54 million, representing an increase of 45.66% as compared to 2017. Kewei, Ertongshu, Oumeining, Xinhaining and Xining are still the core products of the Group, with revenue accounted for 89.50%, 3.93%, 2.27%, 1.20% and 1.70%, respectively of the total revenue. There was no change in the structure of core products of the Group.

### 2. R&D Pipeline

The Group made outstanding R&D progress in the therapeutic areas of anti-virus, endocrine and metabolic diseases during 2018.

#### I. Anti-virus therapeutic area

The Group's non-structural protein ("NS") 5A inhibitor Yimitasvir Phosphate, a National Class 1.1 innovative drug, in combination with Sofosbuvir have completed Phase III clinical trials subjects enrolment and is scheduled to submit New Drug Application ("NDA") in 2019.

展望未來，國家在繼續大力支持醫藥行業發展的同時，也將進一步加強對行業的監管與指導。未來行業格局將繼續分化，擁有雄厚研發實力、豐富產品管綫、成熟生產體系、強大品牌優勢及優秀市場營銷團隊的醫藥企業將獲得前所未有的發展空間。本集團也將把握機遇，致力打造集生產、研發及銷售為一體的綜合製藥平台，發展成為國內領軍醫藥企業。

## II. 業務回顧

### I. 整體業績概述

二零一八年，本集團營業額達到人民幣2,510.48百萬元，較二零一七年同比增長達56.75%，持續保持較高增長；本公司權益股東應佔溢利及全面收益總額為人民幣942.54百萬元，較二零一七年同比增長45.66%。同時，可威、爾同舒、歐美寧、欣海寧、喜寧仍然是本集團的核心產品，營業額佔總營業額比例分別為89.50%、3.93%、2.27%、1.20%及1.70%，本集團核心產品結構未有變化。

### 2. 研發管綫

二零一八年，本集團在研發抗病毒和內分泌及代謝疾病治療領域都取得了優異的進展。

#### I. 抗病毒領域

本集團國家1.1類創新藥非結構蛋白(「NS」)5A抑制劑磷酸依米他韋與索非布韋聯用已完成III期臨床試驗的受試者入組，並計劃在二零一九年申報上市。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

The Phase II clinical trial for NS3/4A protease inhibitor Furaprevir jointly developed with TaiGen Biopharmaceuticals Co. (Beijing), Ltd. (“TaiGen Biopharmaceuticals”) in combination with Yimitasvir Phosphate has been completed and Phase III clinical trial will commence soon and is expected to submit NDA in 2020.

### 2. Endocrine and metabolic diseases area

In the area of endocrine and metabolic diseases, the Group is dedicated to the R&D of insulin products and has a comprehensive insulin product line, which covers both the second and the third generation of insulin.

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

| The key endocrine and metabolic types<br>關鍵內分泌及代謝品種  | Current stage<br>當前所處階段            | Planned launch time<br>計劃上市時間 |
|--|------------------------------------|-------------------------------|
| Recombinant Human Insulin Injection<br>重組人胰島素注射液   | Submitted NDA<br>已提交上市申請           | 2019<br>二零一九年                 |
| Isophane Protamine Recombinant<br>Human Insulin Injection (Pre-mixed 30R)<br>精蛋白重組人胰島素注射液(預混30R) | Phase III clinical trial<br>臨床III期 | 2020<br>二零二零年                 |
| Insulin Glargine Injection<br>甘精胰島素注射液   | Phase III clinical trial<br>臨床III期 | 2020<br>二零二零年                 |
| Insulin Aspart Injection<br>門冬胰島素注射液   | Phase I clinical trial<br>臨床I期     | 2021<br>二零二一年                 |
| Insulin Aspart 30 Injection<br>門冬胰島素30注射液  | Phase III clinical trial<br>臨床III期 | 2021<br>二零二一年                 |

與太景醫藥研發(北京)有限公司(「太景醫藥」)合作開發的NS3/4A蛋白酶抑制劑伏拉瑞韋與磷酸依米他韋的聯用已完成II期臨床試驗，即將開展臨床III期試驗，預計在二零二零年申報上市。

### 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致力於胰島素產品的研發，具有完整的胰島素產品線規劃，涵蓋第二代和第三代胰島素。

報告期內，胰島素系列產品最新進展情況如下：

The Group has established a complete R&D system for insulin products, which is developed in accordance with standards on biosimilar drugs adopted in Europe and the United States with quality equivalent to originator drugs. The production of pharmaceutical products adopts a yeast expression system which is advanced in technology and easy for large scale production. The results of clinical trials show that the statistics of recombinant human insulin injection developed by the Group compared with the originator biologics are highly consistent in terms of effectiveness, safety and stability. Meanwhile, the Group has established good relationships with many clinical trial centers and its R&D pipeline products have been recognized by patients and clinicians in terms of efficacy and safety.

本集團已建立完善的胰島素系列產品研發體系，參照歐美生物類似藥標準開發，質量可達與原研生物等效。製劑生產採用酵母表達體系，工藝先進、易於放大生產。臨床試驗結果表明，本集團自主開發的重組人胰島素注射液和原研生物製劑在有效性、安全性及穩定性等數據高度一致。同時，本集團已與多家臨床試驗中心建立良好合作關係，本集團的研發管綫產品在療效和安全性皆獲得眾多患者和臨床醫生的認可。

### 3. Sales Performance Review

For the year ended 31 December 2018, revenue of the Group achieved RMB2,510.48 million, representing an increase of 56.75% as compared to the previous year.

During the Reporting Period, the revenue of Kewei granules and Kewei capsules amounted to RMB1,617.68 million and RMB629.21 million, respectively, accounting for 89.50% of the total revenue in aggregate; revenue of Ertongshu amounted to RMB98.70 million, accounting for 3.93% of the total revenue; revenue of Oumeining amounted to RMB56.87 million, accounting for 2.27% of the total revenue; revenue of Xinhaining amounted to RMB30.22 million, accounting for 1.20% of the total revenue; and revenue of Xining amounted to RMB42.72 million, accounting for 1.70% of the total revenue. The total revenue of the above mentioned five drugs, being the core products of the Group, accounted for 98.60% of the total revenue, with Kewei products remaining as the main driving force of the sales growth.

### 3. 銷售情況回顧

截至二零一八年十二月三十一日止年度，本集團的營業額已經達到人民幣2,510.48百萬元，同比去年增長56.75%。

報告期內，可威顆粒及可威膠囊分別取得人民幣1,617.68百萬元及人民幣629.21百萬元的營業額，共計佔總營業額的89.50%；爾同舒取得人民幣98.70百萬元的營業額，佔總營業額的3.93%；歐美寧取得人民幣56.87百萬元的營業額，佔總營業額的2.27%；欣海寧取得人民幣30.22百萬元的營業額，佔總營業額的1.20%；及喜寧取得人民幣42.72百萬元的營業額，佔總營業額的1.70%。上述5個品種的營業額之總和佔總營業額的98.60%，為本集團的核心產品，其中可威產品仍然是業績增長的重要驅動力。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

During the Reporting Period, the Group established four sales teams to support its comprehensive sales strategy, i.e. a direct sales team responsible for the academic promotion of core drugs in hospitals of class II and above, a self-operated sales team handling core drugs in general practitioner-based medical institutions, a self-operated sales team responsible for core drugs in pharmacies, and a distribution-based sales team responsible for non-core drugs in all healthcare facilities. As at 31 December 2018, the Group has a total of 2,690 staff in its sales teams. The establishment of these four sales teams shall lay a solid foundation to the sales volume from sales channels in hospitals, primary healthcare institutions and pharmacies for all our Group products.

#### 4. Production Review

The Group adheres to the credo of "For Everyone's Health" and strives to provide high quality medicine to patients. Led by this belief, the Group enhances its production system constantly, strengthens its supervision on the production process and improves the quality of products and services continuously.

At the same time, the Group is attentive about production safety and environmental protection. In terms of production safety, to avoid occurrence of any major safety incidents, the Group has implemented safety culture education, strengthened its risk management and promoted the establishment of safety standards. In respect of environmental protection, the Group takes environmental protection as its mission and adheres to green production. Specific measures were taken to deal with various pollutants generated during the production process so as to achieve the recycle of resources and environmental protection at the same time.

報告期內，本集團建立了四大銷售團隊以支持全面的銷售戰略，分別是負責核心品種在二級及以上等級醫院的學術推廣的直營銷售隊伍、負責核心品種在以全科醫生為主的醫療機構的自營銷售隊伍、負責核心品種在藥店的自營銷售隊伍和負責所有非核心品種在所有醫療機構的分銷銷售隊伍。截至二零一八年十二月三十一日，本集團銷售團隊共計2,690人。四大銷售隊伍的建設將為本集團各種產品在醫院、基層醫療機構以及藥店等銷售管道的全面放量奠定堅實的基礎。

#### 4. 生產情況回顧

本集團堅守「為每個人的健康」的信念，堅持為病人提供高質量的藥物。圍繞這一信念，本集團不斷完善生產制度建設，加強生產過程監管，持續不斷的改進產品和服務的質量。

同時，本集團關注生產安全與環保治理。在生產安全方面，本集團落實安全文化教育，加強風險管理，推進安全標準建設，以避免發生重大安全事故；在環保治理方面，本集團以保護環境為己任，堅持綠色生產，對於生產過程中產生的各種污染物採取針對性處理，在達到保護環境目的的同時實現資源再利用。

### III. OPERATING RESULTS AND ANALYSIS

#### I. Revenue

For the year ended 31 December 2018, the Group recorded a revenue of RMB2,510.48 million, representing an increase of 56.75% as compared with RMB1,601.57 million for the year ended 31 December 2017, which was primarily attributable to the increase in the sales volume of the core products Kewei and Ertongshu and the effectiveness of the establishment of the sales teams.

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

### III. 經營業績及分析

#### I. 營業額

截至二零一八年十二月三十一日止年度，本集團錄得營業額人民幣2,510.48百萬元，較截至二零一七年十二月三十一日止年度的人民幣1,601.57百萬元增加56.75%。該增加主要來源於核心產品可威及爾同舒的銷售量擴大及銷售團隊的建設取得成效。

下表載列本集團各治療領域產品的銷售收入佔總營業額的百分比情況。

|   |                         | Year ended 31 December<br>截至十二月三十一日止年度 |         |                      |         | Growth as<br>Compared<br>with<br>Last Year<br>同比增長 |
|---|-------------------------|--|---------|----------------------|---------|--|
|   |                         | 2018<br>二零一八年                          |         | 2017<br>二零一七年        |         |  |
|   |                         | (RMB'000)<br>(人民幣千元)                   | %<br>%  | (RMB'000)<br>(人民幣千元) | %<br>%  | (%)<br>(%)   |
| Anti-viral drugs  | 抗病毒藥物                   | 2,254,227                              | 89.79%  | 1,407,948            | 87.91%  | 60.11%   |
| - Including core product Kewei<br>(oseltamivir phosphate) | - 其中：核心產品可威<br>(磷酸奧司他韋) | 2,246,895                              | 89.50%  | 1,401,230            | 87.49%  | 60.35%   |
| - Kewei granules  | - 可威顆粒                  | 1,617,684                              | 64.44%  | 961,678              | 60.05%  | 68.21%   |
| - Kewei capsules  | - 可威膠囊                  | 629,211                                | 25.06%  | 439,552              | 27.45%  | 43.15%   |
| Cardiovascular drugs                                      | 心血管藥物                   | 100,677                                | 4.01%   | 96,331               | 6.01%   | 4.51%  |
| Endocrine and<br>metabolic drugs                          | 內分泌及代謝藥物                | 100,740                                | 4.01%   | 41,355               | 2.58%   | 143.60%  |
| Others  | 其他                      | 54,832                                 | 2.19%   | 55,933               | 3.50%   | (1.97%)  |
| Total   | 合計                      | 2,510,476                              | 100.00% | 1,601,567            | 100.00% | 56.75%   |



# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### 2. Cost of Sales

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

The Group's cost of sales increased by RMB118.39 million to RMB398.81 million for the year ended 31 December 2018 from RMB280.42 million for the year ended 31 December 2017, which was mainly due to the increase in sales volume.

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

### 2. 銷售成本

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

截至二零一八年十二月三十一日止年度，本集團的銷售成本為人民幣398.81百萬元，較截至二零一七年十二月三十一日止年度的人民幣280.42百萬元增加人民幣118.39百萬元，主要因銷售量的擴大而致。

下表載列本集團各治療領域產品的銷售成本及佔總銷售成本的百分比情況。

|   |                         | Year ended 31 December<br>截至十二月三十一日止年度 |         |                      |         | Growth as<br>Compared<br>with<br>Last Year<br>同比增長 |
|---|-------------------------|--|---------|----------------------|---------|--|
|   |                         | 2018<br>二零一八年                          |         | 2017<br>二零一七年        |         |  |
|   |                         | (RMB'000)<br>(人民幣千元)                   | %<br>%  | (RMB'000)<br>(人民幣千元) | %<br>%  | (%)<br>(%)   |
| Anti-viral drugs  | 抗病毒藥物                   | 360,930                                | 90.50%  | 246,761              | 88.00%  | 46.27%   |
| - Including core product Kewei<br>(oseltamivir phosphate) | - 其中：核心產品可威<br>(磷酸奧司他韋) | 359,026                                | 90.02%  | 244,846              | 87.32%  | 46.63%   |
| - Kewei granules  | - 可威顆粒                  | 234,361                                | 58.77%  | 152,433              | 54.36%  | 53.75%   |
| - Kewei capsules  | - 可威膠囊                  | 124,665                                | 31.26%  | 92,413               | 32.96%  | 34.90%   |
| Cardiovascular drugs                                      | 心血管藥物                   | 10,695                                 | 2.68%   | 12,636               | 4.51%   | (15.36%)   |
| Endocrine and Metabolic drugs                             | 內分泌及代謝藥物                | 10,505                                 | 2.63%   | 5,802                | 2.07%   | 81.06%   |
| Others  | 其他                      | 16,679                                 | 4.19%   | 15,217               | 5.42%   | 9.61%  |
| Total   | 合計                      | 398,809                                | 100.00% | 280,416              | 100.00% | 42.22%   |

### 3. Gross Profit

For the year ended 31 December 2018, the Group's gross profit increased to RMB2,111.67 million, representing an increase of 59.84% as compared with RMB1,321.15 million for the year ended 31 December 2017. The Group's gross profit margin for the year ended 31 December 2018 was 84.11%, representing an increase by 1.62% compared with the gross profit margin 82.49% for the year ended 31 December 2017. The increase in gross profit margin was primarily due to the expansion of the sales volume of Kewei, a product with higher gross profit margin.

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

### 3. 毛利

截至二零一八年十二月三十一日止年度，本集團的毛利增加至人民幣2,111.67百萬元，較截至二零一七年十二月三十一日止年度的人民幣1,321.15百萬元增加59.84%。截至二零一八年十二月三十一日止年度，本集團毛利率為84.11%，較截至二零一七年十二月三十一日止年度的毛利率82.49%增加了1.62%，毛利率增加的主要原因是高毛利率產品可威銷售量擴大。

下表載列本集團按治療領域劃分的毛利。

|   |                         | Year ended 31 December<br>截至十二月三十一日止年度 |                |                      |         | Growth as<br>Compared<br>with<br>Last Year<br>同比增長 |
|---|-------------------------|--|----------------|----------------------|---------|--|
|   |                         | 2018<br>二零一八年                          |                | 2017<br>二零一七年        |         |  |
|   |                         | (RMB'000)<br>(人民幣千元)                   | %<br>%         | (RMB'000)<br>(人民幣千元) | %<br>%  | (%)<br>(%)   |
| Anti-viral drugs  | 抗病毒藥物                   | <b>1,893,297</b>                       | <b>89.66%</b>  | 1,161,187            | 87.89%  | 63.05%   |
| - Including core product Kewei<br>(oseltamivir phosphate) | - 其中：核心產品可威<br>(磷酸奧司他韋) | <b>1,887,869</b>                       | <b>89.40%</b>  | 1,156,384            | 87.53%  | 63.26%   |
| - Kewei granules  | - 可威顆粒                  | <b>1,383,323</b>                       | <b>65.51%</b>  | 809,245              | 61.25%  | 70.94%   |
| - Kewei capsules  | - 可威膠囊                  | <b>504,546</b>                         | <b>23.89%</b>  | 347,139              | 26.28%  | 45.34%   |
| Cardiovascular drugs                                      | 心血管藥物                   | <b>89,982</b>                          | <b>4.26%</b>   | 83,695               | 6.34%   | 7.51%  |
| Endocrine and Metabolic drugs                             | 內分泌及代謝藥物                | <b>90,235</b>                          | <b>4.27%</b>   | 35,553               | 2.69%   | 153.80%  |
| Others  | 其他                      | <b>38,153</b>                          | <b>1.81%</b>   | 40,716               | 3.08%   | (6.29%)  |
| <b>Total</b>  | <b>合計</b>               | <b>2,111,667</b>                       | <b>100.00%</b> | 1,321,151            | 100.00% | 59.84%   |

#### 4. Other Income

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

For the year ended 31 December 2018, the Group's other income was RMB24.60 million, representing an increase of RMB2.78 million as compared with RMB21.82 million for the year ended 31 December 2017, which was due to the increase in government subsidies.

#### 5. Other Net Income/(expenses)

For the year ended 31 December 2018, the Group's other net income was RMB5.51 million, while the Group's other net expenses for the year ended 31 December 2017 was RMB25.42 million, which was due to the fluctuation of exchange rate between HKD and RMB.

#### 4. 其他收入

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

截至二零一八年十二月三十一日止年度，本集團的其他收入為人民幣24.60百萬元，較截至二零一七年十二月三十一日止年度的人民幣21.82百萬元，增加人民幣2.78百萬元。該增長是由於政府補助經費的增加。

#### 5. 其他淨收入／(開支)

截至二零一八年十二月三十一日止年度，本集團的其他淨收入為人民幣5.51百萬元，而本集團於截至二零一七年十二月三十一日止年度的其他淨開支為人民幣25.42百萬元。該變化主要因港元及人民幣匯率變動所致。

**6. Expenses Analysis**

For the year 2018, the Group's total expenses amounted to RMB1,039.45 million, representing an increase of RMB470.09 million as compared with RMB569.36 million for the year of 2017. The main components of the Group's expenses are as follows:

**6. 費用分析**

於二零一八年度，本集團費用共計人民幣1,039.45百萬元，較二零一七年的人民幣569.36百萬元，增加人民幣470.09百萬元。本集團的費用主要構成如下：

|                         |        | Year ended 31 December |           | Growth as |
|-------------------------|--------|------------------------|-----------|-----------|
|                         |        | 截至十二月三十一日止年度           |           | Compared  |
|                         |        | 2018                   | 2017      | with      |
|                         |        | 二零一八年                  | 二零一七年     | Last Year |
|                         |        | (RMB'000)              | (RMB'000) | 同比增長      |
|                         |        | (人民幣千元)                | (人民幣千元)   | (%)       |
| Distribution costs      | 分銷成本   | <b>653,650</b>         | 372,090   | 75.67%    |
| Administrative expenses | 行政管理開支 | <b>384,385</b>         | 192,985   | 99.18%    |
| Finance costs           | 融資成本   | <b>1,418</b>           | 4,289     | (66.94%)  |
|                         |        | <b>1,039,453</b>       | 569,364   | 82.56%    |

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

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

The increase in distribution costs was mainly due to the increase in operating cost and travel expenses in relation to the Group's academic promotion and other marketing activities, closely relating to the increased efforts on academic promotion of the core product Kewei and enhancement of influence of other products. Meanwhile, the Group enhanced its sales teams and expanded its sales force in 2018.

分銷成本的增加，主要是由於本集團進行學術推廣及其他營銷活動的運營成本和差旅費的增加，與本集團加強核心產品可威的學術推廣力度和擴大其他產品的影響力密切相關。同時，本集團於二零一八年加強銷售團隊的實力，對銷售隊伍進行了擴張。

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

The increase in administrative expenses was mainly due to the increase in labour costs and R&D expenses. For the year ended 31 December 2018, the Group's investment in R&D amounted to RMB224.10 million in total, representing 8.93% of the revenue and an increase of RMB127.19 million as compared to the R&D expenses in the year ended 31 December 2017. The significantly increase of R&D expenses mainly due to the clinical research expenditure for Hepatitis C.

Finance costs mainly consist of interests on bank loans. The decrease in finance costs was mainly due to the Group had sufficient fund and repaid matured bank loans, resulting in the decrease in interest expenses.

### 7. Profit Before Taxation

As a result of the above, profit before tax in 2018 was RMB1,102.32 million, representing an increase of RMB354.12 million as compared with RMB748.20 million in 2017.

### 8. Income Tax

For the year ended 31 December 2018, the Group's income tax expenses were RMB201.11 million, representing an increase of RMB79.27 million as compared with RMB121.84 million for the year ended 31 December 2017, which was mainly due to the increase in profit before tax.

### 9. Profit for the Year

For the foregoing reasons, the Group's profit for the year was RMB901.22 million for the year ended 31 December 2018, representing an increase of RMB274.86 million as compared with RMB626.36 million for the year ended 31 December 2017.

行政管理開支的增加，主要是由勞工成本以及研發費用的增加所致。於截至二零一八年十二月三十一日止年度，本集團研發投入合共為人民幣224.10百萬元，佔營業額的8.93%，相比截至二零一七年十二月三十一日止年度的研發費用增加人民幣127.19百萬元。研發費用大幅增加主要由於丙肝的臨床研究開支所致。

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償還到期銀行貸款，從而減少了利息費用。

### 7. 除稅前溢利

基於上述原因，除稅前溢利由二零一七年的人民幣748.20百萬元，增加至二零一八年的人民幣1,102.32百萬元，增加人民幣354.12百萬元。

### 8. 所得稅

截至二零一八年十二月三十一日止年度，本集團的所得稅費用為人民幣201.11百萬元，較截至二零一七年十二月三十一日止年度的人民幣121.84百萬元增加人民幣79.27百萬元，主要由於除稅前溢利的增長。

### 9. 年內溢利

基於上述原因，截至二零一八年十二月三十一日止年度，本集團的年內溢利為人民幣901.22百萬元，較截至二零一七年十二月三十一日止年度的人民幣626.36百萬元增加人民幣274.86百萬元。

#### IV. FINANCIAL POSITION

##### 1. Overview

As at 31 December 2018, the Group's total assets amounted to RMB4,560.94 million, with total liabilities of RMB882.01 million and shareholders' equity of RMB3,678.93 million.

##### 2. Net Current Assets

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

#### IV. 財務狀況

##### 1. 概覽

於二零一八年十二月三十一日，本集團總資產為人民幣4,560.94百萬元，總負債人民幣882.01百萬元，股東權益人民幣3,678.93百萬元。

##### 2. 流動資產淨值

下表載列我們於所示日期的流動資產、流動負債及流動資產淨值。

|                                  |              | As at 31 December |           |
|----------------------------------|--------------|-------------------|-----------|
|                                  |              | 於十二月三十一日          |           |
|                                  |              | 2018              | 2017      |
|                                  |              | 二零一八年             | 二零一七年     |
|                                  |              | RMB'000           | RMB'000   |
|                                  |              | 人民幣千元             | 人民幣千元     |
| <b>Current assets</b>            | <b>流動資產</b>  |                   |           |
| Inventories                      | 存貨           | 164,286           | 87,967    |
| Trade and other receivables      | 貿易及其他應收款項    | 1,027,332         | 746,961   |
| Time deposits                    | 定期存款         | –                 | 346,519   |
| Cash and cash equivalents        | 現金及現金等值項目    | 593,746           | 887,183   |
| <b>Total current assets</b>      | <b>總流動資產</b> | <b>1,785,364</b>  | 2,068,630 |
| <b>Current liabilities</b>       | <b>流動負債</b>  |                   |           |
| Trade and other payables         | 貿易及其他應付款項    | 676,250           | 549,542   |
| Contract liabilities             | 合約負債         | 8,095             | –         |
| Bank loans                       | 銀行貸款         | 53,399            | 10,000    |
| Deferred income                  | 遞延收益         | 4,379             | 4,379     |
| Current taxation                 | 應付即期稅項       | 70,675            | 76,826    |
| <b>Total current liabilities</b> | <b>總流動負債</b> | <b>812,798</b>    | 640,747   |
| <b>Net current assets</b>        | <b>淨流動資產</b> | <b>972,566</b>    | 1,427,883 |

Our net current assets decreased from RMB1,427.88 million as at 31 December 2017 to RMB972.57 million as at 31 December 2018, which was mainly due to a decrease in time deposits and cash and cash equivalents, and an increase in trade and other payables.

我們的淨流動資產自二零一七年十二月三十一日的人民幣1,427.88百萬元減少至二零一八年十二月三十一日的人民幣972.57百萬元，主要是由於定期存款以及現金及現金等價物減少和貿易及其他應付款項增加。

### 3. Gearing Ratio and Quick Ratio

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

The gearing ratio and the quick ratio of the Group as at 31 December 2018 was 1.45% and 1.99 times respectively. The gearing ratio and the quick ratio of the Group as at 31 December 2017 was 0.65% and 3.09 times respectively.

### 4. Bank Loans

In 2018, all indebtedness of the Group was Renminbi-denominated bank loans. As at 31 December 2018, the balance of the Group's bank loans was RMB53.40 million, representing an increase of RMB33.40 million as compared to RMB20 million as at 31 December 2017. The increase in bank loans was mainly due to the reclassification of discounted note with recourse, the balance of the Group's bank loan excluding reclassification was RMB10 million. The Group is in good liquidity position with sufficient funding and has no repayment risk.

### 5. Capital Expenditure

In order to meet the production demand for our products, the Group constructed plants and buildings, purchased administration offices, machines and equipment, acquired the technique, the ownership of approvals for manufacturing and marketing and the right to sale of certain pharmaceutical products from Sunshine Lake Pharma Co., Ltd. (廣東東陽光藥業有限公司) ("Sunshine Lake Pharma") as mentioned in Major Purchase and Sales below with an aggregate capital expenditure of RMB796.17 million, representing an increase of RMB589.12 million as compared to RMB207.05 million in 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總貸款及借貸除以相同記錄日期的股東權益。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。

本集團於二零一八年十二月三十一日的資本負債比率及速動比率分別為1.45%及1.99倍。本集團於二零一七年十二月三十一日的資本負債比率及速動比率分別為0.65%及3.09倍。

### 4. 銀行貸款

二零一八年本集團的所有債項均為人民幣銀行貸款。於二零一八年十二月三十一日，本集團的銀行貸款餘額為人民幣53.40百萬元，較二零一七年十二月三十一日的人幣20百萬元增加人民幣33.40百萬元。銀行貸款增加主要由於附追索權的票據貼現重新分類所致，扣除重新分類後之本集團銀行貸款餘額為人民幣10百萬元。本集團的流動資金狀況良好，資金充裕且並無償還風險。

### 5. 資本支出

本集團為應對產品的生產需求，於二零一八年度興建廠房及樓宇、購買辦事處、機械設備、向廣東東陽光藥業有限公司(「廣東東陽光藥業」)購買若干藥品批件的技術訣竅、生產及上市批文的擁有權及銷售權(如下文重大收購與出售所述)等資本支出共計人民幣796.17百萬元，較二零一七年人民幣207.05百萬元增加人民幣589.12百萬元。

**6. Major Purchase and Sales**

On 10 July 2018, the Company entered into an acquisition agreement with Sunshine Lake Pharma, pursuant to which the Company shall pay a consideration of RMB505.20 million to acquire the technique, the ownership of approvals for manufacturing and marketing and the right to sale of Clarithromycin Sustained Release Tablets (克拉黴素緩釋片), Levofloxacin Tablets (左氧氟沙星片), Clarithromycin Tablets (克拉黴素片), Moxifloxacin Tablets (莫西沙星片), Olmesartan Tablets (奧美沙坦酯片) and Esomeprazole Magnesium Enteric-coated Tablets (埃索美拉唑鎂腸溶膠囊) (the "Target Products"). Such consideration included a prepayment of RMB252.60 million and a total amount of milestone payment (with respect to one particular Target Product, shall be payable upon the obtaining of the National Medical Products Administration approvals for manufacturing, marketing and sale of such Target Product and the change of ownership to such approvals from Sunshine Lake Pharma to the Company) of RMB252.60 million. This acquisition of six generic drugs shall expand the product portfolio of the Group. Please refer to the announcements of the Company dated 10 July 2018, 15 August 2018 and 30 August 2018 and the circular of the Company dated 30 July 2018 for further details.

**7. Contingent Liabilities**

As at 31 December 2018, the Group did not provide any external guarantees.

**8. Pledge of Assets**

As at 31 December 2018, except bills receivable required to secure certain bank loans, the Group had no other pledged assets.

**6. 重大收購與出售**

於二零一八年七月十日，本公司與廣東東陽光藥業訂立收購協議。根據該協議，本公司將支付人民幣505.20百萬元代價收購克拉黴素緩釋片、左氧氟沙星片、克拉黴素片、莫西沙星片、奧美沙坦酯片及埃索美拉唑鎂腸溶膠囊（「目標產品」）的技術訣竅、生產及上市批文的擁有權及銷售權。上述代價包括人民幣252.60百萬元預付款及總額為人民幣252.60百萬元之里程碑付款（就單個目標產品而言，於取得於中國國家藥品監督管理局有關生產、上市及銷售該目標產品的批文，以及該批文擁有權由廣東東陽光藥業變為本公司擁有後應付）。本次收購的6個仿製藥能夠豐富本集團的產品組合。詳細信息請參見本公司日期為二零一八年七月十日、二零一八年八月十五日及二零一八年八月三十日之公告及本公司日期為二零一八年七月三十日之通函。

**7. 或有負債**

截至二零一八年十二月三十一日，本集團無對外擔保事項。

**8. 資產抵押**

截至二零一八年十二月三十一日，除應收票據用於擔保部分銀行貸款外，本集團無其他資產抵押。



**9. Employee and Remuneration Policies**

**(1) Human Resource Summary**

As at 31 December 2018, the Group had a total of 4,024 employees,

by age:

| Age Distribution  | 年齡分佈      | Number<br>人數 | Percentage<br>百分比 |
|-------------------|-----------|--------------|-------------------|
| 30 or below       | 30歲或以下    | 1,696        | 42.15%            |
| 31-40 (inclusive) | 31-40歲(含) | 1,962        | 48.76%            |
| 41-50 (inclusive) | 41-50歲(含) | 337          | 8.37%             |
| Above 50          | 50歲以上     | 29           | 0.72%             |
| Total             | 合計        | 4,024        | 100%              |

by education:

| Education Level     | 文化程度    | Number<br>人數 | Percentage<br>百分比 |
|---------------------|---------|--------------|-------------------|
| Master or above     | 碩士(含)以上 | 116          | 2.88%             |
| Bachelor            | 本科      | 1,401        | 34.82%            |
| Associate           | 大專      | 1,624        | 40.36%            |
| Vocational or below | 專科以下    | 883          | 21.94%            |
| Total               | 合計      | 4,024        | 100%              |

**(2) Remuneration Policy**

The objective of the Group's remuneration policy is to motivate and retain talented employees to ensure the Group's development and such policy is determined by taking into consideration factors such as remuneration in respect of the overall remuneration standard in the industry and employee motivation. The management of the Company will review the remuneration policy of employees of the Group on a regular basis.

**9. 僱員及薪酬政策**

**(1) 人力資源概況**

於二零一八年十二月三十一日，本集團共有僱員4,024人。

按年齡結構分：

按學歷結構分：

**(2) 薪酬政策**

本集團的薪酬政策根據行業的整體薪酬情況以及員工激勵等因素制定，旨在激勵和挽留優秀人才，為本集團的發展提供保障。本公司管理層定期檢討本集團的僱員薪酬政策。

**(3) Employee Benefits**

The Group strictly complies with the Labour Law, the Labour Contract Law and the Social Insurance Law of the PRC, under which it contributes various social insurance premiums and housing provident fund for employees. In addition to the statutory requirements of the PRC, the Group has established corresponding systems such as the Corporate Annuity Plan, Housing Welfare and Children's Welfare, and set up public welfare facilities such as kindergarten and infirmary room. In the future, the Group will provide employees with more benefit and protection in accordance with its development progress.

**(3) 員工福利保障**

本集團嚴格遵守中國《勞動法》、《勞動合同法》及《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，本集團還制定了《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。未來，本集團還將根據自身發展情況，為員工帶來更多的福利保障。

**V. OTHER SIGNIFICANT EVENTS**

**I. The Passing of the Material Asset Reorganization Project**

On 6 June 2018, the Listed Companies Merger and Reorganisation Review Committee of the China Securities Regulatory Commission (中國證券監督管理委員會上市公司併購重組審核委員會) convened the working meeting, at which the assets acquisition by issuance of shares by Guangdong HEC Technology Holding Co., Ltd. was unconditionally approved. HEC Pharm Co., Ltd., as the transferor, and Guangdong HEC Technology Holding Co., Ltd., as the transferee, completed the equity transfer registration procedures on 24 July 2018. Since then, Guangdong HEC Technology Holding Co., Ltd. became the controlling shareholder of the Company.

**V. 其他重大事項**

**I、重大資產重組項目獲得通過**

二零一八年六月六日，中國證券監督管理委員會上市公司併購重組審核委員會召開工作會議，其會議的審核結果為，廣東東陽光科技控股股份有限公司（發行股份購買資產）獲無條件通過。過出方宜昌東陽光藥業股份有限公司和過入方廣東東陽光科技控股股份有限公司於二零一八年七月二十四日將股權過戶登記辦理完畢，自此，廣東東陽光科技控股股份有限公司為本公司的控股股東。

### 2. Acquisition of Six Pharmaceutical Products from Sunshine Lake Pharma

On 10 July 2018, the Company entered into an acquisition agreement with Sunshine Lake Pharma, pursuant to which the Company agreed to acquire, and Sunshine Lake Pharma agreed to dispose of the know-how, the ownership of the domestic approvals for manufacturing and marketing and the right to sale of six pharmaceutical products in the PRC at a consideration of RMB505,200,000 (the "Acquisition"), which comprised a prepayment of RMB252,600,000 and six milestone payments totaling RMB252,600,000. The Acquisition was approved by the independent shareholders of the Company at the extraordinary general meeting held on 30 August 2018. For details, please refer to the announcements of the Company dated 10 July 2018, 15 August 2018 and 30 August 2018 and the circular of the Company dated 30 July 2018.

### 3. Issuance of H Share Convertible Bonds

On 14 August 2018, the Company entered into a subscription agreement (the "Subscription Agreement") with certain entities ultimately controlled by The Blackstone Group L.P. (the "Blackstone Fund SPVs"), pursuant to which, the Blackstone Fund SPVs have conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, the H share convertible bonds with an aggregate principal amount of US\$400,000,000 (the "H Share Convertible Bonds").

The H Share Convertible Bonds, if issued, will bear interest at the rate of 3.0% per annum and may be converted into 82,631,578 conversion shares at the initial conversion price of HK\$38 per share (assuming full conversion of the H Share Convertible Bonds), representing approximately 18.28% of the existing issued share capital of the Company as at the date of this Annual Report and approximately 15.46% of the total issued share capital as enlarged by the issue of the conversion shares.

### 2. 收購廣東東陽光藥業六種藥品

於二零一八年七月十日，本公司與廣東東陽光藥業訂立收購協議，據此，本公司同意收購，而廣東東陽光藥業同意出售六種藥品的技術訣竅、生產及上市的國內批文的擁有權以及中國銷售權（「收購事項」），代價為人民幣505,200,000元，包括人民幣252,600,000元的預付款及總額為人民幣252,600,000元的六筆里程碑付款。收購事項於二零一八年八月三十日召開的臨時股東大會上已獲得本公司獨立股東之批准。詳情請參閱本公司日期為二零一八年七月十日、二零一八年八月十五日及二零一八年八月三十日之公告及本公司日期為二零一八年七月三十日之通函。

### 3. 發行H股可轉換債券

於二零一八年八月十四日，本公司與由The Blackstone Group L.P.最終控制的若干實體（「黑石基金特殊目的實體」）訂立認購協議（「認購協議」），據此，黑石基金特殊目的實體已有條件同意認購，而本公司已有條件同意發行，本金金額合共為400,000,000美元的H股可轉換債券（「H股可轉換債券」）。

H股可轉換債券（倘獲發行）將按以年利率3.0%計息，且可按每股38港元的初始轉換價格轉換為82,631,578股轉換股份（假設H股可轉換債券獲悉數轉換），約佔於本年報日期本公司現有已發行股本的約18.28%及佔經發行轉換股份擴大的已發行股本總額的約15.46%。

The proceeds from the issue of the H Share Convertible Bonds are intended to be used for the purposes of the acquisition of drugs and other pharmaceutical products (including active pharmaceutical ingredients), capital expenditure on production facilities, expansion of sales and distribution networks and other purposes subject to the prior written consent of the subscriber.

The proposed issue of H Share Convertible Bonds represents an excellent opportunity for the Company to embrace market opportunities and enhance its market positions in the pharmaceutical industry. At the same time, the Group plans to tap this opportunity to introduce The Blackstone Group L.P. and its affiliates as a long-term strategic investor to help the Company carry out drug acquisitions, advance its development strategy, operation and management, strengthen international cooperation, and improve corporate governance and investor relations.

On 20 February 2019, all conditions precedent under the Subscription Agreement had been fulfilled. The completion of the H Share Convertible Bonds took place on 20 February 2019. For details of the H Share Convertible Bonds, please refer to the announcements of the Company dated 14 August 2018, 15 October 2018 and 20 February 2019 and the circular of the Company dated 11 September 2018.

#### 4. Inclusion of Oseltamivir, Benzbromarone and Moxifloxacin in Essential Drug List

Oseltamivir (capsule and granule), Benzbromarone (tablet and granule) and Moxifloxacin (tablet and sodium chloride injection) were included in the 2018 edition of Essential Drug List.

發行H股可轉換債券所得資金擬用於收購藥品和其他製藥產品(包括原料藥)、生產設施資本支出、擴大銷售和分銷網絡以及受限於認購人事先書面同意的其他目的。

建議發行H股可轉換債券是本公司把握市場機遇及提升於醫藥行業的市場地位的良機。同時，本集團計劃藉此機會引入The Blackstone Group L.P.及其聯屬公司作為長期戰略投資者，以幫助本公司開展藥品收購，推進發展策略、運營及管理，加強國際合作及提升企業管治及投資者關係。

於二零一九年二月二十日，認購協議項下所有先決條件已獲達成。H股可轉換債券於二零一九年二月二十日交割。有關H股可轉換債券的詳情，請參閱本公司日期為二零一八年八月十四日、二零一八年十月十五日及二零一九年二月二十日的公告及本公司日期為二零一八年九月十一日的通函。

#### 4. 奧司他韋、苯溴馬隆及莫西沙星納入基藥目錄

奧司他韋(顆粒劑及膠囊)、苯溴馬隆(片劑及膠囊)及莫西沙星(片劑及氯化鈉注射液)獲納入二零一八年版之基藥目錄。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

The Group manufactures and sells Oseltamivir Phosphate capsules and granules (“Kewei”) and Benzbromarone tables (“Ertongshu”), and at the extraordinary general meeting of the Company held on 30 August 2018, the shareholders of the Company have considered and approved the acquisition of the technique, the ownership of the domestic approvals for manufacturing and marketing and the right to sale of certain products in China, including Moxifloxacin tablets, from Sunshine Lake Pharma. The Board believes that the inclusion of Oseltamivir, Benzbromarone and Moxifloxacin in the Essential Drug List will help increase the market penetration of the above mentioned products, enhance the growth potentials of sales of the Group’s products, and benefit the subsequent launch and promotion of the acquired assets of Moxifloxacin tablets in the market, which will benefit more patients and improve the financial performance of the Company at the same time.

### 5. Acquisition of Yichang HEC Pharmaceutical

On 14 December 2018, the Company entered into an acquisition agreement with HEC Pharm Co., Ltd. (“HEC Pharm”) and Yidu HEC Industrial Development Co., Ltd. (“Yidu HEC Industrial”), pursuant to which the Company agreed to acquire, and HEC Pharm and Yidu HEC Industrial agreed to dispose of, the entire equity interests in Yichang HEC Pharmaceutical for a consideration of RMB124,700. The Company is a Chinese pharmaceutical manufacturing company that focuses on the development, manufacturing and sale of pharmaceutical products. Yichang HEC Pharmaceutical is a Chinese company mainly engaged in the manufacturing of API. The products of Yichang HEC Pharmaceutical can be widely applied in the Company’s manufacturing of pharmaceutical products. The Company is of the view that the Acquisition will be beneficial to the further enhancement of production by the Company, and lay a solid foundation for the continuous launch and sales of the Company’s pipeline products in the future. For details, please refer to the announcement of the Company dated 14 December 2018.

本集團生產及銷售磷酸奧司他韋顆粒及膠囊(「可威」)及苯溴馬隆片劑(「爾同舒」)，且本公司股東於二零一八年八月三十日召開之本公司臨時股東大會已審議通過自廣東東陽光藥業收購若干產品的技術訣竅、生產及上市國內批文的擁有權及在中國的銷售權，當中包括莫西沙星片。董事會相信奧司他韋、苯溴馬隆及莫西沙星獲納入基藥目錄將有助提升上述產品的市場滲透率，增進本集團產品銷售的增長潛力，同時所購入資產莫西沙星片的後續市場准入及推廣亦可受益，從而惠及更多患者，並同時提升本公司的財務表現。

### 5. 收購宜昌東陽光製藥

於二零一八年十二月十四日，本公司與宜昌東陽光藥業股份有限公司(宜昌東陽光)及宜都東陽光實業發展有限公司(「宜都東陽光實業」)訂立收購協議，據此，本公司同意收購而宜昌東陽光及宜都東陽光實業同意出售宜昌東陽光製藥的全部股權，代價為人民幣124,700元。本公司是中國一家專注於藥物研發、生產及銷售的製藥企業。宜昌東陽光製藥為一家主要從事生產原料藥的中國公司。宜昌東陽光製藥的產品可廣泛應用於本公司生產醫藥產品。本公司認為，收購事項將有利於本公司進一步擴大產能，為後續源源不斷的儲備產品的上市及銷售打下堅實的基礎。詳情請參閱本公司日期為二零一八年十二月十四日之公告。

**VII. EVENTS AFTER REPORTING PERIOD**

**1. Passing of Consistency Evaluation for Oseltamivir Phosphate Capsule**

After the reporting period, the Company's oseltamivir phosphate capsule (75mg) has been granted approval by the National Medical Products Administration for passing the consistency of quality and efficacy evaluation of generic drugs.

**2. Increase capital in Yichang HEC Pharmaceutical**

On 25 February 2019, in order to further increase the production capacity of the Company and to ensure its production capacity for launching subsequent reserve products, the Company approved to use its internal funds to increase capital in its wholly-owned subsidiary, Yichang HEC Pharmaceutical by RMB590 million for the production and operation facilities of Yichang HEC Pharmaceutical ("Capital Increase"). Upon the completion of Capital Increase, the registered capital of Yichang HEC Pharmaceutical will become RMB620 million. For details, please refer to the announcement of the Company dated 25 February 2019.

**3. Proposed Acquisition**

On 25 February 2019, the Company entered into an acquisition agreement with Sunshine Lake Pharma, pursuant to which the Company agreed to acquire, and Sunshine Lake Pharma agreed to dispose, the intellectual property rights, industrial property rights and ownership rights in relation to 27 pharmaceutical products within China at a total consideration of RMB1,626,434,600 (the "Proposed Acquisition"), which comprised a prepayment of RMB813,217,300, milestone payments of RMB325,286,900 and balance amounts of RMB487,930,400. The Proposed Acquisition is subject to, among others, approval by the independent shareholders of the Company at the extraordinary general meeting of the Company which will be held on 10 May 2019.

For details of the Proposed Acquisition, please refer to the announcement of the Company dated 25 February 2019 and the section under "Connected Transactions" of this annual report.

**VII. 報告期後事項**

**1. 磷酸奧司他韋膠囊通過一致性評價**

報告期後，本公司磷酸奧司他韋膠囊(75mg)已獲中國國家藥品監督管理局批准通過仿製藥質量和療效一致性評價。

**2. 向宜昌東陽光製藥增資**

於二零一九年二月二十五日，為了進一步擴大本公司產能及為後續儲備產品的上市提供產能保障，本公司批准使用自有資金向其全資子公司宜昌東陽光製藥增資人民幣59,000萬元，用於宜昌東陽光製藥生產經營建設(「增資」)。本次增資完成後，宜昌東陽光製藥註冊資本將變更為人民幣62,000萬元。詳情請參閱本公司日期為二零一九年二月二十五日之公告。

**3. 建議收購事項**

於二零一九年二月二十五日，本公司與廣東東陽光藥業訂立收購協議，據此，本公司同意收購，而廣東東陽光藥業同意出售與27種藥品相關的中國境內知識產權、工業產權和所有權，總代價為人民幣1,626,434,600元(「建議收購事項」)，包括預付款人民幣813,217,300元、人民幣325,286,900元的里程碑付款及人民幣487,930,400元的餘額款項。建議收購事項須待(其中包括)本公司獨立股東於將於二零一九年五月十日召開的本公司臨時股東大會上批准後，方可作實。

有關建議收購事項的詳情，請參閱本公司日期為二零一九年二月二十五日的公告及本年報「關連交易」一節。

### VIII. RISK FACTORS AND RISK MANAGEMENT

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

#### I. The risk of products failing to pass consistency evaluation

According to the Opinions of the Office of the State Council on the Commencement of Consistency Evaluation on the Quality and Healing Effect of Generic Drugs (Guo Ban Fa [2016] No. 8) (《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)) and the Announcement on the Implementation of Matters in Relation to the Opinions of the Office of the State Council on the Commencement of Consistency Evaluation on the Quality and Healing Effect of Generic Drugs issued by the CFDA on 26 May 2016 (2016 No. 106) (《關於落實〈國務院辦公廳關於開展仿製藥質量和療效一致性評價的意見〉有關事項的公告》(二零一六年第106號)), 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. For the generic drugs which are not able to pass the consistency evaluation within the prescribed period, no further registration will be approved.

#### II. The risk of the decline in drug prices

With continuous progress in the reform of drug prices, deepening of reforms in the medical insurance system and the promulgation of other relevant policies and regulations, a declining trend in drug prices will appear. On 4 May 2015, the Notice on the Publication of Opinions on Proceeding with Reforms on Drug Prices (《關於印發推進藥品價格改革意見的通知》) was jointly issued by seven departments including the National Development and Reform Commission of the PRC to expressly cancel the drug prices originally set by the government except for narcotic drugs and Category I psychotropic drugs. On 15 November 2018, the "Document on Centralized Procurement of Drugs in 4+7 Cities" (《4+7城市藥品集中採購文件》) was officially released and bulk purchase was first conducted in 11 pilot cities. On 6 December 2018, the tender for bulk purchase among the "4+7" cities was opened in Shanghai, and tender results showed that there is a significant decrease in price of the target products which won the bid.

### VIII. 風險因素及風險管理

對本集團經營可能產生重大影響的風險如下：

#### I. 產品無法通過一致性評價的風險

根據《國務院辦公廳關於開展仿製藥質量和療效一致性評價的意見》(國辦發[2016]8號)和二零一六年五月二十六日食藥監總局發佈的《關於落實〈國務院辦公廳關於開展仿製藥質量和療效一致性評價的意見〉有關事項的公告》(二零一六年第106號)，化學藥品新註冊分類實施前批准上市的仿製藥，凡未按照與原研藥品質量和療效一致原則審批的，均須開展一致性評價，要求仿製藥在質量和療效上與原研藥品能夠一致。在規定期限內未通過一致性評價的仿製藥，不予再註冊。

#### II. 藥品價格下降的風險

隨著藥品價格改革持續推進，醫療保險制度改革的不斷深入，以及其他相關政策、法規的出台，藥品價格將呈現整體下降的趨勢。二零一五年五月四日，中國國家發展和改革委員會等7部門聯合發佈《關於印發推進藥品價格改革意見的通知》，明確規定除麻醉藥品和第一類精神藥品外，取消原政府制定的藥品價格。二零一八年十一月十五日，《4+7城市藥品集中採購文件》正式發佈，帶量採購將首先在11個城市進行試點。二零一八年十二月六日，「4+7」城市帶量採購在上海開標，招標結果顯示，此次預中標品種大幅度降價。

The Group adopted corresponding policies in dealing with the aforesaid risks in 2018.

In respect of the consistency evaluation, the Group had a total of 23 products involved in consistency evaluation, among which 13 products are under consistency evaluation and 10 generic products will not undergo consistency evaluation. Currently, the Group's core product Kewei capsules have commenced the corresponding registration and is expected to be approved in 2019. The consistency evaluation of Kewei granules is scheduled to be completed in 2020.

The consistency evaluation of other products, including Fudosteine Tablets (福多司坦片), Amlodipine Besylate Tablets (苯磺酸氨氯地平片), Benzbromarone Tablets (苯溴馬隆片), Azithromycin Capsules (阿奇黴素膠囊) and Telmisartan Tablets (替米沙坦片), will be completed in 2019.

Except for 10 generic drugs products and the abovementioned projects which will not undergo consistency evaluation, it is expected that the consistency evaluation of the remaining products will be completed in or around 2020.

As for the risk of decreasing drug price, there is less competition for the Group's core product, Kewei, and the cost of distribution is under control. Meanwhile, the Group is able to achieve self-sufficiency and reduce production costs for the production of Kewei's APIs.

## IX. FUTURE OUTLOOK

Biomedicine is one of the key development sectors of "Made in China 2025", the nations' strategic plan to become a strong manufacturing power. Following the promotion of national policies, the biomedicine industry will be consolidated, reformed with innovations and obtain a steady development. Coupled with factors such as China's national economic growth, the progression of ageing population, the acceleration of urbanization and the universal acceptance of health awareness, healthcare has become the top priority of people's livelihood issues and thereby promotes the deepening of the national healthcare system reform. Looking ahead, the national strategy will lay a high standard for the pharmaceutical industry. Meanwhile, with the advancement of medical reform, the reshape of the pharmaceutical industry pattern will be accelerated and the industry will approach a more standardized, high standard and sustainable development.

針對上述，本集團於二零一八年實施了相應政策以應對上述風險。

在仿製藥一致性評價方面，本集團涉及一致性評價的品種共23個，其中13種正在開展一致性評價，10種仿製藥不開展一致性評價。本集團核心產品可威膠囊目前已提交相關註冊申報，預計二零一九年能獲批。可威顆粒計劃於二零二零年完成一致性評價相關工作。

其他產品，如福多司坦片、苯磺酸氨氯地平片、苯溴馬隆片、阿奇黴素膠囊、替米沙坦片等，將於二零一九年完成一致性評價。

除不開展一致性評價的10種仿製藥以及以上所提及的項目以外，其餘產品目前均計劃於二零二零年前後完成相關一致性評價工作。

針對藥品價格下降的風險，本集團核心產品可威目前市場競品較少，價格可控。另外，對於生產可威的原料藥，本集團能夠實現自給自足，降低生產成本。

## IX. 未來前景

生物醫藥是國家實施製造強國戰略《中國製造2025》的重點發展領域之一，未來將隨著國家政策的推動實現行業整合、改革創新、穩健發展。伴隨著中國國民經濟增長、人口老齡化趨勢加劇、城市化進程加快及衛生健康意識的普及等國情因素，醫療保健已成為民生問題的重中之重，進一步推動國家醫療衛生體制改革的不斷深化。未來，國家級戰略為醫藥工業奠定了高基調的同時，隨著醫療改革的推進，醫藥行業格局將加速重塑，向著更加規範化、高標準及可持續性的方向發展。



## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

Looking forward, policies such as “consistency evaluation” and “centralized procurement” will promote industry transformation and accelerate the survival of the fittest among the enterprises. Pharmaceutical companies with strong R&D capabilities, diversified product pipelines, well-developed production systems, strong brand advantages and excellent marketing teams will gain unprecedented opportunities.

In 2019, the Group will continue to increase its academic promotion efforts to further expand the number of high-ranked hospitals in which the core product Kewei is prescribed, strengthen the establishment of sales teams in primary healthcare institutions and pharmacies and explore new sales channels for Kewei. In the meantime, the Group will lay the foundation for the promotion of upcoming product launching to ensure the stable growth of the Group in the future. In addition, the Group will continue strengthening investment in product innovation, enriching product portfolio, enhancing production management capabilities of the Company to ensure high quality of products and strengthening the establishment of sales teams and fully utilize academic promotion advantages to enhance coverage level in medical institutions in all classes. The above measures will consolidate the core competitiveness of the Group and enable the Group to stand out amongst the competition in the pharmaceutical industry, thereby becoming a leading pharmaceutical company in China.

展望未來，「一致性評價」及「集中採購」等政策將推動行業變革，加速企業的優勝劣汰。擁有雄厚研發實力、豐富產品管綫、成熟生產體系、強大品牌優勢及優秀市場營銷團隊的醫藥企業將獲得前所未有的發展空間。

二零一九年，本集團將繼續加大學術推廣力度，進一步提高核心產品可威覆蓋高等級醫院的數量；加強基層醫療機構和藥店銷售隊伍建設，開拓可威新的銷售管道。與此同時為本集團未來產品的上市推廣奠定基礎，以保證本集團在未來的穩定增長。此外，本集團將繼續加強產品創新投入，豐富產品組合；加強本公司生產管理能力，確保產品的高質量；加強銷售隊伍建設，充分發揮學術推廣優勢並提高各級醫療機構覆蓋率。上述措施將夯實本集團的核心競爭力，幫助本集團在行業競爭中脫穎而出，成為中國一流的製藥企業。

# PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

## 董事、監事及高級管理人員簡介

### DIRECTORS

### 董事

During the Reporting Period and as at the date of this Annual Report, the Directors, Supervisors and Senior Management are as follows:

於報告期內及截至本年報日期，董事、監事及高級管理人員如下：

| Name<br>姓名  | Date of appointment<br>獲委任日期    | Start of term of office<br>upon expiration of<br>the term of the current<br>session of the Board<br>任期起始時間至<br>本屆董事會任期屆滿時 | Position<br>職位                                   |
|---|---------------------------------|---|--|
| Mr. TANG Xinfa (唐新發)<br>唐新發先生                                 | 4 May 2015<br>二零一五年五月四日         | 8 June 2018<br>二零一八年六月八日  | Chairman and non-executive Director<br>董事長兼非執行董事 |
| Mr. JIANG Juncui (蔣均才)<br>蔣均才先生                               | 4 May 2015<br>二零一五年五月四日         | 8 June 2018<br>二零一八年六月八日  | Executive Director<br>執行董事                       |
| Mr. ZHU Qiaohong (朱巧洪) <sup>(1)</sup><br>朱巧洪先生 <sup>(1)</sup> | 16 June 2017<br>二零一七年六月十六日      | 8 June 2018<br>二零一八年六月八日  | Executive Director<br>執行董事                       |
| Mr. WANG Danjin (王丹津)<br>王丹津先生                                | 27 February 2006<br>二零零六年二月二十七日 | 8 June 2018<br>二零一八年六月八日  | Executive Director<br>執行董事                       |
| Mr. CHEN Yangui (陳燕桂)<br>陳燕桂先生                                | 4 May 2015<br>二零一五年五月四日         | 8 June 2018<br>二零一八年六月八日  | Executive Director<br>執行董事                       |
| Mr. LI Shuang (李爽)<br>李爽先生                                    | 8 June 2018<br>二零一八年六月八日        | 8 June 2018<br>二零一八年六月八日  | Executive Director<br>執行董事                       |
| Mr. MO Kit (毛杰) <sup>(2)</sup><br>毛杰先生 <sup>(2)</sup>         | 4 May 2015<br>二零一五年五月四日         | —<br>—  | Non-executive Director<br>非執行董事                  |
| Mr. Eddy HUANG (黃翊)<br>黃翊先生                                   | 20 February 2019<br>二零一九年二月二十日  | 20 February 2019<br>二零一九年二月二十日  | Non-executive Director<br>非執行董事                  |
| Mr. TANG Jianxin (唐建新)<br>唐建新先生                               | 4 May 2015<br>二零一五年五月四日         | 8 June 2018<br>二零一八年六月八日  | Independent non-executive Director<br>獨立非執行董事    |
| Mr. FU Hailiang (付海亮)<br>付海亮先生                                | 4 May 2015<br>二零一五年五月四日         | 8 June 2018<br>二零一八年六月八日  | Independent non-executive Director<br>獨立非執行董事    |
| Mr. LEE Chi Ming (李志明)<br>李志明先生                               | 4 May 2015<br>二零一五年五月四日         | 8 June 2018<br>二零一八年六月八日  | Independent non-executive Director<br>獨立非執行董事    |

Notes<sup>(1)</sup>: Mr. ZHU Qiaohong resigned as an executive Director with effect from 20 February 2019.

附註<sup>(1)</sup>：朱巧洪先生已於二零一九年二月二十日辭任執行董事。

<sup>(2)</sup>: Mr. MO Kit retired as a non-executive Director with effect from 8 June 2018.

<sup>(2)</sup>：毛杰先生已於二零一八年六月八日退任非執行董事。

## 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 49, is the Chairman and a non-executive Director. He joined the Company in May 2015 and has served as a non-executive Director since then. He is a member of the Audit Committee.

**唐新發先生**，49歲，為董事長兼非執行董事。他於二零一五年五月加入本公司，此後一直擔任非執行董事一職。他為審核委員會成員。

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<br>任期                       | Name of Company/Entity<br>公司／實體名稱  | Position<br>職位  | Principal Function<br>主要職能                             |
|------------------------------------|--|---|--|
| Since January 2017<br>自二零一七年一月至今   | Dongguan HEC TaiGen<br>Biopharmaceuticals Co., Ltd.<br>東莞東陽光太景醫藥研發<br>有限責任公司 | Legal representative and director<br>法定代表人、董事                                     | Corporate management and<br>decision-making<br>公司管理與決策 |
| Since March 2016<br>自二零一六年三月至今     | Shenzhen HEC Pharmaceutical Co., Ltd.<br>深圳市東陽光藥業有限公司                        | Director<br>董事  | Corporate management and<br>decision-making<br>公司管理及決策 |
| Since December 2016<br>自二零一六年十二月至今 | Linzi HEC Pharmaceutical Research<br>Co., Ltd.<br>林芝東陽光藥業研發有限公司              | Legal representative and director<br>法定代表人、董事                                     | Corporate management and<br>decision-making<br>公司管理及決策 |
| Since November 2015<br>自二零一五年十一月至今 | Shenzhen HEC Industrial Development<br>Co., Ltd.<br>深圳市東陽光實業發展有限公司           | Director and general manager<br>董事兼總經理  | Corporate management and<br>decision-making<br>公司管理與決策 |
| Since December 2014<br>自二零一四年十二月至今 | Yichang HEC Research Co., Ltd.<br>宜昌東陽光藥研發有限公司                               | Legal representative, executive<br>director and general manager<br>法定代表人、執行董事兼總經理 | Corporate management and<br>decision-making<br>公司管理與決策 |
| Since March 2011<br>自二零一一年三月至今     | HEC Pharm Co., Ltd.<br>宜昌東陽光藥業股份有限公司   | Vice chairman, executive director and<br>deputy general manager<br>副董事長、執行董事兼副總經理 | Corporate management and<br>decision-making<br>公司管理與決策 |
| Since October 2010<br>自二零一零年十月至今   | Dongguan HEC Medicine Development<br>and Research Co., Ltd.<br>東莞東陽光藥物研發有限公司 | Legal representative and executive<br>director<br>法定代表人兼執行董事                      | Corporate management and<br>decision-making<br>公司管理與決策 |

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

| Period<br>任期   | Name of Company/Entity<br>公司／實體名稱                               | Position<br>職位                                | Principal Function<br>主要職能                          |
|--|---|---|---|
| Since May 2010<br>自二零一零年五月至今                               | Linzhi HEC Pharmaceutical Investment Co., Ltd.<br>林芝東陽光藥業投資有限公司 | Director<br>董事                                | Corporate management and decision-making<br>公司管理與決策 |
| Since September 2009<br>自二零零九年九月至今                         | Ruyuan HEC Pharmaceutical Co., Ltd.<br>乳源東陽光藥業有限公司              | Director<br>董事                                | Corporate management and decision-making<br>公司管理與決策 |
| Since September 2005<br>自二零零五年九月至今                         | Sunshine Lake Pharma Co., Ltd.<br>廣東東陽光藥業有限公司                   | Director<br>董事                                | Corporate management and decision-making<br>公司管理與決策 |
| Since December 2004<br>自二零零四年十二月至今                         | Dongguan HEC Industrial Development Co., Ltd.<br>東莞市東陽光實業發展有限公司 | Legal representative and director<br>法定代表人、董事 | Corporate management and decision-making<br>公司管理與決策 |
| Since September 2002 to September 2005<br>自二零零二年九月至二零零五年九月 | Shenzhen HEC Industrial Development Co., Ltd.<br>深圳市東陽光實業發展有限公司 | Chief of the office<br>辦公室主任                  | Corporate management and decision-making<br>公司管理與決策 |

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

唐先生於二零零二年九月獲得廈門大學中文系文學專業碩士學位。

**Mr. ZHU Qiaohong (朱巧洪)**, aged 50, is an executive Director and the deputy general manager of the Company. He joined the Company in May 2002, and has served as the deputy general manager of the Company since May 2002, and served as an executive Director of the Company since June 2017.

**朱巧洪先生**，50歲，為本公司執行董事兼副總經理。他於二零零二年五月加入本公司，自二零零二年五月起擔任本公司的副總經理，並自二零一七年六月起擔任本公司的執行董事。

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

朱巧洪先生自二零一五年四月起擔任湖北省醫藥行業協會副會長，自二零零五年六月起出任本公司全資附屬公司宜昌東陽光醫藥有限公司的監事。朱先生自一九九三年十月至二零零二年五月期間擔任浙江普洛康裕製藥有限公司GMP辦公室主任，並自一九九零年八月至一九九三年十月期間擔任東陽市國有生態公益林業保護總站技術員。此外，朱先生於一九九零年七月畢業於吉林大學，取得理學學士學位。一九九九年八月，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。

Mr. Zhu resigned as an executive Director on 20 February 2019.

朱先生於二零一九年二月二十日辭任執行董事。

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

**Mr. JIANG Juncai** (蔣均才), aged 37, is an executive Director and the general manager of the Company. He joined the Company in May 2015 and has served as an executive Director since then. He is a member of the Remuneration and Evaluation Committee.

Mr. Jiang 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 49, is an executive Director and a deputy general manager of the Company. He joined the Company in February 2006, and has served as an executive Director since then.

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

蔣均才先生，37歲，為執行董事兼本公司總經理。他於二零一五年五月加入本公司，此後一直擔任執行董事一職。他為薪酬與考核委員會成員。

蔣先生自二零一二年三月至二零一五年五月曾出任宜都市東陽光實業發展有限公司的董事。此前，蔣先生曾於二零一二年三月至二零一五年七月期間就任宜昌山城水都冬蟲夏草有限公司的董事，並於二零零六年七月至二零一二年五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。

蔣先生於二零零六年六月畢業於瀋陽藥科大學，取得理學碩士學位。

王丹津先生，49歲，為執行董事兼本公司副總經理。他於二零零六年二月加入本公司，此後一直擔任執行董事一職。

王先生自二零一零年十二月至二零一五年七月還擔任宜昌東陽光的監事，以及自二零零六年四月至二零一八年一月在宜昌東陽光醫藥有限公司擔任董事。在加入本公司之前，王先生於二零零二年三月至二零零六年一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，以及於一九九一年十一月至二零零二年二月期間在遼寧省丹東製藥廠任工藝員。

王先生於二零零八年一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，及於二零零一年十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. CHEN Yangui** (陳燕桂), aged 37, is an executive Director. He joined the Company in May 2014, serving as the head of the sales department, Mr. Chen has served as an executive Director since May 2015.

In addition, Mr. Chen has served as an executive director of Dongguan Yangzhikang Pharmaceutical Co., Ltd. (東莞市陽之康醫藥有限責任公司) since August 2018, has also served as a general manager and an executive director of Yichang HEC Pharmaceutical Co., Ltd. since March 2016 and January 2018, respectively, a legal representative of Yichang HEC Pharmaceutical Co., Ltd. since January 2018, a director of Dongguan HEC TaiGen Biopharmaceuticals Co., Ltd. (東莞東陽光太景醫藥研發有限責任公司) since January 2017, 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 March 2010. Mr. Chen joined Dongguan HEC Medicine Development and Research Co., Ltd. in 2005, and successively held positions as a researcher, the deputy head of research and development department and the head of synthesis department before he was appointed as the deputy head of research institute and the head of generic drug department.

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

**Mr. LI Shuang** (李爽), aged 38, is an executive Director and 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 and served as an executive Director since June 2018.

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.

**陳燕桂先生**，37歲，為執行董事。他於二零一四年五月加入本公司並擔任銷售總監。陳先生自二零一五年五月起擔任執行董事。

另外，陳先生自二零一八年八月起擔任東莞市陽之康醫藥有限責任公司執行董事，自二零一六年三月起及自二零一八年一月起分別擔任宜昌東陽光醫藥有限公司總經理及執行董事，並自二零一八年一月起擔任宜昌東陽光醫藥有限公司法定代表人，自二零一七年一月起擔任東莞東陽光太景醫藥研發有限責任公司董事，自二零一二年七月起擔任乳源東陽光醫療器械有限公司的監事，二零一零年三月起擔任乳源東陽光藥業有限公司的董事。陳先生於二零零五年加入東莞東陽光藥物研發有限公司，先後擔任研究員、研發部副主管及綜合部主管，此後獲委任為研究所副所長及非專利藥部門主管等職。

陳先生於二零零六年六月畢業於湖南大學，取得理學碩士學位。

**李爽先生**，38歲，為執行董事兼本公司的副總經理。他於二零零五年八月加入本公司，擔任胰島素研究小組成員。他自二零一五年五月起擔任本公司的副總經理，並自二零一八年六月起擔任執行董事一職。

李先生自二零一三年十月起選出任本公司胰島素工廠的副廠長，以及自二零零六年二月起擔任該工廠的原料藥部主管。李先生曾於二零零八年十二月至二零一三年九月期間擔任本公司胰島素工廠純化車間的主管。

李先生於二零零四年六月畢業於三峽大學，取得工學學士學位。

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

**Mr. Eddy HUANG** (黃翊), aged 43, was appointed as a non-executive Director on 20 February 2019. He is a member of the Nomination Committee.

Mr. Huang is a senior managing director of Blackstone's Private Equity Group. Prior to joining Blackstone, Mr. Huang was a managing director at Morgan Stanley Private Equity Asia where he focused on private equity investments in China. Mr. Huang received an M.B.A. from Harvard Business School in 2002 and a B.A. from Yale University in 1997.

**Mr. TANG Jianxin** (唐建新), aged 54, was appointed as an independent non-executive Director in May 2015. He is the chairman of the Audit Committee and a member of the Remuneration and Evaluation Committee.

Moreover, Mr. Tang was an independent director of Sino Great Wall Co., Ltd. (SZSE stock number: 000018) from December 2015 to December 2018, and has served as an independent director of Pingdingshan Tianan Coal Mining Co., Ltd. (SSE stock code: 601666) since May 2013. He has been an independent director of Zhongbai Holdings Group Co., Ltd. (SZSE stock code: 000759) from December 2011 to December 2017 and an independent director of Shenzhen Huapengfei Modern Logistics Co., Ltd. (SZSE stock code: 300350) from August 2010 to August 2016. He was an independent director of Wuhan Sanzhen Industry Holding Co., Ltd. (SSE stock code: 600168) from June 2009 to June 2015, and an independent director of Wuhan Zhongnan Commercial (Group) Co., Ltd. (SZSE stock code: 000785) from May 2008 to May 2014. Prior to that, Mr. Tang served as an independent director of Wuhan Accelink Technologies Co., Ltd. (SZSE stock code: 002281) from September 2006 to September 2009 and an independent director of Hubei Chutian Expressway Co., Ltd (湖北楚天高速公路股份有限公司) (SSE stock code: 600035) from April 2002 to April 2008. Mr. Tang has been a professor of the Accounting Department of Economics and Management School of Wuhan University since 2004 and a doctoral tutor at Wuhan University since 2006. He served as the dean of Accounting Department of Economics and Management School in the same university from 2005 to 2015. He worked for the postdoctoral research center of the accounting department of Renmin University of China from 2000 to 2002.

**黃翊先生**，43歲，於二零一九年二月二十日獲委任為非執行董事。他為提名委員會成員。

黃先生現擔任黑石私募股權集團高級董事經理。於加入黑石前，黃先生曾擔任Morgan Stanley Private Equity Asia之董事經理，期間其專注於在中國的私募股權投資。黃先生於二零零二年獲得哈佛商學院工商管理碩士學位及於一九九七年獲得耶魯大學學士學位。

**唐建新先生**，54歲，於二零一五年五月獲委任為獨立非執行董事。他為審核委員會主席及薪酬與考核委員會成員。

另外，唐先生自二零一五年十二月至二零一八年十二月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，自二零一三年五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，自二零一一年十二月至二零一七年十二月擔任中百控股集團股份有限公司(深交所股份代號：000759)的獨立董事，自二零一零年八月至二零一六年八月擔任深圳市華鵬飛現代物流股份有限公司(深交所股份代號：300350)的獨立董事，自二零零九年六月至二零一五年六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，及自二零零八年五月至二零一四年五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，唐先生於二零零六年九月至二零零九年九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，及於二零零二年四月至二零零八年四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。唐先生自二零零四年起一直擔任武漢大學經濟與管理學院會計系教授，自二零零六年起一直擔任武漢大學的博士生導師。他於二零零五年至二零一五年擔任該校經濟與會計管理學院會計系主任。他於二零零零年至二零零二年期間在中國人民大學會計學博士後流動站任職。

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



Mr. Tang received his bachelor degree from the Economics Department of Wuhan University in June 1985, and then obtained a master degree in economics and a doctoral degree in economics from Wuhan University in September 1988 and January 1999 respectively. Mr. Tang was granted independent auditor qualifications by the National Audit Office of the People's Republic of China in December 1992, and Certified Public Valuer qualification by the Chinese Institute of Certified Public Valuers in December 1996.

**Mr. FU Hailiang** (付海亮), aged 47, was appointed as an independent non-executive Director in May 2015. He is the chairman of the Remuneration and Evaluation Committee and a member of the Nomination Committee.

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 65, was appointed as an independent non-executive Director in May 2015. He is the chairman of the Nomination Committee and a member of the Audit Committee.

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

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

唐先生於一九八五年六月獲得武漢大學經濟系學士學位，隨後分別於一九八八年九月和一九九九年一月取得武漢大學的經濟學碩士學位及經濟學博士學位。唐先生於一九九二年十二月獲得中華人民共和國審計署授予的獨立審計師資格，並於一九九六年十二月獲得由中國註冊資產評估師協會授予的註冊資產評估師資格。

付海亮先生，47歲，於二零一五年五月獲委任為獨立非執行董事。他為薪酬與考核委員會主席及提名委員會成員。

付先生自二零零五年五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。他於二零零零年十月至二零零五年五月期間曾任湖北浩瀚律師事務所的合夥人，及於一九九六年十一月至二零零零年十月期間曾任武漢市第三律師事務所的律師。付先生自二零一四年二月起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。

付先生於一九九三年七月畢業於武漢大學，取得財務管理專科學歷，並於一九九八年六月畢業於中南財經政法大學，取得法學學士學位。隨後，他於二零零三年二月畢業於武漢大學，取得法律碩士學位。付先生自一九九八年六月起獲准成為中國執業律師，且於二零一一年三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，65歲，於二零一五年五月獲委任為獨立非執行董事。他為提名委員會主席及審核委員會成員。

另外，李先生自二零一三年八月起一直擔任香港恒東顧問有限公司董事，並自二零一六年十一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。他還曾於一九八二年九月至一九九二年二月期間任香港中文大學講師及高級講師。

李先生分別於一九七五年六月及一九七七年七月取得香港大學的理學士學位及生物化學碩士學位，並於一九八零年七月取得劍橋大學的藥理學博士學位，之後於一九八二年七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<br>姓名                        | Date of appointment<br>獲委任日期 | Start of term of office<br>upon expiration of<br>the term of the current<br>session of the Board<br>of Supervisors<br>任期起始時間至<br>本屆監事會任期屆滿時 | Position<br>職位                                |
|-----------------------------------|------------------------------|---|---|
| Ms. HUANG Fangfang (黃芳芳)<br>黃芳芳女士 | 4 May 2015<br>二零一五年五月四日      | 8 June 2018<br>二零一八年六月八日  | Chairman of the Board of Supervisors<br>監事會主席 |
| Mr. WANG Shengchao (王勝超)<br>王勝超先生 | 21 July 2017<br>二零一七年七月二十一日  | 8 June 2018<br>二零一八年六月八日  | Employee representative supervisor<br>職工代表監事  |
| Mr. LUO Zhonghua (羅忠華)<br>羅忠華先生   | 16 June 2017<br>二零一七年六月十六日   | 8 June 2018<br>二零一八年六月八日  | Supervisor<br>監事                              |

**Ms. HUANG Fangfang** (黃芳芳), aged 37, is a Supervisor of the Company. She joined the Company in May 2015, and has been the chairman of the Board of Supervisors since then. She has also served as the executive deputy head of the generic drug department of Sunshine Lake Pharma Co., Ltd. since June 2014, and the head of formulation department of Sunshine Lake Pharma Co., Ltd. since February 2009. Prior to that, Ms. Huang was the head of analysis section under the formulation department of Sunshine Lake Pharma Co., Ltd. from July 2006 to February 2009, the head of formulation department of Sunshine Lake Pharma Co., Ltd. since February 2009, and the executive deputy head of the generic drug department of Sunshine Lake Pharma Co., Ltd. since June 2014.

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

**Mr. WANG Shengchao** (王勝超), aged 36, is an employee representative Supervisor and the deputy chief of the quality division of the Company. He joined the Company in May 2012 as a quality controller of the quality division, and served as the vice director of quality assurance of the quality division of the Company since April 2015. Mr. Wang held the position of the quality assurance director of the quality division of the Company from May 2016 to June 2017, and served as the deputy chief of the quality division of the Company since July 2017.

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

**黃芳芳女士**, 37歲, 為本公司監事。她於二零一五年五月加入本公司, 此後一直擔監事會主席一職。另外, 她自二零一四年六月起任廣東東陽光藥業有限公司仿藥所的常務副所長, 以及自二零零九年二月起任廣東東陽光藥業有限公司製劑部主管。此前, 黃女士於二零零六年七月至二零零九年二月期間任廣東東陽光藥業有限公司製劑部分析主管, 自二零零九年二月起任廣東東陽光藥業有限公司製劑部主管, 自二零一四年六月起任廣東東陽光藥業有限公司仿藥所的常務副所長。

黃女士於二零零六年六月畢業於中山大學, 取得理學碩士學位。

**王勝超先生**, 36歲, 為本公司職工代表監事及質量科副科長。他於二零一二年五月加入本公司並擔任質量科質量控制員, 自二零一五年四月起出任本公司質量科質量保證副主任, 自二零一六年五月至二零一七年六月擔任本公司質量科質量保證主任, 並自二零一七年七月起擔任本公司的質量科副科長。

加入本公司前, 王先生曾於二零零八年七月至二零一零年三月就職於河北以嶺醫藥集團, 擔任中藥新藥研究員; 於二零一零年四月至二零一一年五月就職於康龍化成(北京)新藥技術有限公司, 擔任藥物分析研究員; 於二零一一年六月至二零一二年五月就職於樂普(北京)醫療器械股份有限公司, 擔任質量部檢驗工程師兼檢驗主管。

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

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

王先生於二零零八年七月畢業於瀋陽藥科大學，取得理學碩士學位。

**Mr. LUO Zhonghua** (羅忠華), aged 35, is a Supervisor of the Company. He joined Dongguan HEC Medicine Development and Research Co., Ltd. (a subsidiary of Shenzhen HEC Industrial Development Co., Ltd. (深圳市東陽光實業發展有限公司), the controlling shareholder of the Company, since June 2005 to engage in the research and development of APIs. He is currently the head of the generic drug API synthesis department and deputy head of the generic drug division in Dongguan HEC Medicine Development and Research Co., Ltd.

羅忠華先生，35歲，為本公司監事。他自二零零五年六月起加入東莞東陽光藥物研發有限公司(本公司控股股東深圳市東陽光實業發展有限公司之附屬公司)，從事原料藥研發工作，現擔任東莞東陽光藥物研發有限公司仿製藥原料藥合成部部長、仿藥所副所長。

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

羅忠華先生於二零零五年六月畢業於中南大學，取得製藥工程專業學士學位，並於二零一五年畢業於中山大學，取得藥物分析碩士學位。

### SENIOR MANAGEMENT

### 高級管理人員

| Name<br>姓名  | Date of joining<br>the Group<br>加入本集團日期 | Date of<br>appointment<br>獲委任日期 | Position<br>職位                  | Responsibility<br>職責                     |
|---|---|---------------------------------|---------------------------------|--|
| Mr. JIANG Juncai<br>蔣均才先生                               | 4 May 2015<br>二零一五年五月四日                 | 4 May 2015<br>二零一五年五月四日         | General manager<br>總經理          | Overall day-to-day management<br>整體的日常管理 |
| Mr. WANG Danjin<br>王丹津先生                                | 27 February 2006<br>二零零六年二月二十七日         | 4 May 2015<br>二零一五年五月四日         | Deputy general manager<br>副總經理  | Operational management<br>營運管理           |
| Mr. LI Shuang<br>李爽先生                                   | 7 August 2005<br>二零零五年八月七日              | 4 May 2015<br>二零一五年五月四日         | Deputy general manager<br>副總經理  | Operational management<br>營運管理           |
| Mr. ZHU Qiaohong<br>朱巧洪先生                               | 11 May 2002<br>二零零二年五月十一日               | 11 May 2002<br>二零零二年五月十一日       | Deputy general manager<br>副總經理  | Operational management<br>營運管理           |
| Mr. LEI Xiantong <sup>(1)</sup><br>雷先桐先生 <sup>(1)</sup> | 4 May 2015<br>二零一五年五月四日                 | 4 May 2015<br>二零一五年五月四日         | Chief financial officer<br>財務總監 | Financial management<br>財務管理             |
| Mr. ZHANG Qiang<br>張強先生                                 | 23 February 2018<br>二零一八年二月二十三日         | 25 February 2019<br>二零一九年二月二十五日 | Chief financial officer<br>財務總監 | Financial management<br>財務管理             |

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

| Name<br>姓名  | Date of joining<br>the Group<br>加入本集團日期 | Date of<br>appointment<br>獲委任日期 | Position<br>職位                  | Responsibility<br>職責                          |
|---|---|---------------------------------|---------------------------------|---|
| Mr. PAN Sanxiong <sup>(2)</sup><br>潘三雄先生 <sup>(2)</sup> | 4 May 2015<br>二零一五年五月四日                 | 4 May 2015<br>二零一五年五月四日         | Secretary of the Board<br>董事會秘書 | Day-to-day operation of the Board<br>董事會的日常營運 |
| Mr. PENG Qiyun<br>彭琪雲先生                                 | 1 July 2016<br>二零一六年七月一日                | 15 October 2018<br>二零一八年十月十五日   | Secretary of the Board<br>董事會秘書 | Day-to-day operation of the Board<br>董事會的日常營運 |

Notes<sup>(1)</sup>: Mr. LEI Xiantong resigned as the chief financial officer with effect from 25 February 2019.

附註<sup>(1)</sup>: 雷先桐先生已於二零一九年二月二十五日辭任財務總監。

<sup>(2)</sup>: Mr. PAN Sanxiong resigned as the secretary of the Board with effect from 15 October 2018.

<sup>(2)</sup>: 潘三雄先生已於二零一八年十月十五日辭任董事會秘書。

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

有關蔣均才先生、王丹津先生、朱巧洪先生及李爽先生的履歷，請參閱本節「董事」部分。

**Mr. LEI Xiantong** (雷先桐), aged 49, joined the Company in May 2015, and served as the chief financial officer of the Company.

**雷先桐先生**，49歲，於二零一五年五月加入本公司擔任本公司財務總監。

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

雷先生自二零一零年十二月至二零一五年五月擔任宜昌東陽光的財務總監。雷先生自二零零四年一月至二零一零年十二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，並於二零零一年九月至二零零四年一月期間任財務部科員。雷先生此前曾於多家公司從事財務會計相關工作。

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

雷先生於一九九七年六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。

Mr. Lei Xiantong resigned as the chief financial officer on 25 February 2019.

雷先桐先生於二零一九年二月二十五日辭任財務總監。

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

MEDICINE

**Mr. ZHANG Qiang** (張強), aged 43, is the chief financial officer of the Company. Mr. Zhang joined the Company in February 2018 and was appointed as the chief financial officer of the Company on 25 February 2019 and is responsible for the financial management of the Company.

張強先生，43歲，為本公司財務總監。張先生於二零一八年二月加入本公司，於二零一九年二月二十五日獲委任為本公司財務總監，負責本公司財務管理事宜。

Mr. Zhang has been the head of finance department of the Company since February 2018. Mr. Zhang has 20 years of experience in auditing, accounting and corporate finance. Prior to joining the Company, Mr. Zhang acted as an assistant auditor of Yichang Changjiang Accounting Firm\* (宜昌長江會計師事務所) from March 1999 to September 2001. He acted as the financial auditor of Yichang County Military Audit Bureau\* (宜昌市點軍區審計局) from October 2001 to May 2005 and served as the head of the finance department of HEC Pharm Co., Ltd. from May 2005 to February 2018.

張先生自二零一八年二月起任本公司財務科長。張先生於審計、會計及財務管理方面擁有20年經驗。加入本公司之前，張先生自一九九九年三月至二零零一年九月擔任宜昌長江會計師事務所助理審計。張先生自二零零一年十月至二零零五年五月擔任宜昌市點軍區審計局財務審計，並自二零零五年五月至二零一八年二月擔任宜昌東陽光藥業股份有限公司財務科長。

Mr. Zhang graduated from Wuhan University of Hydraulic and Electrical Engineering (武漢水利電力大學) with a college degree in financial accounting in June 1997. Mr. Zhang is an intermediate accountant and a PRC certified public accountant.

張先生於一九九七年六月畢業於武漢水利電力大學，取得財務會計大專文憑。張先生為中級會計師及中國註冊會計師。

**Mr. PAN Sanxiong** (潘三雄), aged 37, joined the Company in May 2015 and has served as the secretary of the Board.

潘三雄先生，37歲，於二零一五年五月加入本公司擔任董事會秘書。

Prior to that, Mr. Pan was a representative of the securities department of HEC Pharm 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.

此前，潘先生曾於二零一零年四月至二零一五年四月期間擔任宜昌東陽光的證券事務代表，負責聯繫投資者、處理金融事務及公司秘書事務。潘先生亦於二零零八年十月至二零一零年四月期間任職於廣東星河生物科技股份有限公司證券部。

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.

潘先生於二零零七年畢業於貴州財經大學，取得管理學學士學位。潘先生於二零一零年十一月獲上海證券交易所頒發的董事會秘書資格證書，並於二零零九年十一月通過中國證券業協會組織的證券從業人員考試。

Mr. Pan resigned as the secretary of the Board on 15 October 2018.

潘先生於二零一八年十月十五日辭任董事會秘書。

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

**Mr. PENG Qiyun** (彭琪雲), aged 29, is the secretary of the Board. He joined the Company in July 2016, and has served as the assistant to secretary of the Board since then, and served as the secretary of the Board since October 2018.

Mr. Peng graduated from Qingdao University with a bachelor of science degree in mathematics and applied mathematics in June 2013, and obtained a master's degree in finance from Guangdong Finance College in June 2017.

### JOINT COMPANY SECRETARIES

**Mr. PENG Qiyun** (彭琪雲)

For the biography of Mr. Peng Qiyun (彭琪雲), 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 SWCS Corporate Services Group (Hong Kong) Limited (formerly 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.

**彭琪雲先生**，29歲，為董事會秘書。彭先生於二零一六年七月加入本公司，此後一直擔任董事會秘書助理，並自二零一八年十月起擔任董事會秘書。

彭先生於二零一三年六月畢業於青島大學，獲得數學及應用數學理學學士學位，並於二零一七年六月獲得廣東金融學院的金融碩士學位。

**聯席公司秘書**

**彭琪雲先生**

有關彭琪雲先生的履歷，請參閱本節「高級管理人員」部份。

**吳詠珊女士**

吳詠珊女士，於二零一五年七月二十四日獲委任為本公司的聯席公司秘書。吳女士為方圓企業服務集團(香港)有限公司(前稱信永方圓企業服務集團有限公司)的副總監，負責為上市公司提供專業公司秘書工作方面的協助。她在公司秘書領域擁有逾10年專業經驗，並為香港特許秘書公會及英國特許秘書及行政人員公會資深會員。

The Board of Directors now presents the Annual Report and the audited financial statements of the Group (the "Financial Statements") for the year ended 31 December 2018 to Shareholders.

董事會謹此向股東提呈本集團截至二零一八年十二月三十一日止年度的年報及經審核財務報表(「財務報表」)。

## BOARD OF DIRECTORS

The Board of Directors currently consists of nine Directors, comprising four executive Directors, two non-executive Directors and three independent non-executive Directors. The incumbent Directors during the year ended 31 December 2018 and as at the date of this Annual Report are:

## 董事會

目前，董事會包括九名董事，其中包括四名執行董事、兩名非執行董事及三名獨立非執行董事。於截至二零一八年十二月三十一日止年度內及本年報日期，任職董事如下：

### Executive Directors

Mr. JIANG Juncai

Mr. WANG Danjin

Mr. CHEN Yangui

Mr. ZHU Qiaohong (resigned on 20 February 2019)

Mr. LI Shuang (appointed on 8 June 2018)

### 執行董事

蔣均才先生

王丹津先生

陳燕桂先生

朱巧洪先生(於二零一九年二月二十日辭任)

李爽先生(於二零一八年六月八日獲委任)

### Non-executive Directors

Mr. TANG Xinfa (*Chairman*)

Mr. MO Kit (retired on 8 June 2018)

Mr. Eddy HUANG (appointed on 20 February 2019)

### 非執行董事

唐新發先生(*董事長*)

毛杰先生(於二零一八年六月八日退任)

黃翊先生(於二零一九年二月二十日獲委任)

### Independent Non-executive Directors

Mr. TANG Jianxin

Mr. FU Hailiang

Mr. LEE Chi Ming

### 獨立非執行董事

唐建新先生

付海亮先生

李志明先生

Mr. ZHU Qiaohong resigned from his positions as an executive Director and a member of the nomination committee of the Board due to other commitments on 20 February 2019.

朱巧洪先生因其他事務原因，於二零一九年二月二十日辭任本公司執行董事及董事會提名委員會會員之職務。

Mr. MO Kit was a non-executive Director of the first session of the Board and retired at the expiry of the first session of the Board on 8 June 2018.

毛杰先生為第一屆董事會的非執行董事，彼於第一屆董事會任期屆滿時(即二零一八年六月八日)退任。

# REPORT OF THE BOARD OF DIRECTORS

## 董事會報告

### PRINCIPAL BUSINESS

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

### SHARE CAPITAL

As of 31 December 2018, the total share capital of the Company was RMB452,022,850, divided into 452,022,850 shares of RMB1.00 each. Details of movements in the share capital of the Company during the year 2018 are set out in Note 24 to the Financial Statements.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries had purchased, sold or redeemed any listed securities of the Company for the year ended 31 December 2018.

### DEBENTURES IN ISSUE

The Company did not have any debentures in issue for the year ended 31 December 2018.

### 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

於二零一八年十二月三十一日，本公司總股本為人民幣452,022,850元，分為452,022,850股每股面值人民幣1.00元的股份。有關本公司股本於二零一八年度的變動詳情，載於財務報表附註24。

### 購買、出售或贖回本公司上市證券

截至二零一八年十二月三十一日止年度，本公司或其附屬公司概無購買、出售或贖回本公司任何上市證券。

### 已發行債權證

截至二零一八年十二月三十一日止年度，本公司並無任何已發行債權證。

### **EQUITY-LINKED AGREEMENT**

Save as disclosed in the Management Discussion and Analysis on pages 10 to 32 of this Annual Report and the section headed "Proceeds from H Share Convertible Bonds" on page 72 of this Annual Report, the Company did not enter into any equity-linked agreement, nor did any equity-linked agreement exist during the year ended 31 December 2018.

### **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 2018 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 2018.

### **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 2018, which gives rise to a disclosure under Rule 13.16 of the Listing Rules. The Company didn't enter into any loan agreement with covenants relating to specific performance of its Controlling Shareholder nor breach the terms of any loan agreements for the year ended 31 December 2018.

### **SHARE OPTION SCHEME**

The Company did not adopt any share option scheme.

### **股票掛鈎協議**

除本年報第10至32頁所載管理層討論及分析及除本年報第72頁所載「H股可轉換債券所得款項」一節所披露者外，截至二零一八年十二月三十一日止年度，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。

### **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，截至二零一八年十二月三十一日止年度，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**

截至二零一八年十二月三十一日止年度，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**

截至二零一八年十二月三十一日止年度，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。截至二零一八年十二月三十一日止年度，本公司並無訂立任何具有控股股東須履行特定責任相關契約的貸款協議，亦無違反任何貸款協議的條款。

### **購股權計劃**

本公司並無採納任何購股權計劃。



# REPORT OF THE BOARD OF DIRECTORS

## 董事會報告

### 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.

### RESULTS

The audited results of operations of the Company and its subsidiaries for the year ended 31 December 2018 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 119. The financial condition of the Company and its subsidiaries for the year ended 31 December 2018 is set out in the Consolidated Statement of Financial Position on pages 120 to 121. The consolidated cash flow of the Company and its subsidiaries for the year ended 31 December 2018 is set out in the Consolidated Cash Flow Statement on page 123.

Discussion and analysis about the operating performance and significant elements affecting the results of operations and financial condition of the Company during the year are set out in Management Discussion and Analysis of the Annual Report on page 10 to page 32.

### BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are provided on pages 7 to 8 and pages 10 to 32 of this Annual Report, respectively. Description of possible risks and uncertainties that the Group may be facing can be found on pages 30 to 31 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 29 to the Consolidated Financial Statements. An analysis of the Group's performance during the year using financial key performance indicators is provided on pages 15 to 25 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 Board of Directors. The Company's compliance with relevant laws and regulations which have a significant impact on the Company are provided in the section heading "Compliance with Laws and Regulations" of this Report of the Board of Directors. An account of the Company's relationships with its employees, customers and suppliers are disclosed in the section heading "Relationship with Stakeholders" of this Report of the Board of Directors.

### 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。

### 業績

本公司及其附屬公司截至二零一八年十二月三十一日止年度的經審核經營業績載於第119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二零一八年十二月三十一日止年度的財務狀況載於第120至121頁的綜合財務狀況表。本公司及其附屬公司截至二零一八年十二月三十一日止年度的綜合現金流量載於第123頁的綜合現金流量表。

有關經營表現的討論及分析與影響本公司年內經營業績及財務狀況的重要因素載於年報第10至32頁的管理層討論及分析。

### 業務回顧

有關本集團年內業務的審閱及對未來業務發展的討論分別載於本年報第7至8頁及第10至32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30至31頁。自財政年度結束以來發生對本集團有影響的重大事件詳情載於本年報綜合財務報表附註29。主要財務關鍵表現指標對本集團年內表現的分析載於本年報第15至25頁。

此外，有關本公司環境政策、績效及活動的進一步資料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。

## FINAL DIVIDEND

The Board resolved to recommend payment of final dividend of RMB0.60 (tax inclusive) per share for the year ended 31 December 2018 (the "2018 Final Dividend") with an aggregate amount of approximately RMB271.21 million to Shareholders whose names are listed on the Company's register of members as at 18 June 2019, subject to the approval by the Shareholders at the AGM to be held on Thursday, 6 June 2019. The 2018 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. Subject to the approval of the relevant resolution at the AGM, the 2018 Final Dividend is expected to be paid on or around 19 July 2019.

Pursuant to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and its implementation rules, and other relevant provisions, the Company is required to withhold and pay a 10% enterprise income tax when paying the proposed 2018 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 registered shareholder, such as HKSCC Nominees Limited, other nominees or trustees or other 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

董事會議決建議派發截至二零一八年十二月三十一日止年度的末期股息每股人民幣0.60元(含稅)(「二零一八年末期股息」)予於二零一九年六月十八日名列本公司股東名冊的股東，總金額約人民幣271.21百萬元，唯須待股東在本公司將於二零一九年六月六日(星期四)舉行的股東週年大會上批准後，方可作實。二零一八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。待有關議案於股東週年大會通過後，二零一八年末期股息預計將於二零一九年七月十九日或前後派發。

根據《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派付建議二零一八年末期股息時，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，將被視作由非居民企業股東持有的股份，並因此須就該等股份應收股息預扣企業所得稅。

## REPORT OF THE BOARD OF DIRECTORS 董事會報告

Pursuant to the Individual Income Tax Law of China (《中華人民共和國個人所得稅法》) and its implementation provisions, the Notice of the State Administration of Taxation on the Issues Concerning Taxation and Administration of Individual Income Tax After the Repeal of the Document (Guo Shui Fa [1993] No. 045) (Guo Shui Han [2011] No. 348)《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)) and other related laws and regulations, the Company shall, as a withholding agent, withhold and pay the personal income tax at the tax rate of 10% generally for individual Shareholders of H shares. For individual Shareholders of H shares receiving dividends who are citizens from countries or regions that have entered into tax treaties with the PRC with tax rates lower than 10%, the Company will apply on behalf of them to seek entitlement of preferential tax treatments pursuant to such Notice, and upon approval by the competent tax authorities, the excess amounts withheld will be refunded. For individual Shareholders of H shares receiving dividends who are citizens from countries or regions that have entered into tax treaties with the PRC with tax rates higher than 10% but lower than 20%, the Company will withhold the withholding tax without any application at the agreed rates under such treaties when the Company distribute dividends. For the individual Shareholders of H shares receiving dividends who are citizens of countries or regions without taxation treaties with the PRC or any other circumstances, the Company will withhold the tax at a rate of 20%.

Pursuant to the requirements under the Notice on Tax Policies for Shenzhen-Hong Kong Stock Connect Pilot Program (Cai Shui [2016] No. 127) (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)) promulgated by Ministry of Finance of the PRC, State Administration of Taxation and China Securities Regulatory Commission on 5 November 2016, for dividends received by domestic individual investors from investing in H shares listed on the Stock Exchange through Pilot Program of the Shenzhen-Hong Kong Stock Connect ("Shenzhen-Hong Kong Stock Connect"), the Company shall withhold and pay individual income tax at the rate of 20% on their behalf in accordance with the register of individual domestic investor as provided by the China Securities Depository and Clearing Corporation Limited ("CSDCCL"). For dividends received by domestic enterprises from investing in H shares listed on the Stock Exchange through Shenzhen-Hong Kong Stock Connect, the Company will not withhold the income tax of dividends for domestic enterprise investors in accordance with the register of the mainland enterprise investors as provided by CSDCCL and the tax payable shall be declared and paid by those domestic enterprise investors themselves, subject to corporate income taxes according to relevant laws and regulations or exempt from the enterprise income tax.

根據《中華人民共和國個人所得稅法》及其實施條例，以及《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)等相關法律法規的規定，本公司作為扣繳義務人，須為H股個人股東一般按照10%的稅率代扣代繳個人所得稅。對於取得股息的H股個人股東為與中國低於10%稅率的協定國家或地區的居民，本公司可按該通知規定，代為辦理享受有關協定待遇申請，經主管稅務機關審核批准後，對多扣繳稅款予以退還；對於取得股息的H股個人股東為與中國高於10%但低於20%的稅率的協定國家或地區的居民，本公司派發股息時將按協定實際稅率扣繳個人所得稅，無需辦理申請事宜；對於取得股息的H股個人股東為與中國沒有稅收協定國家或地區的居民或其他情況，本公司派發股息時將按20%稅率扣繳個人所得稅。

根據中國財政部、國家稅務總局、中國證券監督管理委員會於二零一六年十一月五日發佈的《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)的規定，對內地個人投資者通過深港股票市場交易互聯互通機制試點(「深港通」)，投資聯交所上市H股取得的股息紅利，本公司將根據中國證券登記結算有限責任公司(「中國結算」)提供的內地個人投資者名冊，按照20%的稅率代扣個人所得稅；對內地企業投資者通過深港通投資聯交所上市股票取得的股息紅利所得，本公司將根據中國結算提供的內地企業投資者名冊，不代扣股息紅利所得稅款，由內地企業投資者自行申報繳納，自行依法計徵或免徵企業所得稅。

The aforesaid non-residential enterprises and foreign individuals may enjoy the concessionary tax rate in accordance with the relevant provisions of treaties or arrangements for avoidance of double taxation entered into between their country (region) and PRC, and the Announcement No. 60 in 2015 of the State Administration of Taxation: Administrative Measures for Nonresidents to Enjoy the Treatments of Tax Treaties (《非居民納稅人享受稅收協定待遇管理辦法》) (the "Measures") after completing relevant procedures. The aforesaid Shareholders shall provide complete information as required by the Measures to the Company by 25 June 2019. The Company will file tax return to enable the aforesaid Shareholders to enjoy the concessionary tax rate stipulated in the Measures. The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the Shareholders of H shares of the Company and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the Shareholders of H shares of the Company or any disputes over the withholding mechanism or arrangements.

#### CLOSURE OF REGISTER OF MEMBERS

An extraordinary general meeting of the Company will be convened on Friday, 10 May 2019 (the "EGM") to approve the proposed major transaction and connected transaction under the acquisition agreement dated 25 February 2019 entered into between the Company and Sunshine Lake Pharma. Please refer to the announcements of the Company dated 25 February 2019 and 25 March 2019 for details.

In order to ascertain Shareholders' entitlement to attend and vote at the AGM to be held on Thursday, 6 June 2019 and the EGM, the register of members of the Company will be closed from Wednesday, 10 April 2019 to Thursday, 6 June 2019 (both days inclusive), during which periods no transfer of shares will be registered.

In order to qualify for attending and voting at the 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 Tuesday, 9 April 2019.

In order to ascertain Shareholders' entitlement to the proposed 2018 Final Dividend, the register of members of the Company will be closed from Thursday, 13 June 2019 to Tuesday, 18 June 2019 (both days inclusive), during which periods no transfer of shares will be registered.

以上非居民企業股東及外籍個人股東，可依據所在國家(地區)與中國簽署的避免雙重徵稅協定或安排的相關規定，以及國家稅務總局二零一五年第60號公告《非居民納稅人享受稅收協定待遇管理辦法》(「辦法」)的規定，在完成辦理相關手續後享受優惠稅率。以上股東須於二零一九年六月二十五日前提供辦法規定的完整資料給本公司，本公司代為申報，使上述股東享受辦法所規定的稅收優惠。對於本公司H股股東的納稅身份或稅務待遇及因本公司H股股東的納稅身份或稅務待遇未能及時確定或不準確確定而引致任何申索或對於代扣機制或安排的任何爭議，本公司概不負責，亦不承擔任何責任。

#### 暫停辦理過戶登記

本公司臨時股東大會將於二零一九年五月十日(星期五)召開(「臨時股東大會」)以批准本公司與廣東東陽光藥業訂立日期為二零一九年二月二十五日的收購協議項下擬進行之主要交易及關連交易。詳情請見本公司日期為二零一九年二月二十五日及二零一九年三月二十五日的公告。

為釐定股東出席將於二零一九年六月六日(星期四)召開的股東週年大會及臨時股東大會並於會上投票的資格，本公司將於二零一九年四月十日(星期三)至二零一九年六月六日(星期四)(包括首尾兩天)期間暫停辦理股份過戶登記手續，期間不會辦理股份過戶登記手續。

如欲享有出席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東須於二零一九年四月九日(星期二)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。

為釐定股東有權獲派擬派二零一八年末期股息的資格，本公司將於二零一九年六月十三日(星期四)至二零一九年六月十八日(星期二)(包括首尾兩天)期間暫停辦理股份過戶登記手續，期間不會辦理股份過戶登記手續。

# REPORT OF THE BOARD OF DIRECTORS

## 董事會報告

In order to qualify for receiving the proposed 2018 Final Dividend (subject to the approval by the Shareholders at the AGM), unregistered shareholders of the Company shall lodge transfer documents with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at the above mentioned address for registration before 4:30 p.m. on Wednesday, 12 June 2019.

### PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Company and its subsidiaries during the year of 2018 are set out in Note 10 to the Financial Statements.

### RESERVES

Details of movements in the reserves of the Company during the year 2018 are set out in Consolidated Statement of Changes in Equity, of which details of reserves available for distribution to equity Shareholders are set out in Consolidated Statement of Changes in Equity. The Company's reserves available for distribution to equity shareholders as at 31 December 2018 represents the retained profits of approximately RMB1,363.3 million (2017: RMB777.0 million).

### BANK BORROWINGS AND OTHER BORROWINGS

Details of bank borrowings and other borrowings of the Company and its subsidiaries as at 31 December 2018 are set out in Note 20 to the Financial Statements.

### INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The partial information and the biographical details of Directors, Supervisors and senior management of the Company are set out on page 33 to page 44 of the Annual Report.

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

### SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

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

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

為了符合獲派擬派二零一八年末期股息(須待股東於股東週年大會上批准·始可作實)的資格·本公司的未登記股東須於二零一九年六月十二日(星期三)下午四時三十分之前·將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、廠房及設備於二零一八年內的變動詳情載於財務報表附註10。

### 儲備

本公司於二零一八年內的儲備變動詳情載於綜合權益變動表·其中可供分配予權益股東的儲備情況載於綜合權益變動表。於二零一八年十二月三十一日·本公司可供分配予權益股東的儲備佔保留溢利約人民幣1,363.3百萬元(二零一七年:人民幣777.0百萬元)。

### 銀行貸款及其他借款

關於本公司及其附屬公司於二零一八年十二月三十一日之銀行貸款及其他借款的詳情載於財務報表附註20。

### 董事、監事及高級管理人員資料

董事、監事和高級管理人員的部分資料及簡歷詳情載於本年報第33至44頁。

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

### 董事及監事的服務合約

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

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

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

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

#### EMOLUMENTS OF DIRECTORS AND SUPERVISORS

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

#### 董事及監事的酬金

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

Details of the emoluments of the Directors and Supervisors in 2018 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 2018.

董事及監事於二零一八年酬金的詳情載於財務報表附註7。截至二零一八年十二月三十一日止年度，概無董事或監事放棄任何酬金。

Details of the emoluments of each senior management of the Company (excluding Directors who also hold executive positions) in 2018 are set out below:

各本公司高級管理人員(不包括兼任行政職銜的董事)於二零一八年酬金的詳情載列如下：

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

各本公司高級管理人員(不包括兼任行政職銜的董事)酬金載列如下：

|                                    |                                 | Salaries,<br>allowances and<br>benefits in kind<br>RMB'000<br>薪金、津貼<br>及實物福利<br>人民幣千元 | Contributions to<br>defined<br>contribution<br>retirement<br>benefit schemes<br>RMB'000<br>定額供款退休<br>福利計劃供款<br>人民幣千元 | Discretionary<br>bonuses<br>RMB'000<br>酌情花紅<br>人民幣千元 | 2018 Total<br>RMB'000<br>二零一八年總計<br>人民幣千元 |
|------------------------------------|---------------------------------|---|--|--|---|
| Mr. Lei Xiantong<br>雷先桐先生          | Chief financial officer<br>財務總監 | 203   | 16   | 105  | 324                                       |
| Mr. Peng Qiyun (i)<br>彭琪雲先生(i)     | Secretary of the Board<br>董事會秘書 | 30  | 3  | 50   | 83  |
| Mr. Pan Sanxiong (ii)<br>潘三雄先生(ii) | Secretary of the Board<br>董事會秘書 | 153   | 13   | –  | 166                                       |
| Total<br>總計                        |                                 | 386   | 32   | 155  | 573                                       |

(i) Mr. Peng Qiyun was appointed as secretary of the Board on 15 October 2018.

(i) 彭琪雲先生於二零一八年十月十五日獲委任為董事會秘書。

(ii) Mr. Pan Sanxiong resigned as secretary of the Board on 15 October 2018.

(ii) 潘三雄先生於二零一八年十月十五日辭任董事會秘書。

# REPORT OF THE BOARD OF DIRECTORS

## 董事會報告

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

At the end of the year of 2018 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

During the Reporting Period, neither the Company, its holding company, any of its subsidiaries nor fellow subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year 2018, 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 CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2018, none of the Directors, Supervisors and chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and short position in accordance with such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register kept by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows.

### 董事及監事於交易、安排或合約的權益

於二零一八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

於報告期內，概無本公司、其控股公司或其任何附屬公司或同系附屬公司參與訂立任何安排，致使本公司董事可藉購入本公司或任何其他法人團體之股份或債權證而獲益。

### 董事於競爭業務的權益

於二零一八年度內，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、監事及最高行政人員在股份、相關股份及債權證中擁有的權益及淡倉

於二零一八年十二月三十一日，概無董事、監事及本公司最高行政人員在本公司及其任何相聯法團（定義見證券及期貨條例第XV部）的股份、相關股份或債權證中擁有須根據證券及期貨條例第XV部第7及第8分部知會本公司及聯交所的權益及淡倉（包括其根據證券及期貨條例的該等規定被認為或視為擁有的權益及淡倉），或須根據證券及期貨條例第352條載入有關條例所述由本公司存置的登記冊內的權益及淡倉，或須根據標準守則知會本公司及聯交所的權益及淡倉。

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2018, to the knowledge of the Directors, the persons (other than the Directors, Supervisors or chief executive of the Company) who have an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

### 主要股東於股份的權益

於二零一八年十二月三十一日，就董事所知，下列人士（董事、監事或本公司最高行政人員除外）於本公司股份或相關股份中擁有須根據證券及期貨條例第XV部第2及第3分部向本公司披露的權益或淡倉，及記錄於根據證券及期貨條例第336條須予備存於本公司的登記冊的權益或淡倉：

| Name of Shareholders<br>股東名稱  | Types of Shares<br>股份類別 | Capacity<br>身份                                   | Number of  | Number of   | Approximate  | Approximate  |
|---|-------------------------|--|--|---|--|--|
|   |                         |  | Shares/underlying<br>Shares held<br>(shares)<br>持有股份/<br>相關股份數目<br>(股) | underlying<br>shares held under<br>equity derivatives<br>(shares)<br>以股本衍生工具<br>持有相關股份數目<br>(股) | percentage of<br>relevant class<br>of share capital<br>相關類別股本<br>的概約百分比<br>(%) | percentage of<br>total issued<br>share capital<br>已發行股本總額<br>的概約百分比<br>(%) |
| Guangdong HEC Technology Holding Co., Ltd.<br>廣東東陽光科技控股股份有限公司   | Domestic Shares<br>內資股  | Beneficial owner<br>實益擁有人                        | 226,200,000 (L)  | –   | 100% (L)   | 50.04% (L)   |
| Shenzhen HEC Industrial Development Co., Ltd.*2<br>深圳市東陽光實業發展有限公司*2   | Domestic Shares<br>內資股  | Interest in controlled<br>corporation<br>受控制法團權益 | 226,200,000 (L)  | –   | 100% (L)   | 50.04% (L)   |
| Shaoguan Xinyuneng Industrial Investment<br>Company Limited <sup>2</sup><br>韶關新禹能實業投資有限公司 <sup>2</sup>                  | Domestic Shares<br>內資股  | Interest in controlled<br>corporation<br>受控制法團權益 | 226,200,000 (L)  | –   | 100% (L)   | 50.04% (L)   |
| Ruyuan Yao Autonomous County Yuneng Electric<br>Industrial Co., Ltd. <sup>2</sup><br>乳源瑤族自治縣禹能電子實業有限公司 <sup>2</sup>     | Domestic Shares<br>內資股  | Interest in controlled<br>corporation<br>受控制法團權益 | 226,200,000 (L)  | –   | 100% (L)   | 50.04% (L)   |
| Ruyuan Yao Autonomous County Xinjing<br>Technology Development Co., Ltd. <sup>2</sup><br>乳源瑤族自治縣新京科技發展有限公司 <sup>2</sup> | Domestic Shares<br>內資股  | Interest in controlled<br>corporation<br>受控制法團權益 | 226,200,000 (L)  | –   | 100% (L)   | 50.04% (L)   |
| Mr. Zhang Zhongneng <sup>3</sup><br>張中能先生 <sup>3</sup>  | Domestic Shares<br>內資股  | Interest in controlled<br>corporation<br>受控制法團權益 | 226,200,000 (L)  | –   | 100% (L)   | 50.04% (L)   |
| Ms. Guo Meilan <sup>4</sup><br>郭梅蘭女士 <sup>4</sup>   | Domestic Shares<br>內資股  | Interest in controlled<br>corporation<br>受控制法團權益 | 226,200,000 (L)  | –   | 100% (L)   | 50.04% (L)   |



# REPORT OF THE BOARD OF DIRECTORS

## 董事會報告

| Name of Shareholders<br>股東名稱   | Types of Shares<br>股份類別 | Capacity<br>身份                        | Number of  | Number of   | Approximate  | Approximate  |
|--|-------------------------|---------------------------------------|--|---|--|--|
|  |                         |                                       | Shares/underlying<br>Shares held<br>(shares)<br>持有股份/<br>相關股份數目<br>(股) | underlying<br>shares held under<br>equity derivatives<br>(shares)<br>以股本衍生工具<br>持有相關股份數目<br>(股) | percentage of<br>relevant class<br>of share capital<br>相關類別股本<br>的概約百分比<br>(%) | percentage of<br>total issued<br>share capital<br>已發行股本總額<br>的概約百分比<br>(%) |
| North & South Brother Pharmacy Investment<br>Company Limited<br>南北兄弟藥業投資有限公司 | H Shares                | Beneficial owner                      | 81,456,400 (L)   | –   | 36.07% (L)   | 18.02% (L)   |
|  | H股                      | 實益擁有人                                 |  |   |  |  |
|  | H Shares                | Beneficial owner                      | 75,000,000 (S)   | –   | 33.21% (S)   | 16.59% (S)   |
|  | H股                      | 實益擁有人                                 |  |   |  |  |
| North & South Brother Investment<br>Holdings Limited <sup>5</sup>            | H Shares                | Interest in controlled<br>corporation | 81,456,400 (L)   | –   | 36.07% (L)   | 18.02% (L)   |
|  | H股                      | 受控制法團權益                               |  |   |  |  |
|  | H Shares                | Interest in controlled<br>corporation | 75,000,000 (S)   | –   | 33.21% (S)   | 16.59% (S)   |
|  | H股                      | 受控制法團權益                               |  |   |  |  |
| Mr. MO Kit <sup>5</sup><br>毛杰先生 <sup>5</sup>                                 | H Shares                | Interest in controlled<br>corporation | 81,456,400 (L)   | –   | 36.07% (L)   | 18.02% (L)   |
|  | H股                      | 受控制法團權益                               |  |   |  |  |
|  | H Shares                | Interest in controlled<br>corporation | 75,000,000 (S)   | –   | 33.21% (S)   | 16.59% (S)   |
|  | H股                      | 受控制法團權益                               |  |   |  |  |
| Sanxing Electric (Hong Kong) Company Limited                                 | H Shares                | Beneficial owner                      | 13,480,400 (L)   | –   | 5.97% (L)  | 2.98% (L)  |
|  | H股                      | 實益擁有人                                 |  |   |  |  |
| Ningbo Sanxing Medical Electric Co., Ltd. <sup>6</sup>                       | H Shares                | Interest in controlled<br>corporation | 13,480,400 (L)   | –   | 5.97% (L)  | 2.98% (L)  |
|  | H股                      | 受控制法團權益                               |  |   |  |  |

# REPORT OF THE BOARD OF DIRECTORS

## 董事會報告

MEDICINE

| Name of Shareholders<br>股東名稱  | Types of Shares<br>股份類別 | Capacity<br>身份                                   | Number of<br>Shares/underlying<br>Shares held<br>(shares)<br>持有股份/<br>相關股份數目<br>(股) | Number of<br>underlying<br>shares held under<br>equity derivatives<br>(shares)<br>以股本衍生工具<br>持有相關股份數目<br>(股) | Approximate<br>percentage of<br>relevant class<br>of share capital<br>的概約百分比<br>(%) | Approximate<br>percentage of<br>total issued<br>share capital<br>已發行股本總額<br>的概約百分比<br>(%) |
|---|-------------------------|--|---|--|---|---|
| AUX Holdings Co., Ltd. <sup>6</sup>   | H Shares<br>H股          | Interest in controlled<br>corporation<br>受控制法團權益 | 13,480,400 (L)  | –  | 5.97% (L)   | 2.98% (L)   |
| Mr. Zheng Jianjiang <sup>6</sup><br>鄭堅江先生 <sup>6</sup>                                    | H Shares<br>H股          | Interest in controlled<br>corporation<br>受控制法團權益 | 13,480,400 (L)  | –  | 5.97% (L)   | 2.98% (L)   |
| Ms. He Yiju <sup>7</sup><br>何意菊女士 <sup>7</sup>  | H Shares<br>H股          | Interest in controlled<br>corporation<br>受控制法團權益 | 13,480,400 (L)  | –  | 5.97% (L)   | 2.98% (L)   |
| 中金智德股權投資管理有限公司  | H Shares<br>H股          | Other<br>其他                                      | 11,705,490 (L)  | –  | 5.18% (L)   | 2.59% (L)   |
| China International Capital Corporation Limited <sup>8</sup><br>中國國際金融股份有限公司 <sup>8</sup> | H Shares<br>H股          | Interest in controlled<br>corporation<br>受控制法團權益 | 11,705,490 (L)  | –  | 5.18% (L)   | 2.59% (L)   |
| Stephen A. Schwarzman <sup>9</sup>  | H Shares<br>H股          | Interest in controlled<br>corporation<br>受控制法團權益 | –   | 82,631,578 (L)   | 36.59% (L)  | 18.28% (L)  |
| The Blackstone Group LP <sup>9</sup>  | H Shares<br>H股          | Interest in controlled<br>corporation<br>受控制法團權益 | –   | 82,631,578 (L)   | 36.59% (L)  | 18.28% (L)  |
| Blackstone Dawn Pte. Ltd. <sup>9</sup>  | H Shares<br>H股          | Beneficial owner<br>實益擁有人                        | –   | 82,217,924 (L)   | 36.41% (L)  | 18.19% (L)  |
| (L) – Long position   |                         |  |   | (L) – 好倉   |   |   |
| (S) – Short position  |                         |  |   | (S) – 淡倉   |   |   |

The calculation is based on the total number of 452,022,850 shares in issue of the Company as at 31 December 2018, comprising 226,200,000 Domestic Shares and 225,822,850 H Shares.

計算乃根據本公司於二零一八年十二月三十一日的已發行股份總數452,022,850股而得出，包括226,200,000股內資股及225,822,850股H股。

# REPORT OF THE BOARD OF DIRECTORS

## 董事會報告

### Notes:

- \* Mr. Tang Xinfu is a director of Shenzhen HEC Industrial Development Co., Ltd.
1. The shareholding information of the shareholders of the Company as at 31 December 2018 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 2018, Shenzhen HEC Industrial Development Co., Ltd. owned 27.97% equity interest in Guangdong HEC Technology Holding Co., Ltd., therefore Shenzhen HEC Industrial Development Co., Ltd. is deemed to be interested in the Shares held by Guangdong HEC Technology Holding Co., Ltd.
- Ruyuan Yao Autonomous County Yuneng Electric Industrial Co., Ltd. owned 42.34% equity interest in Shenzhen HEC Industrial Development Co., Ltd. and 58% equity interest in Shaoguan Xinyuneng Industrial Investment Company Limited, which owned 27.00% equity interest in Shenzhen HEC Industrial Development Co., Ltd., 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 Development Co., Ltd.
- Ruyuan Yao Autonomous County Xinjing Technology Development Co., Ltd. owned 30.66% equity interest in Shenzhen HEC Industrial Development Co., Ltd. and 42% equity interest in Shaoguan Xinyuneng Industrial Investment Company Limited, which owned 27.00% equity interest in Shenzhen HEC Industrial Development Co., Ltd., 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 Development Co., Ltd.
3. As at 31 December 2018, 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 2018, 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.
5. As at 31 December 2018, 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. Mr. MO Kit owned 100% equity interest in North & South Brother Investment Holdings Limited and therefore, he is deemed to be interested in the Shares which are interested by North & South Brother Investment Holdings Limited.

### 附註：

- \* 唐新發先生為深圳市東陽光實業發展有限公司的董事。
1. 本公司股東於二零一八年十二月三十一日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. 於二零一八年十二月三十一日，深圳市東陽光實業發展有限公司擁有廣東東陽光科技控股股份有限公司27.97%股本權益，因此深圳市東陽光實業發展有限公司被視為於廣東東陽光科技控股股份有限公司所持有之股份中擁有權益。
- 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發展有限公司42.34%股本權益及擁有韶關新寓能實業投資有限公司(其擁有深圳市東陽光實業發展有限公司27.00%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發展有限公司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發展有限公司30.66%股本權益及擁有韶關新寓能實業投資有限公司(其擁有深圳市東陽光實業發展有限公司27.00%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發展有限公司擁有的股份中擁有權益。
3. 於二零一八年十二月三十一日，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擁有的股份中擁有權益。
4. 於二零一八年十二月三十一日，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擁有的股份中擁有權益。
5. 於二零一八年十二月三十一日，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。毛杰先生於North & South Brother Investment Holdings Limited擁有100%股本權益，因此被視為於North & South Brother Investment Holdings Limited擁有的股份中擁有權益。

6. As at 31 December 2018, 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 32.08% and 16.47% equity interest in Ningbo Sanxing Medical Electric Co., Ltd. respectively.

Mr. Zheng Jianjiang owned 85% equity interest in Ningbo Yuanhe Electronics Technology Co., Ltd and owned 85% equity interest in Ningbo Yuanxing Industrial Investments Co., Ltd. Also, Ningbo Yuanhe Electronics Technology Co., Ltd and Ningbo Yuanxing Industrial Investments Co., Ltd owned 35% and 65% equity interest in AUX Holdings Co., Ltd. respectively. Therefore, AUX Holdings Co., Ltd. and Mr. Zheng Jianjiang are deemed to be interested in Shares which are interested by Ningbo Sanxing Medical Electric Co., Ltd.

7. As at 31 December 2018, Ms. He Yiju is the spouse of Mr. Zheng Jianjiang and is deemed to be interested in the Shares which are interested by Mr. Zheng Jianjiang under the SFO.

8. As at 31 December 2018, 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.

9. This represents the Shares to be issued upon the exercise of the conversion right attached to the H Share convertible bonds, which price being initially HK\$38 per H Share, subject to adjustment. Stephen A. Schwarzman through The Blackstone Group L.P. and its directly and indirectly controlled entities are deemed to be interested in the unlisted derivatives – convertible instruments in relation to 82,217,924 Shares held by Blackstone Dawn Pte. Ltd. and in relation to 413,654 Shares held by Blackstone Dawn Holdings ESC (Cayman) Ltd.

Save as disclosed above, as at 31 December 2018, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors, Supervisors or chief executive of the Company) in the Shares or underlying shares of the Company which are required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which are required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

6. 於二零一八年十二月三十一日，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. 32.08% 及 16.47% 股本權益。

鄭堅江先生擁有 Ningbo Yuanhe Electronics Technology Co., Ltd 85% 股本權益以及擁有 Ningbo Yuanxing Industrial Investments Co., Ltd. 85% 股本權益。此外，Ningbo Yuanhe Electronics Technology Co., Ltd 及 Ningbo Yuanxing Industrial Investments Co., Ltd 分別擁有 AUX Holdings Co., Ltd 35% 及 65% 股本權益。因此 AUX Holdings Co., Ltd. 及鄭堅江先生均被視為於 Ningbo Sanxing Medical Electric Co., Ltd. 擁有權益的股份中擁有權益。

7. 於二零一八年十二月三十一日，何意菊女士是鄭堅江先生的配偶，因而根據證券及期貨條例，被視為於鄭堅江先生擁有權益的股份中擁有權益。

8. 於二零一八年十二月三十一日，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。

9. 此代表行使 H 股可轉換債券上的轉換權時將予發行之股份。初始價格為每股 H 股 38 港元 (可予調整)。Stephen A. Schwarzman 透過 The Blackstone Group L.P. 及其直接及間接控制實體被視為於非上市衍生工具中擁有權益，非上市衍生工具指有關 Blackstone Dawn Pte. Ltd. 所持 82,217,924 股股份，有關 Blackstone Dawn Holdings ESC (Cayman) Ltd. 所持 413,654 股股份之可轉換工具。

除上文所披露外，於二零一八年十二月三十一日，據董事所知，概無任何人士 (除董事、監事或本公司最高行政人員外) 於本公司股份或相關股份或債權證中擁有須根據證券及期貨條例第 XV 部第 2 及第 3 分部向本公司披露的任何權益或淡倉，或記錄於根據證券及期貨條例第 336 條須予備存的本公司登記冊的權益或淡倉。

# REPORT OF THE BOARD OF DIRECTORS

## 董事會報告

### 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 2018.

### CONNECTED TRANSACTIONS

The Group has conducted certain non-exempt connected transactions during the year of 2018.

#### Connected Transactions

On 10 July 2018, the Company entered into an acquisition agreement with Sunshine Lake Pharma, pursuant to which the Company agreed to acquire, and Sunshine Lake Pharma agreed to dispose of the know-how, the ownership of the domestic approvals for manufacturing and marketing and the right to sale of six pharmaceutical products in the PRC at a consideration of RMB505,200,000 (the "Acquisition"), which comprised a prepayment of RMB252,600,000 and six milestone payments totaling RMB252,600,000. HEC Pharm is a controlling shareholder of the Company. Shenzhen HEC Industrial controls approximately 75.00% shareholding interests in HEC Pharm and also holds approximately 51.84% equity interests in Sunshine Lake Pharma, therefore, Sunshine Lake Pharma is a connected person of the Company by virtue of being an associate of HEC Pharm. As a result, this acquisition (the "Acquisition") also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Acquisition was approved by the independent shareholders of the Company at the extraordinary general meeting held on 30 August 2018.

For the reasons of entering into the transaction, the terms of payment and other detailed information, please refer to the announcements of the Company dated 10 July 2018, 15 August 2018 and 30 August 2018 and the circular of the Company dated 30 July 2018.

On 14 December 2018, the Company entered into an acquisition agreement with HEC Pharm and Yidu HEC Industrial Development Co., Ltd. ("Yidu HEC Industrial"), pursuant to which the Company agreed to acquire, and HEC Pharm and Yidu HEC Industrial agreed to dispose of, the entire equity interests in Yichang HEC Pharmaceutical at a total consideration of RMB124,700, including RMB105,995 payable to HEC Pharm and RMB18,705 payable to Yidu HEC Industrial.

Shenzhen HEC Industrial is a controlling shareholder of the Company. Both HEC Pharm and Yidu HEC Industrial are subsidiaries of Shenzhen HEC Industrial. Accordingly, each of HEC Pharm and Yidu HEC Industrial constitutes a connected person of the Company by virtue of being an associate of Shenzhen HEC Industrial and this acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

For the reasons of entering into the transaction, the terms of payment and other detailed information, please refer to the announcement of the Company dated 14 December 2018.

### 管理合約

於二零一八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

本集團於二零一八年內進行了若干非豁免關連交易。

#### 關連交易

於二零一八年七月十日，本公司與廣東東陽光藥業訂立收購協議，據此，本公司同意收購，而廣東東陽光藥業同意出售六種藥品的技術訣竅、生產及上市的國內批文的擁有權以及中國銷售權（「收購事項」），代價為人民幣505,200,000元，包括人民幣252,600,000元的預付款及總額為人民幣252,600,000元的六筆里程碑付款。宜昌東陽光為本公司的控股股東。深圳東陽光實業控制宜昌東陽光約75.00%股權，並持有廣東東陽光藥業約51.84%股權，因而廣東東陽光藥業作為宜昌東陽光的聯繫人而構成本公司的關連人士。因此，是次收購事項（「收購事項」）亦構成本公司根據上市規則第14A章的關連交易。收購事項於二零一八年八月三十日召開的臨時股東大會上已獲得本公司獨立股東之批准。

有關交易理由、付款安排及其他詳情請參閱本公司日期為二零一八年七月十日、二零一八年八月十五日及二零一八年八月三十日之公告及本公司日期為二零一八年七月三十日之通函。

於二零一八年十二月十四日，本公司與宜昌東陽光及宜都市東陽光實業發展有限公司（「宜都東陽光實業」）訂立收購協議，據此，本公司同意收購而宜昌東陽光及宜都東陽光實業同意出售宜昌東陽光製藥的全部股權，總代價為人民幣124,700元，包括應付予宜昌東陽光的人民幣105,995元及應付予宜都東陽光實業的人民幣18,705元。

深圳東陽光實業為本公司的控股股東。宜昌東陽光及宜都東陽光實業均為深圳東陽光實業的附屬公司。因此，宜昌東陽光及宜都東陽光實業各自因作為深圳東陽光實業之聯繫人而構成本公司之關連人士，且是次收購事項構成本公司根據上市規則第14A章之關連交易。

有關交易理由、付款安排及其他詳情請參閱本公司日期為二零一八年十二月十四日的公告。

On 25 February 2019, the Company entered into an acquisition agreement with Sunshine Lake Pharma, pursuant to which the Company agreed to acquire, and Sunshine Lake Pharma agreed to dispose, the intellectual property rights, industrial property rights and ownership rights in relation to 27 pharmaceutical products within the PRC at a total consideration of RMB1,626,434,600 (the "Proposed Acquisition"), which comprised a prepayment of RMB813,217,300, 27 milestone payments totalling RMB325,286,900 and two balance amounts totalling RMB487,930,400. The Parent Company is a controlling shareholder of the Company. Shenzhen HEC Industrial holds approximately 53.32% equity interests in the Parent Company and Sunshine Lake Pharma is an indirect non-wholly owned subsidiary of Shenzhen HEC Industrial. Therefore, Sunshine Lake Pharma is a connected person of the Company by virtue of being an associate of the Parent Company. Accordingly, the transaction contemplated thereunder constituted a connected transaction of the Company. Pursuant to Rule 14A.81 of the Listing Rules, the transactions under the Acquisition on 10 July 2018 and this acquisition shall be aggregated. As a result, this acquisition constitutes a major transaction and a connected transaction of the Company under Chapter 14A of the Listing Rules. The Proposed Acquisition is subject to, among others, approval by the independent shareholders of the Company at the extraordinary general meeting to be held on 10 May 2019.

For the reasons of entering into the transaction, the terms of payment and other detailed information, please refer to the announcement of the Company dated 25 February 2019 and page 29 of this Annual Report.

### Continuing Connected Transactions

The Group has conducted certain non-exempt continuing connected transactions during the year of 2018:

於二零一九年二月二十五日，本公司與廣東東陽光藥業訂立收購協議，據此，本公司同意收購，而廣東東陽光藥業同意出售與27種醫藥產品相關的中國境內知識產權、工業產權和所有權，總代價為人民幣1,626,434,600元（「建議收購事項」），包括預付款人民幣813,217,300元、合計人民幣325,286,900元的27份里程碑付款及合計人民幣487,930,400元的兩期餘額款項。母公司為本公司的控股股東。深圳東陽光實業持有母公司約53.32%股權，而廣東東陽光藥業為深圳東陽光實業的間接非全資附屬公司。故此，廣東東陽光藥業由於為母公司的聯繫人，因而為本公司的關連人士。因此，其項下擬進行之交易構成本公司的關連交易。根據上市規則第14A.81條，於二零一八年七月十日收購事項及是次收購事項項下的交易將予以合併計算。因此，是次收購事項構成本公司根據上市規則第14A章之主要交易及關連交易。建議收購事項須待（其中包括）本公司獨立股東於將於二零一九年五月十日舉行的臨時股東大會上批准後，方可作實。

有關交易理由、付款安排及其他詳情請參閱本公司日期為二零一九年二月二十五日的公告及本年報第29頁。

### 持續關連交易

本集團於二零一八年內進行了若干非豁免持續關連交易：

| Connected transactions under<br>關連交易事項  | Connected persons<br>關連人士   | Annual caps<br>for 2018<br>(RMB million)<br>二零一八年<br>年度上限<br>(人民幣百萬元) | Actual transaction<br>value in 2018<br>(RMB million)<br>於二零一八年的<br>實際交易值<br>(人民幣百萬元) |
|---|---|---|--|
|   |   | 1. Energy Purchase<br>採購能源  | HEC Pharm<br>Yichang HEC Power Plant Co., Ltd.<br>宜昌東陽光<br>宜昌東陽光火力發電有限公司             |
| 2. Purchase of Packaging Materials and<br>Chemical Raw Materials<br>採購包裝材料及化學原料 | HEC Pharm<br>Shaoguan HEC Packaging and Printing<br>Co., Ltd.<br>宜昌東陽光<br>韶關東陽光包裝印刷有限公司 | 40  | 24.855   |

# REPORT OF THE BOARD OF DIRECTORS

## 董事會報告

|   |   | <b>Annual caps<br/>for 2018<br/>(RMB million)</b> | <b>Actual transaction<br/>value in 2018<br/>(RMB million)</b> |
|---|---|---|---|
|   |   | 二零一八年<br>年度上限<br>(人民幣百萬元)                         | 於二零一八年的<br>實際交易值<br>(人民幣百萬元)                                  |
| <b>Connected transactions under</b>                           | <b>Connected persons</b>  |   |   |
| 關連交易事項  | 關連人士  |   |   |
| 3. Purchase of APIs   | HEC Pharm   | 4.5   | 3.484   |
| 3. 採購原料藥  | 宜昌東陽光   | 4.5   | 3.484   |
| 4. 2018 Liquid Waste Processing Agreement                     | HEC Pharm   | 3   | 2.579   |
| 4. 二零一八年委託處理污水協議  | 宜昌東陽光   | 3   | 2.579   |
| 5. Framework Equipment Purchase Agreement                     | Yidu Changjiang Machine and Equipment Co., Ltd.                               | 29.5  | 6.239   |
| 5. 設備購買框架協議   | 宜都長江機械設備有限公司  | 29.5  | 6.239   |
| 6. Framework Pharmaceutical Products and APIs Sales Agreement | Guangdong HEC Pharmaceutical Co., Ltd.<br>HEC Medicine Retail Chain Co., Ltd. | 9   | 2.318   |
| 6. 藥品及原料藥銷售框架協議   | 廣東東陽光藥業有限公司<br>東陽光藥零售連鎖有限公司   | 9   | 2.318   |

### 1. Framework Energy Procurement Agreement

On 6 December 2015, the Company entered into a framework energy procurement agreement with Shenzhen HEC Industrial in relation to the purchase of electricity and steam from Shenzhen HEC Industrial and its subsidiaries from time to time. The framework energy procurement agreement took effect upon the Listing Date and shall be valid for a period of three years ended in 2018. On 22 December 2017, the Company entered into the 2018-2020 framework energy procurement agreement with Shenzhen HEC Industrial with a term of three years, effective from 1 January 2018 to 31 December 2020. On 24 August 2018, the Board resolved to adjust the original annual caps under the 2018-2020 framework energy procurement agreement from the existing RMB14,521,000, RMB31,940,000 and RMB39,519,000 to RMB24,521,000, RMB41,940,000 and RMB49,518,400 for the years ended 31 December 2018, 31 December 2019 and 31 December 2020, respectively.

#### Pricing Policy

According to the framework energy procurement agreement, the price for the electricity to be charged under the 2018-2020 framework energy procurement agreement was determined with reference to the reply from Yichang Municipal Price Bureau (宜昌市物價局) to Yichang HEC Power Plant Co., Ltd. on direct supply of electricity price in Yidu District. The price for the steam to be charged under the 2018-2020 framework energy procurement agreement was determined with reference to the heat supply price of enterprise of heat supply from the heat pricing list of the heat supply enterprise issued by Yichang Municipal Price Bureau (宜昌市物價局).

For the reasons of entering into the transaction and other details, please refer to the prospectus of the Company dated 15 December 2015 and the announcements of the Company dated 22 December 2017 and 24 August 2018.

### 2. Framework Packaging and Chemical Materials Purchase Agreement

On 6 December 2015, the Company entered into a framework packaging and chemical materials purchase agreement with Shenzhen HEC Industrial in relation to the purchase of certain packaging and chemical materials from Shenzhen HEC Industrial and/or its associates (other than the Group) for the packaging and manufacturing of our pharmaceutical products. The framework packaging and chemical materials purchase agreement took effect upon the Listing Date and shall be valid for a period of three years ended in 2018. On 24 February 2017, the Board resolved to adjust the original annual cap for the year 2017 under the framework packaging and chemical materials purchase agreement from the existing RMB18,829,000 to RMB23,829,000.

### 1. 框架能源採購協議

於二零一五年十二月六日，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二零一八年止三個年度期間有效。於二零一七年十二月二十二日，本公司與深圳東陽光實業訂立二零一八年—二零二零年框架能源採購協議，為期三年，自二零一八年一月一日起生效至二零二零年十二月三十一日屆滿。於二零一八年八月二十四日，本公司決議將二零一八年至二零二零年框架能源採購協議項下截至二零一八年十二月三十一日、二零一九年十二月三十一日及二零二零年十二月三十一日止年度的原年度上限人民幣14,521,000元、人民幣31,940,000元及人民幣39,519,000元分別調整至人民幣24,521,000元、人民幣41,940,000元及人民幣49,518,400元。

#### 定價政策

根據框架能源採購協議，二零一八年至二零二零年框架能源採購協議項下所收取電力之價格乃參考宜昌市物價局對宜昌東陽光火力發電有限公司(深圳東陽光實業之附屬公司，向本公司提供電力及蒸汽)直供區內供電價格的覆函而定。二零一八年至二零二零年框架能源採購協議項下所收取之蒸汽價格乃參考宜昌市物價局發佈的供熱企業熱力價格表中同類型企業的供熱價格而定。

有關交易理由及其他詳情，請參閱本公司日期為二零一五年十二月十五日的招股章程及本公司日期為二零一七年十二月二十二日及二零一八年八月二十四日之公告。

### 2. 框架包裝及化學材料購買協議

於二零一五年十二月六日，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二零一八年止三個年度期間有效。於二零一七年二月二十四日，董事會議決調整框架包裝及化學材料購買協議項下交易的原二零一七年年限，由現有的人民幣18,829,000元至人民幣23,829,000元。



# REPORT OF THE BOARD OF DIRECTORS

## 董事會報告

On 22 December 2017, the Company entered into the 2018-2020 framework packaging and chemical materials purchase agreement with Shenzhen HEC Industrial with a term of three years, effective from 1 January 2018 to 31 December 2020. On 24 August 2018, the Board resolved to adjust the original annual caps under the 2018-2020 framework packaging and chemical materials purchase agreement from the existing RMB20,000,000, RMB25,200,000 and RMB32,000,000 to RMB40,000,000, RMB45,200,000 and RMB62,000,000 for the years ended 31 December 2018, 31 December 2019 and 31 December 2020, respectively.

### **Pricing Policy**

According to the framework packaging and chemical materials purchase agreement, when selecting supplier of the packaging and chemical materials, the Company will compare the quotations of Shenzhen HEC Industrial and/or its subsidiaries with the existing market price of relevant packaging and chemical materials. The price and terms offered by Shenzhen HEC Industrial and/or its subsidiaries were fair and reasonable and no less favorable than those offered by independent third party suppliers.

For the reasons of entering into the transaction and other details, please refer to the prospectus of the Company dated 15 December 2015 and the announcements of the Company dated 24 February 2017, 22 December 2017 and 24 August 2018.

### **3. Framework API Purchase Agreement**

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

於二零一七年十二月二十二日，本公司與深圳東陽光實業訂立二零一八年—二零二零年框架包裝及化學材料購買協議，為期三年，自二零一八年一月一日起生效至二零二零年十二月三十一日屆滿。於二零一八年八月二十四日，董事會決議將二零一八年至二零二零年框架包裝及化學材料購買協議項下截至二零一八年十二月三十一日、二零一九年十二月三十一日及二零二零年十二月三十一日止年度的原年度上限人民幣20,000,000元、人民幣25,200,000元及人民幣32,000,000元分別調整至人民幣40,000,000元、人民幣45,200,000元及人民幣62,000,000元。

### **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，本公司會將深圳市東陽光實業及／或其附屬公司的報價與相關包裝及化學材料之現行市價進行比較。深圳市東陽光實業及／或其附屬公司所提供之價格及條款實屬公平合理，並不遜於獨立第三方供貨商所提供者。

有關交易理由及其他詳情，請參閱本公司日期為二零一五年十二月十五日的招股章程及本公司日期為二零一七年二月二十四日、二零一七年十二月二十二日及二零一八年八月二十四日之公告。

### **3. 框架原料藥購買協議**

於二零一五年十二月六日，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二零一八年止三年度期間有效。於二零一七年十二月二十二日，本公司與深圳東陽光實業訂立二零一八年—二零二零年框架原料藥購買協議，為期三年，自二零一八年一月一日起生效至二零二零年十二月三十一日屆滿。

#### **Pricing Policy**

According to the framework API purchase agreement, when selecting supplier of the API, the Company will compare the quotations of Shenzhen HEC Industrial and/or its subsidiaries with the existing market price of relevant API. The price and terms offered by Shenzhen HEC Industrial and/or its subsidiaries were fair and reasonable and no less favorable to those offered by independent third party suppliers.

For the reasons of entering into the transaction and other details, please refer to the prospectus of the Company dated 15 December 2015 and the announcement of the Company dated 22 December 2017.

#### **4. 2017 Liquid Waste Processing Agreement**

On 24 February 2017, the Company entered into the 2017 liquid waste processing agreement with HEC Pharm, pursuant to which, HEC Pharm has agreed to provide liquid waste processing service to the Company. The term of the 2017 liquid waste processing agreement is from 24 February 2017 to 31 December 2019. On 24 August 2018, the Board resolved to adjust the original annual cap under the 2017 liquid waste processing agreement from the existing RMB3,000,000 to RMB4,200,000 for the year ended 31 December 2019.

#### **Pricing Policy**

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

For the reasons of entering into the transaction and other details, please refer to the announcements of the Company dated 24 February 2017 and 24 August 2018.

#### **定價政策**

根據框架原料藥購買協議，選擇原料藥供貨商時，本公司會將深圳市東陽光實業及／或其附屬公司報價與相關原料藥之現行市價進行比較。深圳市東陽光實業及／或其附屬公司所提供之價格及條款實屬公平合理，並不遜於獨立第三方供貨商所提供者。

有關交易理由及其他詳情，請參閱本公司日期為二零一五年十二月十五日的招股章程及本公司日期為二零一七年十二月二十二日的公告。

#### **4. 二零一七年委託處理污水協議**

於二零一七年二月二十四日，本公司與宜昌東陽光訂立二零一七年委託處理污水協議，據此宜昌東陽光同意向本公司提供液體廢料處理服務。二零一七年委託處理污水協議的期限自二零一七年二月二十四日起至二零一九年十二月三十一日止。於二零一八年八月二十四日，董事會決議將二零一七年委託處理污水協議項下截至二零一九年十二月三十一日止年度的原年度上限人民幣3,000,000元調整至人民幣4,200,000元。

#### **定價政策**

宜昌東陽光將僅按所產生實際成本收取服務費，優於本公司能夠自獨立第三方取得的條款。

有關交易理由及其他詳情，請參閱本公司日期為二零一七年二月二十四日及二零一八年八月二十四日的公告。

#### 5. Framework Equipment Purchase Agreement

On 24 February 2017, the Company entered into the framework equipment purchase agreement with Shenzhen HEC Industrial, pursuant to which, the Company has agreed to purchase customized equipment from Shenzhen HEC Industrial and/or its associates. The term of the framework equipment purchase agreement is from 24 February 2017 to 31 December 2019. On 24 August 2018, the Board resolved to adjust the original annual caps under the framework equipment purchase agreement from the existing RMB9,500,000 and RMB5,500,000 to RMB29,500,000 and RMB15,500,000 for the years ended 31 December 2018 and 31 December 2019, respectively.

##### **Pricing Policy**

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

For the reasons of entering into the transaction and other details, please refer to the announcements of the Company dated 24 February 2017 and 24 August 2018.

#### 6. Framework Pharmaceutical Products and APIs Sales Agreement

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

##### **Pricing Policy**

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

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

#### 5. 設備購買框架協議

於二零一七年二月二十四日，本公司與深圳東陽光實業訂立設備購買框架協議，據此，本公司已同意向深圳東陽光實業及／或其聯繫人採購定製設備。設備購買框架協議的期限自二零一七年二月二十四日起至二零一九年十二月三十一日止。於二零一八年八月二十四日，董事會決議將設備購買框架協議項下載至二零一八年十二月三十一日及二零一九年十二月三十一日止年度的原年度上限人民幣9,500,000元及人民幣5,500,000元分別調整至人民幣29,500,000元及人民幣15,500,000元。

##### **定價政策**

根據設備購買框架協議，定製設備價格將參考湖北省住房和城鄉建設廳於二零一三年發佈的《湖北省通用安裝工程消耗量定額及單位估價表》釐定。《消耗量定額及單位估價表》載列每個應收費類別及計算每個類別不同情形下費用的公式，為計算服務費用提供預定公式。

有關交易理由及其他詳情，請參閱本公司日期為二零一七年二月二十四日及二零一八年八月二十四日的公告。

#### 6. 藥品及原料藥銷售框架協議

於二零一七年二月二十四日，本公司與深圳東陽光實業訂立藥品及原料藥銷售框架協議，據此，深圳東陽光實業及／或其聯繫人已同意向本公司採購藥品及原料藥。藥品及原料藥銷售框架協議的期限自二零一七年二月二十四日起至二零一九年十二月三十一日止。

##### **定價政策**

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

有關交易理由及其他詳情，請參閱本公司日期為二零一七年二月二十四日的公告。

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

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

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

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

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its letter to the Board containing the auditor's findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 61 to 62 of the Annual Report in accordance with Listing Rule 14A.56. A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

Details of the related party transactions of the Group are set out in Note 27 of the Consolidated Financial Statements. Apart from the connected transactions and continuing connected transactions as disclosed in this Annual Report, none of the related party transactions constituted connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules, which are subject to announcement or independent shareholders' approval requirements. The Company has complied with disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the connected transactions and the continuing connected transactions as set out in the Annual Report.

**本公司獨立非執行董事審閱及確認**

獨立非執行董事已審閱上述持續關連交易，並確認該等交易：

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

**有關本集團持續關連交易之外部核數師報告**

本公司的核數師已獲委聘，根據香港會計師公會所頒佈《香港核證工作準則》第3000號（經修訂）「歷史財務資料審計或審閱以外的核證工作」，及參考《實務說明》第740號「關於香港上市規則所述持續關連交易的核數師函件」，就本集團的持續關連交易作出匯報。核數師已根據上市規則第14A.56條向董事會發出本集團於年報第61頁至62頁所披露之持續關連交易的函件，當中載有其發現及結論。本公司已向香港聯交所提供核數師函件副本。

本集團的關聯方交易詳情載於綜合財務報表附註27。除於本年報披露的關連交易及持續關連交易外，概無關聯方交易構成上市規則第十四A章項下須予公告或由獨立股東批准的關連交易或持續關連交易。本公司已就本年報內所載列的關連交易和持續關連交易遵守之上市規則第十四A章項下的披露規定。

# REPORT OF THE BOARD OF DIRECTORS

## 董事會報告

### NON-COMPETITION AGREEMENT

The Company had entered into a non-competition agreement on 6 December 2015 (the "Non-competition Agreement") with HEC Pharm, Linzhi HEC Pharmaceutical Investment Co., Ltd. (林芝東陽光藥業投資有限公司), Dongguan HEC Industrial Development Co., Ltd. (東莞市東陽光實業發展有限公司), Shenzhen HEC Industrial, 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), Ruyuan Yao Autonomous County Xinjing Technology Development Co., Ltd. (乳源瑤族自治縣新景科技發展有限公司), Mr. ZHANG Zhongneng (張中能) and Ms. GUO Meilan (郭梅蘭) (collectively, "the Then Controlling Shareholders"), under which such Then Controlling Shareholders agreed not to, and to procure their 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 Then Controlling Shareholders and/or its subsidiaries (other than the Group) and certain future new business.

The Then Controlling Shareholders, the Parent Company, a subsidiary of Shenzhen HEC Industrial, and Shaoguan Xinyuneng Industrial Investment Company Limited (韶關新寓能實業投資有限公司), a subsidiary of Ruyuan Yao Autonomous County Yuneng Electric Industrial Co., Ltd., have confirmed in writing to the Company of their compliance with the Non-competition Agreement for disclosure in this Annual Report during the Reporting Period.

The independent non-executive Directors have reviewed the Non-competition Agreement and had determined that the Then Controlling Shareholders and their subsidiaries 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 2015. As disclosed in the prospectus, we have entered into the Strategic Cooperation Agreement with Shenzhen HEC Industrial, pursuant to which we have a pre-emptive right to acquire the right to manufacture and sell new pharmaceutical products being developed by HEC Research Group (including Yichang HEC Research Co., Ltd. (宜昌東陽光藥研發有限公司), Linzhi HEC Pharmaceutical Investment Co., Ltd. (林芝東陽光藥業投資有限公司) and their respective subsidiaries, being the subsidiaries of Shenzhen HEC Industrial). During the year of 2018, in consideration of the potential market of certain pharmaceutical products developed by Sunshine Lake Pharma and the Company's long-term development strategy, the Company exercised the pre-emptive right under the Strategic Cooperation Agreement to acquire six pharmaceutical products from Sunshine Lake Pharma (a subsidiary of HEC Research Group). Please refer to page 26 and page 60 of this annual report. In addition, considering the future product structure and sales strategy of the Company, the Board has approved to give up the pre-emptive right to acquire to manufacture and sell Moxifloxacin hydrochloride Eye Drops (鹽酸莫西沙星滴眼液) in year 2018.

### 避免同業競爭協議

我們已於二零一五年十二月六日與宜昌東陽光、林芝東陽光藥業投資有限公司、東莞市東陽光實業發展有限公司、深圳市東陽光實業、乳源瑤族自治縣寓能電子實業有限公司、乳源瑤族自治縣新景科技發展有限公司、張中能先生及郭梅蘭女士(統稱為「時任控股股東」)訂立避免同業競爭協議(「避免同業競爭協議」)，據此該時任控股股東同意不會，並將促使彼等的附屬公司(本集團除外)不會就我們的業務與我們競爭，並向我們授予選擇權以收購由時任控股股東及／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。

時任控股股東、母公司(深圳市東陽光實業的附屬公司)及韶關新寓能實業投資有限公司(乳源瑤族自治縣寓能電子實業有限公司的附屬公司)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，時任控股股東及彼等的附屬公司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二零一五年十二月十五日的招股章程「業務」一節。如招股章程中披露，我們已經與深圳市東陽光實業訂立戰略合作協議，據此我們可有取得東陽光藥研發集團(包括宜昌東陽光藥研發有限公司、林芝東陽光藥業投資有限公司及其各自的附屬公司，為深圳東陽光實業的附屬公司)開發的新藥品的生產及銷售的優先權利。於二零一八年度內，基於廣東東陽光藥業開發的若干藥品的潛在市場及本公司的長期發展戰略考慮，本公司行使戰略合作協議項下的優先購買權，以自廣東東陽光藥業(東陽光藥研發集團的附屬公司)收購六種藥品。請參閱本年報第26頁及第60頁。此外，考慮到本集團未來的產品結構及銷售戰略，董事會於二零一八年批准放棄收購製造及銷售鹽酸莫西沙星滴眼液的優先購買權。

### MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2018, the total amount of procurement from the five largest suppliers of the Company accounted for 44.83% of the total amount of procurement of the year. Among the five largest suppliers for the year of 2018, HEC Pharm and Shaoguan HEC Packaging and Printing Co., Ltd. are subsidiaries of Shenzhen HEC Industrial; the single largest supplier was Shaanxi Jiahe Phytochem Co. HEC Pharm, Ltd. and our purchase from that company accounted for 13.80% of the total purchase amount during the year.

For the year ended 31 December 2018, the total amount of sales to the five largest customers of the Company accounted for 17.27% of the total revenue of sales of the year. The sales to the largest customers accounted for 5.89% of the total revenue of sales of the year.

Save as disclosed above, during the year of 2018, to the knowledge of the Directors, none of the Directors, their close associates, or Shareholders of the Company (which, to the knowledge of the Directors, owned more than 5% of the number of issued Shares of the Company) had interests in the five largest suppliers or customers of the Company.

### MAJOR ACQUISITION

I. On 10 July 2018, the Company entered into an acquisition agreement with Sunshine Lake Pharma, pursuant to which the Company shall pay a consideration of RMB505.20 million to acquire the technique, the ownership of approvals for manufacturing and marketing and the right to sale of Clarithromycin Sustained Release Tablets (克拉黴素緩釋片), Levofloxacin Tablets (左氧氟沙星片), Clarithromycin Tablets (克拉黴素片), Moxifloxacin Tablets (莫西沙星片), Olmesartan Tablets (奧美沙坦酯片) and Esomeprazole Magnesium Enteric-coated Tablets (埃索美拉唑鎂腸溶膠囊) (the "Target Products"). Such consideration included a prepayment of RMB252.60 million and a total amount of milestone payment (with respect to one particular Target Product, shall be payable upon the obtaining of the National Medical Products Administration approvals for manufacturing, marketing and sale of such Target Product and the change of ownership to such approvals from Sunshine Lake Pharma to the Company) of RMB252.60 million. Please refer to the announcements of the Company dated 10 July 2018, 15 August 2018 and 30 August 2018 and the circular of the Company dated 30 July 2018 for further details.

### 主要客戶及供貨商

截至二零一八年十二月三十一日止年度，本公司向五大供貨商的採購總額佔年度採購總額的44.83%。二零一八年度五大供貨商中，宜昌東陽光和韶關東陽光包裝印刷有限公司為深圳市東陽光實業的附屬公司；最大供貨商為陝西嘉禾生物科技股份有限公司，而我們向該公司的採購額佔年內採購總額的13.80%。

截至二零一八年十二月三十一日止年度，本公司向五大客戶的銷售總額佔年度銷售總額17.27%。本公司最大客戶的銷售總額佔年度銷售總額5.89%。

除以上所披露外，於二零一八年年內，就董事所知，董事、其緊密聯繫人或據董事所知任何擁有本公司已發行的股份數目5%以上的本公司股東概無擁有本公司五大供貨商或客戶的任何權益。

### 主要收購事項

I. 於二零一八年七月十日，本公司與廣東東陽光藥業訂立收購協議。根據該協議，本公司將支付人民幣505.20百萬元的代價收購克拉黴素緩釋片、左氧氟沙星片、克拉黴素片、莫西沙星片、奧美沙坦酯片及埃索美拉唑鎂腸溶膠囊（「目標產品」）的技術訣竅、生產及上市批文的擁有權及銷售權。上述代價包括人民幣252.60百萬元的預付款及總額為人民幣252.60百萬元的里程碑付款（就單個目標產品而言，於取得於國家藥品監督管理局有關生產、上市及銷售該目標產品的批文，以及該批文擁有權由廣東東陽光藥業變為本公司擁有後應付）。詳細信息請參見本公司日期為二零一八年七月十日、二零一八年八月十五日及二零一八年八月三十日之公告及本公司日期為二零一八年七月三十日之通函。

# REPORT OF THE BOARD OF DIRECTORS

## 董事會報告

2. On 14 December 2018, the Company entered into an acquisition agreement with HEC Pharm and Yidu HEC Industrial, pursuant to which the Company agreed to acquire the entire equity interests in Yichang HEC Pharmaceutical at a total consideration of RMB124,700, including RMB105,995 payable to HEC Pharm and RMB18,705 payable to Yidu HEC Industrial. Please refer to the announcement of the Company dated 14 December 2018 for further details.

### CONTRACT OF SIGNIFICANCE

Save as disclosed in this Annual Report, at no time during the year of 2018 had the Company or any of its subsidiaries entered into any contract of significance with the Controlling Shareholder or any of its subsidiaries, nor had any contract of significance been entered into for the services provided by the Controlling Shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

### RETIREMENT AND EMPLOYEE BENEFITS SCHEME

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

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a company listed on the Stock Exchange, the Company always strives to maintain a high level of corporate governance and had complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules for the year ended 31 December 2018.

### 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.

2. 於二零一八年十二月十四日，本公司與宜昌東陽光及宜都東陽光實業訂立收購協議。根據該協議，本公司將支付人民幣124,700元的代價收購宜昌東陽光製藥的全部股權，包括本公司應付予宜昌東陽光的人民幣105,995元及應付予宜都東陽光實業的人民幣18,705元。詳細信息請參見本公司日期為二零一八年十二月十四日之公告。

### 重要合約

除本年報所披露者外，於二零一八年內任何時間，本公司或其任何附屬公司概無與控股股東或其任何附屬公司訂立任何重要合約，亦無就控股股東或其任何附屬公司向本公司或其任何附屬公司提供服務而訂立任何重要合約。

### 退休及僱員福利計劃

退休及僱員福利計劃詳情載於綜合財務報表附註5(b)。

### 遵守企業管治守則

本公司作為聯交所上市公司，始終致力於保持高水平的企業管治，並已於截至二零一八年十二月三十一日止年度遵守載於上市規則附錄十四所載的企業管治守則的所有守則條文。

### 公眾持股量

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

## USE OF PROCEEDS

### Proceeds from the Global Offering

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

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

As at 31 December 2018, details of utilization of the net proceeds raised from the Global Offering are as follows:

### 所得款項用途

#### 全球發售所得款項

根據全球發售最終結果，全球發售募集資金淨額約港幣1,307.5百萬元(約人民幣1,095.4百萬元)。

鑒於存款利率相對較低，為提升全球發售所得款項淨額的使用效率及避免匯兌虧損，基於最新的新口服製劑生產工廠及新胰島素生產工廠的工程預算，董事會於二零一七年十二月二十二日決議將初始分配用作(i)興建新口服製劑生產工廠及(ii)產品推廣及營銷活動的未動用所得款項淨額約人民幣701.4百萬元進行重新分配，用於(i)興建新胰島素生產工廠及(ii)營運資金及一般企業用途，包括支付有關磷酸奧司他韋的專利授權許可使用費及股東現金股利等。

於二零一八年十二月三十一日，全球發售所得款項淨額的使用詳情如下：

|  |             | <b>Revised allocation<br/>of use of net proceeds<br/>(Approximate<br/>RMB million)</b> | <b>Utilized amount as<br/>at 31 December 2018<br/>(Approximate<br/>RMB million)</b> |
|--|-------------|--|---|
|  |             | 所得款項淨額<br>用途的經修訂分配<br>(約人民幣百萬元)  | 於截至二零一八年<br>十二月三十一日<br>的已動用金額<br>(約人民幣百萬元)  |
| New oral formulation production plant          | 新口服製劑生產工廠   | 300.0  | 239.8   |
| New insulin production plant                   | 新胰島素生產工廠    | 328.7  | 173.2   |
| Promotional and marketing activities           | 推廣及營銷活動     | 136.1  | 136.1   |
| Working capital and general corporate purposes | 營運資金及一般企業用途 | 330.6  | 303.6   |
| <b>Total</b>                                   | <b>總計</b>   | <b>1,095.4</b>   | <b>852.7</b>  |



# REPORT OF THE BOARD OF DIRECTORS

## 董事會報告

### Proceeds from H Share Convertible Bonds

On 14 August 2018, the Company entered into a subscription agreement the (“Subscription Agreement”) with certain entities ultimately controlled by The Blackstone Group L.P. (the “Blackstone Fund SPVs”), pursuant to which, the Blackstone Fund SPVs have conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, the H share convertible bonds with an aggregate principal amount of US\$400,000,000 (the “H Share Convertible Bonds”).

The H Share Convertible Bonds, which bear interest at the rate of 3.0% per annum and may be converted into 82,631,578 conversion shares at the initial conversion price of HK\$38 per share (assuming full conversion of the H Share Convertible Bonds), representing approximately 18.28% of the existing issued share capital of the Company as at the date of this Annual Report and approximately 15.46% of the total issued share capital as enlarged by the issue of the conversion shares.

The proceeds from the issue of the H Share Convertible Bonds are intended to be used for the purposes of the acquisition of drugs and other pharmaceutical products (including active pharmaceutical ingredients), capital expenditure on production facilities, expansion of sales and distribution networks and other purposes subject to the prior written consent of the subscriber.

The proposed issue of H Share Convertible Bonds represents an excellent opportunity for the Company to embrace market opportunities and enhance its market positions in the pharmaceutical industry. At the same time, the Group plans to tap this opportunity to introduce Blackstone as a long-term strategic investor to help the Company carry out drug acquisitions, advance its development strategy, operation and management, strengthen international cooperation, and improve corporate governance and investor relations.

On 20 February 2019, all conditions precedent under the Subscription Agreement had been fulfilled. The completion of the H Share Convertible Bonds took place on 20 February 2019. The Company has received the net proceeds from the issue of the H Share Convertible Bonds, after deduction of expenses payable in connection with the Proposed Issue, of approximately US\$398 million. The Company intends to allocate the net proceeds from the issue of the H Share Convertible Bonds in the following manner: (i) 60% to 70% on the acquisition of drugs and other pharmaceutical products (including active pharmaceutical ingredients), (ii) 20% to 30% on capital expenditure on production facilities, (iii) 10% to 20% on expansion of sales and distribution networks and other purposes subject to the prior written consent of the Subscriber, respectively. As at the date of this annual report, the net proceeds from H Share Convertible Bonds has not been utilized. No exercise of conversion rights under the H Share Convertible Bonds were issued by the Company as at the date of the annual report.

Details of the H Share Convertible Bonds were disclosed in the announcements of the Company dated 14 August 2018, 15 October 2018 and 20 February 2019 and the circular of the Company dated 11 September 2018.

### H股可轉換債券所得款項

於二零一八年八月十四日，本公司與由The Blackstone Group L.P.最終控制的若干實體（「黑石基金特殊目的實體」）訂立認購協議（「認購協議」），據此，黑石基金特殊目的實體已有條件同意認購，而本公司已有條件同意發行，本金金額合共為400,000,000美元的H股可轉換債券（「H股可轉換債券」）。

H股可轉換債券將按以年利率3.0%計息，且可按每股38港元的初始轉換價格轉換為82,631,578股轉換股份（假設H股可轉換債券獲悉數轉換），約佔於本年報日期本公司現有已發行股本的約18.28%及約佔經發行轉換股份擴大的已發行股本總額的約15.46%。

發行H股可轉換債券所得資金擬用於收購藥品和其他製藥產品（包括原料藥）、生產設施資本支出、擴大銷售和分銷網絡以及受限於認購人事先書面同意的其他目的。

建議發行H股可轉換債券是本公司把握市場機遇及提升於醫藥行業的市場地位的良機。同時，本集團計劃藉此機會引入黑石作為長期戰略投資者，以幫助本公司開展藥品收購，推進發展策略、運營及管理，加強國際合作及提升企業管治及投資者關係。

於二零一九年二月二十日，認購協議項下所有先決條件已獲達成。H股可轉換債券於二零一九年二月二十日交割。本公司已收到發行H股可轉換債券所得資金淨額（經扣除擬議發行相關應付費用後）約為398百萬美元。本公司擬按以下方式分配發行H股可轉換債券所得資金淨額：(i) 60%至70%用於收購藥品和其他製藥產品（包括原料藥）、(ii) 20%至30%用作生產設施資本支出、(iii) 10%至20%用於擴大銷售和經銷網絡以及受限於認購人事先書面同意的其他目的。於本年報日期，並未動用H股可轉換債券所得款項淨額。於本年報日期，概無H股可轉換債券項下的轉換權獲行使。

有關H股可轉換債券之詳情於本公司日期為二零一八年八月十四日、二零一八年十月十五日及二零一九年二月二十日之公告及本公司日期為二零一八年九月十一日之通函內披露。

### SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 December 2018, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company.

### AUDIT COMMITTEE

The audit committee of the Company includes two independent non-executive directors, namely Mr. Tang Jianxin and Mr. Lee Chi Ming and one non-executive director, namely Mr. Tang Xinfa. 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 2018 annual results announcement, the Annual Report and the audited financial statements for the year ended 31 December 2018 prepared in accordance with the IFRS.

### 重大法律訴訟

截至二零一八年十二月三十一日止年度，本公司並無涉及任何重大法律訴訟或仲裁。就董事所知，亦無任何尚未了結或本公司可能面臨的重大法律訴訟或索賠。

### 審核委員會

本公司的審核委員會包括兩名獨立非執行董事唐建新先生及李志明先生及一名非執行董事唐新發先生。唐建新先生具備財務專業資格和經驗，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二零一八年之年度業績公告、年報，及按國際財務報告準則編製的截至二零一八年十二月三十一日止年度的經審核財務報表。

# REPORT OF THE BOARD OF DIRECTORS

## 董事會報告

### ENVIRONMENTAL POLICIES AND PERFORMANCE

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

### COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements could lead to the termination of operating licences. The Group has been allocating system and staff resources to ensure ongoing compliance with rules and regulations and to maintain cordial working relationships with regulators effectively through effective communications. During the year of 2018, the Group has complied, to the best of our knowledge, with all relevant rules and regulations that have a significant impact on the Company, including but not limited to the Company Law of the PRC, the Securities Law of the PRC, the Code of Corporate Governance for Listed Companies, the Listing Rules, the Law of the PRC on the Administration of Drugs, the Measures for the Administration of Drug Registration and the Good Manufacture Practice of Drugs.

### RELATIONSHIP WITH STAKEHOLDERS

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

### 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。

### 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。於二零一八年間，就我們所知悉，本集團已遵守所有對本公司有重要影響的相關規則及法規，包括但不限於《中國公司法》、《中華人民共和國證券法》、《上市公司治理規則》、上市規則、《中華人民共和國藥品管理法》、《藥品註冊管理辦法》及《藥品生產質量管理規範》。

### 持份者關係

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

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.

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

## AUDITORS

The consolidated financial statements of the Company for the year ended 31 December 2018 have been audited by KPMG who retire and, being eligible, offer themselves for re-appointment at the AGM. A resolution for the re-appointment of KPMG as the Company's auditors will be proposed for shareholders' approval at the forthcoming AGM. The Company did not change the auditor for the past four years.

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。

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

本集團截至二零一八年十二月三十一日止年度綜合財務報表由畢馬威會計師事務所審核。畢馬威會計師事務所將於股東週年大會退任，惟其合資格並願意獲續聘連任。有關續聘畢馬威會計師事務所為本公司核數師的決議案，將於應屆股東週年大會上提呈。本公司於過去四年並無更換核數師。

# REPORT OF THE BOARD OF DIRECTORS

## 董事會報告

### 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 Xinfa**

*Chairman*

Hubei, the PRC

22 March 2019

### 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

二零一九年三月二十二日

In 2018, all members of the Board of Supervisors complied with the requirement of the Company Law of the PRC, the Articles of Association, as well as relevant regulations to diligently and honestly perform their duties. They independently exercised their power under the law to ensure the standard operation of the Company and protect the interests of the Company and the investors. The Board of Supervisors supervised the Company's operation plans, use of proceeds from financing activities, connected transactions, production and operation activities of the Company, financial position and performance of duty of Directors and senior management of the Company as well as the operation of subsidiaries, and facilitated the compliant operation and healthy development of the Company. The report of main works of the Board of Supervisors for the year is set forth below:

#### I. BASIC ASSESSMENT OF THE COMPANY'S OPERATION AND MANAGEMENT ACTIVITIES AND PERFORMANCE IN 2018

In 2018, the Board of Supervisors strictly complied with the requirement of the Company Law of the PRC, the Articles of Association, the Rules of the Procedures of the Board of Supervisors as well as relevant laws and regulations to honestly perform its supervise duties in pragmatically protecting the interests and rights of the Company and the many minority Shareholders.

After having attended each of the meetings of the Board of Directors and the Shareholders' general meetings in 2018, the Board of Supervisors is of the opinion that the Board of Directors has earnestly implemented resolutions of the Shareholders' general meetings and faithfully performed fiduciary duties, it has not conducted any acts which would damage the interests of the Company and the Shareholders. Each resolution of the Board of Directors has been in compliance with the requirement of the Company Law of the PRC and other laws and regulations as well as the Articles of Association. The Board of Supervisors supervised the production and operation activities of the Company during its session period. It considers that the management members of Company earnestly implemented every resolutions of the Board with due diligence and conducted no acts of violation in the course of business.

二零一八年度監事會全體成員按照《中國公司法》、公司章程以及相關的法規要求，勤勉、認真地履行職能，依法獨立行使職權，以保障本公司規範運作，維護本公司和投資者利益。監事會對本公司經營計劃、募集資金使用情況、關聯交易、本公司生產經營活動、財務狀況和本公司董事、高級管理人員的履職情況、附屬公司的經營情況進行了監督，促進了本公司規範運作和健康發展。現將監事會在本年度的主要工作報告如下：

#### 一、對本公司二零一八年度經營管理行為和業績的基本評價

二零一八年監事會嚴格按照《中國公司法》、公司章程、《監事會議事規則》和有關法律、法規的要求，從切實維護本公司利益和廣大中小股東權益出發，認真履行監督職責。

監事會列席了二零一八年歷次董事會會議和股東大會，並認為：董事會認真執行了股東大會的決議，忠實履行了誠信義務，未出現損害本公司、股東利益的行為，董事會的各項決議符合《中國公司法》等法律法規和公司章程的要求。監事會對任期內本公司的生產經營活動進行了監督，認為本公司經營班子勤勉盡責，認真執行了董事會的各項決議，經營中不存在違規操作行為。

# REPORT OF THE BOARD OF SUPERVISORS

## 監事會報告

### 2. DETAILS OF MEETINGS OF BOARD OF SUPERVISORS

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

- (1) On 23 March 2018, the first meeting of 2018 of Board of Supervisors was convened and approved the resolutions in relation to Work Report of Board of Supervisors for 2017, 2017 Final Accounts Report of the Company, The Plan Regarding Dividend Distribution for 2017 and The Proposal Regarding Continuing Connected Transactions for 2017 were considered and approved.
- (2) On 10 April 2018, the second meeting of 2018 of Board of Supervisors was convened and approved the resolution in relation to The Proposal Regarding Change of session of the Board of Supervisors of the Company was considered and approved.
- (3) On 24 August 2018, the third meeting of 2018 of Board of Supervisors was convened and approved the resolution in relation to the interim results announcement for the six months ended 30 June 2018, Interim Report for the six months ended 30 June 2018 and declaring the interim dividend.

### 3. THE SUPERVISORY OPINION FROM THE BOARD OF SUPERVISORS ON RELATED MATTERS OF THE COMPANY IN 2018

#### (1) Financial Conditions of the Company

The Board of Supervisors 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 of the PRC as well as relevant financial regulations and rules. In 2018, 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3次會議：

- (一) 二零一八年三月二十三日，召開二零一八年第一次監事會會議，會議審議通過了以下議案：《本公司二零一七年度監事會工作報告》、《本公司二零一七年度財務決算報告》、《關於二零一七年度股息分配的預案》、《關於二零一七年度持續關聯交易的議案》。
- (二) 二零一八年四月十日，召開二零一八年第二次監事會會議，會議審議通過了以下議案：《本公司第二屆監事換屆的議案》。
- (三) 二零一八年八月二十四日，召開二零一八年第三次監事會會議，會議審議通過了以下議案：《截至二零一八年六月三十日止六個月之中期業績公告》、《截至二零一八年六月三十日止六個月之中期報告》、宣派中期股息。

### 三、 監事會對本公司二零一八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，通過聽取財務部門彙報、進行定期審計等方式，對本公司本部、附屬公司的財務情況進行了檢查，強化了對本公司財務工作的監督。監事會認為，本公司及各附屬公司設有獨立的財務部門，有獨立財務賬冊，獨立核算，遵守《中國會計法》和有關財務規章制度。二零一八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。

**(2) Details of Connected Transactions**

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

**(二) 關聯交易情況**

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

**4. COMPREHENSIVE OPINION FROM BOARD OF SUPERVISORS ON THE COMPANY'S SITUATION IN 2018**

**四、監事會對本公司二零一八年度情況的綜合意見**

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

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

(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 Shareholder's general meetings of the Company, fulfilled obligations of fiduciary and due diligence so as to facilitate the Company to carry out a standard operation, democratic decision, management science, clear targeting and continuing innovation, having achieved favorable economic benefits without acts of violation.

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

(3) The Board of Supervisors has honestly reviewed the financial reports for 2018 and other relevant information. It considers that such reports give an objective view of the Company's financial conditions and operating results. The operating results of the Company for 2018 are true and accurate and the control over cost is effective.

(三) 監事會認真審核了二零一八年度財務報告等有關資料，認為報告客觀的反映了本公司的財務狀況和經營成果，本公司二零一八年度實現的業績是真實的，成本控制效果顯著。



## 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, Company Law of the PRC and Articles of Association. Such system has ensured that the Company's operating activities are in a normal and ordinary course and has safeguarded the security and integrity of the Company's assets. The institutional framework of the internal control of the Company is complete and the internal auditing department and personnel allocation are in place, which has ensured that the implementation of and supervision over key activities under the Company's internal control are sufficient and effective. In 2018, no circumstances under which the Company would violate the Guidelines for Internal Control of Listed Companies and the internal control system of the Company occurred. The Board of Supervisors considers that the Company's self-appraisal on its internal control gives a comprehensive and true picture of the actual situation of the internal control of the Company.

(四) 對本公司內部控制自我評價的意見

本公司根據上市規則、《中華人民共和國公司法》、公司章程的有關規定，按照本公司實際情況，建立健全了覆蓋本公司各環節的內部控制制度，保證了本公司業務活動的正常活動，保護本公司資產的安全和完整。本公司內部控制組織機構完整，內部審計部門及人員配備到位，保證了本公司內部控制重點活動的執行及監督充分有效。二零一八年本公司沒有違反《上市公司內部控制指引》及本公司內部控制制度的情形發生。監事會認為，本公司內部控制自我評價全面、真實的反映了本公司內部控制的實際情況。

*Chairman of the Board of Supervisors*

**HUANG Fangfang**

Hubei, the PRC

22 March 2019

*監事會主席*

**黃芳芳**

中國湖北

二零一九年三月二十二日

The Board is pleased to present this corporate governance report.

董事會欣然提呈本企業管治報告。

The Group 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.

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

### **CORPORATE GOVERNANCE PRACTICE**

The Company had complied with all the code provisions as set out in Appendix 14 of the Listing Rules during the year ended 31 December 2018.

### **企業管治常規**

截至二零一八年十二月三十一日止年度內，本公司已遵守上市規則附錄14所載的所有守則條文。

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

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。

### **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").

### **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」）。

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 for the year ended 31 December 2018.

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，彼等於截至二零一八年十二月三十一日止年度已遵守標準守則。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### BOARD OF DIRECTORS

#### Board composition

The Board is responsible for overseeing the Group's strategic development, and determining the objectives, business strategies and policies of the Group. The Board also monitors and controls operating and financial performance in pursuit of the Group's strategic objectives.

At the 2017 annual general meeting of the Company held on 8 June 2018, Mr. JIANG Juncai, Mr. WANG Danjin, Mr. CHEN Yangui, Mr. ZHU Qiaohong and Mr. LI Shuang were re-elected or elected (as the case may be) as executive Directors of the second session of the Board, Mr. TANG Xinfu was re-elected as the non-executive Director of the second session of the Board and Mr. TANG Jianxin, Mr. FU Hailiang and Mr. LEE Chi Ming were re-elected as the independent non-executive Directors of the second session of the Board. The Directors of the second session of the Board will serve for a term of three years. Mr. ZHU Qiaohong resigned as a non-executive Director and Mr. Eddy HUANG was appointed as a non-executive Director on 20 February 2019. The term of office of Mr. Eddy HUANG commenced on 20 February 2019 and shall end at the expiry of the second session of the Board. The Board currently consists of nine Directors, comprising four executive Directors, two non-executive Directors and three independent non-executive Directors. The Directors who held office during the year ended 31 December 2018 and up to the date of this Annual Report are:

#### Executive Directors

Mr. JIANG Juncai

Mr. WANG Danjin

Mr. CHEN Yangui

Mr. ZHU Qiaohong (resigned on 20 February 2019)

Mr. LI Shuang (appointed on 8 June 2018)

#### Non-executive Directors

Mr. TANG Xinfu (Chairman)

Mr. MO Kit (retired on 8 June 2018)

Mr. Eddy HUANG (appointed on 20 February 2019)

#### 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 Annual Report.

### 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。

本公司於二零一八年六月八日召開的二零一七年股東週年大會上批准重新選舉或選舉(視情況而定)蔣均才先生、王丹津先生、陳燕桂先生、朱巧洪先生及李爽先生為第二屆董事會執行董事，重新選舉唐新發先生為第二屆董事會非執行董事，重新選舉唐建新先生、付海亮先生及李志明先生為第二屆董事會獨立非執行董事。第二屆董事會董事任期三年。於二零一九年二月二十日，朱巧洪先生辭任非執行董事，黃翊先生獲委任為非執行董事。黃翊先生的任期自二零一九年二月二十日起，於第二屆董事會任期屆滿時結束。目前，董事會包括九名董事，其中包括四名執行董事、兩名非執行董事及三名獨立非執行董事。於截至二零一八年十二月三十一日止年度內及直至本年報日期期間，任職董事如下：

#### 執行董事

蔣均才先生

王丹津先生

陳燕桂先生

朱巧洪先生(於二零一九年二月二十日辭任)

李爽先生(於二零一八年六月八日獲委任)

#### 非執行董事

唐新發先生(董事長)

毛杰先生(於二零一八年六月八日退任)

黃翊先生(於二零一九年二月二十日獲委任)

#### 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。

董事簡歷載於本年報「董事、監事及高級管理人員簡介」一節。

Each of the Directors (including non-executive Directors but except Mr. Eddy HUANG) 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 commencing from 8 June 2018 (being the date of their appointments approved by the 2017 annual general meeting of the Company) until the expiration of the second session of the Board; 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.

Mr. Eddy HUANG has entered into a service contract with the Company. His term of office as a non-executive Director commenced on 20 February 2019 and shall end at the expiry of term of the second session of the Board.

As at the date of this Annual 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 Articles of Association states the functions and powers of the Board, including:

- 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;

各董事(包括非執行董事但除黃翊先生外)已與本公司簽訂服務合約。該等服務合約之主要內容為：(a) 各合約的期限為由二零一八年六月八日(即由本公司二零一七年股東週年大會批准委任之日)起計3年至第二屆董事會任期屆滿為止；及(b)各合約根據其各自的條款終止。服務合約可以根據公司章程和適用規則續簽。

黃翊先生已與本公司簽訂服務合同。彼作為非執行董事之任期自二零一九年二月二十日起至第二屆董事會任期結束為止。

於本年報日期，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書面確認書。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

公司章程列載董事會的職權，其中包括：

- 召集股東大會會議，提請股東大會通過有關事項，並向股東報告工作；
- 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公司債券或其他證券及上市方案；

## CORPORATE GOVERNANCE REPORT

### 企業管治報告

- 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;
- 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;
- 擬訂本公司重大資產收購或出售、購買本公司股份或合併、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；
- 制定本公司的基本管理制度；
- 制訂公司章程的修改方案；
- 決定本公司的全資附屬公司及附屬公司的合併、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；

- 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.
- 董事會對除法律法規以及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；
  - 行使公司章程或本公司股東大會授予的其他職權；及
  - 中國法律法規規定的其他事項。

In addition, the Board undertakes corporate governance function, including:

此外，董事會須負責企業管治職能，包括：

- 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.
- 制定及檢討本公司的企業管治政策及常規；
  - 檢討及監察本公司董事、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守則；
  - 制定、檢討及監察董事及僱員適用的操守準則及合規手冊(如有)；
  - 檢討本公司遵守企業管治常規守則的情況及在企業管治報告內的披露。

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 and the policies and codes in connection with compliance with laws and regulatory requirements. Also, the Board had reviewed the Company's compliance with the Code on Corporate Governance Practices and the disclosures made in the Corporate Governance Report.

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以及遵守法律法規的政策及守則的情況，同時亦已檢討本公司是否遵守企業管治常規守則以及於企業管治報告中所作的披露。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

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 annual results for the year ended 31 December 2018, the interim results for the six months ended 30 June 2018 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.

### OPERATION OF THE BOARD

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

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

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

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二零一八年十二月三十一日止年度的年度業績與截至二零一八年六月三十日止六個月的中期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。

### 董事會之運作

董事會每年應當至少召開四次會議，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十日內召開臨時會議：

- 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。

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.

召開董事會定期會議應當於會議召開十四日前或臨時會議應當於會議召開三日前書面通知全體董事、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，提交全體董事及監事。情況緊急，需要儘快召開董事會臨時會議的，可以隨時通過電話或者其他口頭方式發出會議通知，但召集人應當在會議上作出說明。

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

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



# CORPORATE GOVERNANCE REPORT

## 企業管治報告

In 2018, the Board held 12 meetings and the attendance records of Directors at the Board meetings were as follows:

於二零一八年，董事會已舉行12次會議，董事出席董事會會議次數的記錄如下：

| Name of Directors:<br>董事姓名：                          | Meeting attended/<br>Number of Board meetings convened<br>出席會議／召開董事會會議次數 |
|--|--|
| Mr. TANG Xinfu 唐新發先生                                 | 12/12  |
| Mr. ZHU Qiaohong <sup>(3)</sup> 朱巧洪先生 <sup>(3)</sup> | 12/12  |
| Mr. JIANG Juncai 蔣均才先生                               | 12/12  |
| Mr. WANG Danjin 王丹津先生                                | 12/12  |
| Mr. CHEN Yangui 陳燕桂先生                                | 12/12  |
| Mr. MO Kit <sup>(1)</sup> 毛杰先生 <sup>(1)</sup>        | 2/12   |
| Mr. TANG Jianxin 唐建新先生                               | 12/12  |
| Mr. FU Hailiang 付海亮先生                                | 12/12  |
| Mr. LEE Chi Ming 李志明先生                               | 12/12  |
| Mr. LI Shuang <sup>(2)</sup> 李爽先生 <sup>(2)</sup>     | 10/12  |

Notes<sup>(1)</sup>: Mr. MO Kit retired as a non-executive director of the Company with effect from 8 June 2018.

註<sup>(1)</sup>：毛杰先生已於二零一八年六月八日退任本公司非執行董事。

<sup>(2)</sup>: Mr. LI Shuang was appointed as an executive director of the Company with effect from 8 June 2018.

<sup>(2)</sup>：李爽先生於二零一八年六月八日獲委任為本公司執行董事。

<sup>(3)</sup>: Mr. ZHU Qiaohong resigned as an executive director of the Company with effect from 20 February 2019.

<sup>(3)</sup>：朱巧洪先生已於二零一九年二月二十日辭任本公司執行董事。

### 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 Evaluation Committee and then recommended to the Board for consideration. All newly nominated Directors are subject to the approval of the Shareholders at the general meetings of the Company. Removal of members of the Board are also subject to the approval of the Shareholders at the Company's general meetings.

### 董事之提名、委任及任免

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 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最新資料，以履行彼等職責，本公司於有需要時將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以參加培訓課程的方式或透過網上輔助或閱讀相關資料進一步鞏固其專業發展。

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 2018, all Directors have participated in continuous professional development and provided to the Company a record of training they received.

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。於二零一八年，全體董事均已參與持續的專業發展，並已向本公司提供彼等收到的培訓記錄。

The list below summaries the training received by the Directors for the year ended 31 December 2018:

以下概列董事於截至二零一八年十二月三十一日止年度已接受的培訓：

| Name of Directors<br>董事姓名                               | <b>Attending seminar, conference and workshop related to director's duties/ reading materials like newspaper, journals and updates relevant to corporate governance</b><br>出席於董事職責相關的研討會、會議及討論會／閱讀資料，例如報紙、雜誌及企業管治相關更新資料 |
|---|---|
| Mr. TANG Xinfa<br>唐新發先生                                 | √   |
| Mr. ZHU Qiaohong <sup>(3)</sup><br>朱巧洪先生 <sup>(3)</sup> | √   |
| Mr. CHEN Yangui<br>陳燕桂先生                                | √   |
| Mr. JIANG Juncai<br>蔣均才先生                               | √   |
| Mr. MO Kit <sup>(1)</sup><br>毛杰先生 <sup>(1)</sup>        | √   |
| Mr. WANG Danjin<br>王丹津先生                                | √   |
| Mr. TANG Jianxin<br>唐建新先生                               | √   |
| Mr. FU Hailiang<br>付海亮先生                                | √   |
| Mr. LEE Chi Ming<br>李志明先生                               | √   |
| Mr. LI Shuang <sup>(2)</sup><br>李爽先生 <sup>(2)</sup>     | √   |

Notes<sup>(1)</sup>: Mr. MO Kit retired as a non-executive director of the Company with effect from 8 June 2018.

註<sup>(1)</sup>：毛杰先生已於二零一八年六月八日退任本公司非執行董事。

<sup>(2)</sup>: Mr. LI Shuang was appointed as an executive director of the Company with effect from 8 June 2018.

<sup>(2)</sup>：李爽先生於二零一八年六月八日獲委任為本公司執行董事。

<sup>(3)</sup>: Mr. ZHU Qiaohong resigned as an executive director of the Company with effect from 20 February 2019.

<sup>(3)</sup>：朱巧洪先生已於二零一九年二月二十日辭任本公司執行董事。

# 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.

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

- To preside over Shareholder's general meetings, to convene and preside over meetings of the Board of Directors;
- To procure and inspect the implementation of the resolutions of the Board of Directors;
- To sign the share certificates, corporate bonds and other negotiable securities issued by the Company;
- To sign important documents of the Board of Directors and other documents to be signed by the legal representative of the Company, and to exercise the functions and powers of the legal representative;
- To organize and establish various systems and harmonize the operation of the Board of Directors;
- To hear the regular or non-regular work reports of the senior management officers of the Company, and give guidance on the implementation of the resolutions of the Board of Directors;
- To nominate the list of the secretary candidates of the Board of Directors; and
- Other functions and powers conferred by the laws, regulations or the Articles of Association, and the Board of Directors.

### 董事長及總經理

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

董事長兼非執行董事唐新發先生有權行使下列職權：

- 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、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；
- 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；
- 提名董事會秘書人選名單；及
- 法律法規或公司章程規定，以及董事會授予的其他職權。

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

- 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.

#### BOARD COMMITTEES

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

##### Nomination Committee

The Company has established a Nomination Committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix I4 to the Listing Rules. Currently, the Nomination Committee consists of three members, namely Mr. LEE Chi Ming (an independent non-executive Director), Mr. Eddy HUANG (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.

本公司執行董事兼總經理蔣均才先生向董事會負責及行使下列職權：

- 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。

##### 董事會委員會

董事會已將部分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。

##### 提名委員會

本公司已根據上市規則附錄I4所載企業管治守則成立提名委員會，並制定其書面職權範圍。目前，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）、黃翊先生（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。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

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.

In evaluating and selecting any candidate for directorship, the following criteria should be considered by the Nomination Committee and/or the Board:

- Character and integrity.
- Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the board diversity policy of the Company that are relevant to the Company's business and corporate strategy.
- Any measurable objectives adopted for achieving diversity on the Board.
- Whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules for an independent non-executive Director.
- Any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity.
- Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company.
- Such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

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。

在評估及挑選候選人擔任董事時，提名委員會及／或董事會將考慮下列準則：

- 品格與誠實。
- 資格，包括專業資格、技巧、知識及與本公司業務及策略相關的經驗，以及本公司董事會成員多元化政策所提及的多元化因素。
- 為達致董事會成員多元化而採納的任何可計量目標。
- 如屬獨立非執行董事，參考上市規則內列明候選人是否被視為獨立的指引。
- 候選人的專業資格、技巧、經驗、獨立性及性別多元化方面可為董事會帶來的任何潛在貢獻。
- 是否願意及是否能夠投放足夠時間履行身為本公司董事會成員及／或擔任董事會轄下委員會的委員的職責。
- 其他適用於本公司業務及其繼任計劃的其他各項因素，董事會及／或提名委員會可在有需要時採納及／或修訂有關因素。

The Company had adopted a board diversity policy to achieve the diversity of members of the Board and maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage. The Company believes that greater diversity of Directors is good for corporate governance and is committed: (i) to attract and retain candidate(s) for Board with a combination of competencies from the widest possible pool of available talent; (ii) to maintain a Board with diversity perspectives at all levels, in particular, those are aligning with the Company's strategy and objectives; (iii) to assess regularly the diversity profile of the Board and the progress on achieving diversity objectives, if any; (iv) to ensure that the selection and nomination of Directors positions are appropriately structured so that a diverse range of candidates can be considered by the Company; and (v) to ensure that changes to the Board's composition can be managed without undue disruption.

The Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy. In reviewing and assessing the Board composition and the nomination of directors (as applicable), Board diversity has to be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications and skills, knowledge and industry and regional experience.

The Nomination Committee will discuss and where necessary, agree on the measurable objectives for achieving diversity on the Board and make recommendation to the Board. When determining such measurable objectives, the Nomination Committee will consider a number of aspects, including but not limited to, the diversity of the Board composition in aspects of gender, age, cultural and educational background, professional experience, skills, knowledge and industry and regional experience. The Nomination Committee will review the measurable objectives on a regular basis.

本公司已採納董事會成員多元化政策，務求達到董事會成員多元化及各方面能保持適當及平衡，以切合本公司業務發展。本公司認同及深信董事會成員多元化所帶來的裨益，並且認為董事會趨向多元化是維持本公司競爭優勢的重要元素。本公司認為高度的董事多元化對企業管治有所裨益，並會致力(i)於廣泛的人才庫中招攬及留聘具備各類不同才能的候選人以組成董事會；(ii)維持董事會全方位多元化的觀點，特別是與本公司策略及目標一致的觀點；(iii)定期評估董事會多元化狀況，以及實現多元化目標的進展(如有)；(iv)確保董事職位甄選及提名均按適當的程序進行，以便能招來更多元背景的人選供本公司作出考慮；及(v)確保董事會組成人員的變動不會帶來不適當的干擾。

提名委員會將每年檢討董事會的架構、人數及組成，並就任何為配合本公司的公司策略而對董事會作出的變動提出建議。有關在檢討及評估董事會組成及提名董事時(如適用)，須考慮有關董事會成員多元化的各項因素，包括但不限於性別、年齡、文化及教育背景、專業經驗、技能、知識及行業及地區經驗。

提名委員會將會討論及協定(如有需要)為達致董事會成員多元化的可計量目標，並向董事會作出有關建議。於協定有關可計量目標時，提名委員會將會考慮多項因素，包括但不限於董事會組成在性別、年齡、文化及教育背景、專業經驗、技能、知識及行業及地區經驗方面的多元化。提名委員會將定期檢討可計量目標。

The Nomination Committee will adopt the following procedures for appointment/re-election of director:

**(a) Appointment of New Director**

- (i) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.
- (ii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
- (iii) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.
- (iv) For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to Shareholders in respect of the proposed election of Director at the general meeting.

**(b) Re-election of Director at General Meeting**

- (i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring Director and the level of participation and performance on the Board.
- (ii) The Nomination Committee and/or the Board should also review and determine whether the retiring Director continues to meet the criteria as set out above.
- (iii) The Nomination Committee and/or the Board should then make recommendation to Shareholders in respect of the proposed re-election of Director at the general meeting.

提名委員會採納以下董事委任／重選的程序：

**(a) 委任新董事**

- (i) 提名委員會及／或董事會應在收到委任新董事的建議及候選人的個人資料（或相關詳情）後，依據上述準則評估該候選人，以決定該候選人是否合資格擔任董事。
- (ii) 如過程涉及一個或多個合意的候選人，提名委員會及／或董事會應根據本公司的需要及每位候選人的證明審查（如適用）排列他們的優先次序。
- (iii) 提名委員會隨後應就委任合適人選擔任董事一事向董事會提出建議（如適用）。
- (iv) 就任何經由股東提名於本公司股東大會上選舉為董事的人士，提名委員會及／或董事會應依據上述準則評估該候選人，以決定該候選人是否合資格擔任董事。

提名委員會及／或董事會應就於股東大會上委任董事的提案向股東提出建議（如適用）。

**(b) 於股東大會上重選董事**

- (i) 提名委員會及／或董事會應檢討退任董事對本公司的整體貢獻及服務，以及在董事會的參與程度及表現。
- (ii) 提名委員會及／或董事會亦應檢討及確定退任董事是否仍然符合上述準則。
- (iii) 提名委員會及／或董事會應就於股東大會上重選董事的提案向股東提出建議。

The Nomination Committee adopted the following conditions on the nomination of Director candidates:

The Director shall be elected or replaced by general meetings of the Company. When a general meeting is held by the Company, the Board, the Board of Supervisors or Shareholders who individually or in aggregate holding more than 3% of the Shares may propose resolutions to the convener of the general meeting in relation to the election of Directors.

A candidate of Director must comply with the relevant qualification set out in the Company Law of the PRC, the Articles of Association and other applicable laws and regulations. The Board shall have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

The Nomination Committee adopted the following procedures on the nomination of Director candidates:

Each Director candidate should be individually proposed. The intention to nominate a candidate as Director and the written notice of such candidate regarding his willingness to accept the nomination shall be given to the Company no later than seven days prior to the date scheduled for such general meeting.

The details of the candidate of Director shall be fully disclosed by a proposal of election of Director, which shall at least include the following:

- (1) Personal information including but not limited to education background, work experience and other appointments;
- (2) Whether there is any connected relationship between him/her and the Company or the controlling shareholders and de facto controller of the Company;
- (3) The number of shares of the Company held by him/her; and
- (4) Whether subject to punishment by China Securities Regulatory Commission and other relevant securities regulatory authorities and sanctions by the stock exchange.

Where an appointment of Director comes into effect upon the approval from the general meeting, an announcement must be published in accordance with the relevant Listing Rules.

The Nomination Committee is entitled to propose its nomination of Director candidates to the Board according to the Articles of Association, the terms of reference of the Nomination Committee and other applicable laws and regulations.

提名委員會採納以下提名董事候選人的條件：

董事應由本公司股東大會選舉或更換。於本公司舉行股東大會時，董事會、監事會、單獨或者合併持有公司百分之三以上股份的股東有權向股東大會召集人提出選舉董事的提案。

提名為董事的候選人須符合中國《公司法》、公司章程以及其他適用法律、法規對董事任職資格的相關要求。董事會應根據本公司業務而具備適當所需技巧、經驗及多樣的觀點與角度。

提名委員會採納以下提名董事候選人的程序：

每位董事候選人的提案應當以單項提案提出。有關提名董事候選人的意圖而向本公司發出的通知以及候選人表明願意接受提名而向本公司發出的書面通知應當在本公司就該選舉發送會議通知後發出並在召開股東大會七日前寄予本公司。

股東大會擬討論董事選舉事項的股東大會通知中應充分披露董事候選人的詳細資料至少包括以下內容：

- (一) 教育背景、工作經歷、兼職等個人情況；
- (二) 與本公司或本公司的控股股東及實際控制人是否存在關連關係；
- (三) 披露持有本公司股份數量；
- (四) 是否受過中華人民共和國證券監督管理委員會及其他有關證券監管部門的處罰和證券交易所懲戒。

股東大會審議通過選舉董事的提案後董事當選並按照相關上市規則進行公告。

提名委員會有權根據公司章程、提名委員會工作規則及其他適用法律、法規對董事候選人向董事會提出提名建議。



# CORPORATE GOVERNANCE REPORT

## 企業管治報告

In 2018, the Nomination Committee held 3 meetings and had reviewed the structure, combination and balance (including expertise, knowledge and experience (including board diversity)) of the Board, discussed and proposed the candidates for the second session of the Board and the Board of Supervisors, assessed the independence of independent non-executive Directors and reviewed and approved the proposed appointment of Mr. Eddy HUANG as a new Director. The attendance records of Directors at the Nomination Committee meeting were as follows:

於二零一八年，提名委員會已舉行3次會議並已檢討董事會的結構、組合與組成(包括技能、知識及經驗(包括董事會多元化)、討論及建議第二屆董事會成員候選人及第二屆監事會成員候選人、評核獨立非執行董事的獨立性及審議通過建議黃翊先生為新董事。董事出席提名委員會會議次數的記錄如下：

| Name of Directors<br>董事姓名       |                      | Meeting attended/<br>Number of Nomination Committee convened<br>出席會議／召開提名委員會會議次數 |
|---------------------------------|----------------------|--|
| Mr. LEE Chi Ming                | 李志明先生                | 3/3  |
| Mr. ZHU Qiaohong <sup>(1)</sup> | 朱巧洪先生 <sup>(1)</sup> | 3/3  |
| Mr. FU Hailiang                 | 付海亮先生                | 3/3  |

Note<sup>(1)</sup>: Mr. ZHU Qiaohong resigned as an executive director of the Company and member of Nomination Committee with effect from 20 February 2019.

註<sup>(1)</sup>：朱巧洪先生已於二零一九年二月二十日辭任本公司執行董事及提名委員會成員。

In 2018, the Nomination Committee reviewed the composition of the Board in accordance with the requirements as stipulated in the Corporate Governance Code and concluded that the Board comprised members with diversified backgrounds and skills which ensured balance and safeguarded the interests of Shareholders as well as the public.

於二零一八年，提名委員會根據企業管治守則規定審閱董事會的組成，並認為董事會由具備多元化背景及技能的成員組成，並確保充分制衡以及保障股東及公眾人士利益。

The Nomination Committee had considered the diversification factors and reviewed the professional qualifications, skills, knowledge and relevant experience in relation to the business and strategy of the Company of Mr. JIANG Juncai, Mr. WANG Danjin, Mr. CHEN Yangui, Mr. ZHU Qiaohong, Mr. LI Shuang, Mr. TANG Xinfa, Mr. TANG Jianxin, Mr. FU Hailiang and Mr. LEE Chi Ming and considered that each of them have the balanced talent, experience and professional knowledge appropriate to meet the business needs of the Company. Pursuant to the above, the Nomination Committee has nominated the abovementioned persons to the Board for re-election or election (as the case may be) at the 2017 annual general meeting of the Company held on 8 June 2018.

提名委員會已從多元化因素進行考慮並審閱了蔣均才先生、王丹津先生、陳燕桂先生、朱巧洪先生、李爽先生、唐新發先生、唐建新先生、付海亮先生及李志明先生的專業資格、技巧、知識及與本公司業務及策略相關的經驗，並認為彼等均具備切合本公司業務需要之均衡才能、經驗及專業知識。據此，提名委員會向董事會提名上述人士於二零一八年六月八日召開的本公司二零一七年股東週年大會上重新選舉或選舉(視情況而定)。

### Remuneration and Evaluation Committee

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

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

In 2018, the Remuneration and Evaluation Committee held 2 meetings, at which the resolutions in relation to the remuneration of executive Directors and senior management of the Company in 2017 and the remuneration policy for the executive Directors and senior management for 2018 were discussed and proposed. The attendance record of Directors at the Remuneration and Evaluation Committee meeting was as follows:

| Name of Directors |       | Meeting attended/Number of Remuneration and Evaluation Committee convened |
|-------------------|-------|---|
| 董事姓名              |       | 出席會議／召開薪酬與考核委員會會議次數   |
| Mr. FU Hailiang   | 付海亮先生 | 2/2   |
| Mr. JIANG Juncai  | 蔣均才先生 | 2/2   |
| Mr. TANG Jianxin  | 唐建新先生 | 2/2   |

In 2018, the Remuneration and Evaluation Committee assessed the performance of executive Directors, reviewed the remuneration policy, considered and approved the proposed 2019 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 2018 are set out in Note 7 to the Financial Statements.

### 薪酬與考核委員會

本公司已根據上市規則第3.25條以及上市規則附錄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。

於二零一八年，薪酬與考核委員會已舉行2次會議，會上討論及建議董事會考慮有關二零一七年本公司執行董事及高級管理層薪酬的決議案及二零一八年執行董事及高級管理層的薪酬政策。董事出席薪酬與考核委員會會議次數的記錄如下：

### Meeting attended/Number of Remuneration and Evaluation Committee convened

出席會議／召開薪酬與考核委員會會議次數

於二零一八年，薪酬及考核委員會已評估執行董事的表現、檢討薪酬政策、審議及批准二零一九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。截至二零一八年十二月三十一日止年度各董事薪酬的詳情載於財務報表附註7。

# 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 2018 is set out below:

下表載列截至二零一八年十二月三十一日止年度按區間劃分支付予高級管理人員(不包括董事)的薪酬:

| Remuneration bands (RMB)<br>薪酬區間(人民幣) | Number of individuals<br>人數 |
|---------------------------------------|-----------------------------|
| Nil to 1,000,000<br>零至1百萬             | 3                           |

### 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.

### 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。

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.

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。

The work performed by the Audit Committee in 2018 included review of the annual results of the Company for the year ended 31 December 2017, interim results of the Company for the six months ended 30 June 2018 and listen to the report of risk management and internal control system of the Company by Internal Audit and Risk Department. The Audit Committee also reviewed the adequacy and effectiveness of the risk management and internal control system and making recommendation to the Board for improvement of internal control, credit control and risk management.

審核委員會於二零一八年的工作包括審閱本公司截至二零一七年十二月三十一日止年度的年度業績、本公司截至二零一八年六月三十日止六個月的中期業績及聽取內部審核及風險部門對本公司的風險管理及內部監控系統的報告。審核委員會亦檢討風險管理及內部控制系統是否充足有效，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 2018, the Audit Committee held 2 meetings and the attendance records of Directors at the Audit meeting were as follows:

於二零一八年，審核委員會已舉行2次會議，董事出席審核委員會會議次數的記錄如下：

| Directors<br>董事姓名         | Meeting attended/<br>Number of Audit Committee convened<br>出席會議/召開審核委員會會議次數 |
|---------------------------|---|
| Mr. TANG Jianxin<br>唐建新先生 | 2/2   |
| Mr. LEE Chi Ming<br>李志明先生 | 2/2   |
| Mr. TANG Xinfa<br>唐新發先生   | 2/2   |

The Audit Committee also reviewed and discussed the auditor's remuneration for 2018 and recommended the Board to re-appoint KPMG as the Company's auditor for the year of 2018.

## ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the Consolidated Financial Statements of the Company for the year ended 31 December 2018. The Directors consider that the Group has adequate resources to continue in business for the foreseeable future and are not aware of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

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.

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

## INTERNAL CONTROLS AND RISK MANAGEMENT

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

- *Internal Audit.* We put in place the internal audit charter that clearly states the objectives, organisation, functions and responsibilities, working scope and procedures of our internal audit functions. We established an internal audit department that is responsible for internal auditing and execution of antibribery measures in accordance with the internal audit charter. The internal audit department reports to our senior management and the Audit Committee.

審核委員會亦已審閱及討論二零一八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二零一八年之本公司核數師。

## 問責及審核

董事承認須負責編製本公司截至二零一八年十二月三十一日止年度的綜合財務報表。董事認為本集團擁有充足資源以在可見將來繼續經營業務，而且並不知悉可能引致本公司能否持續經營業務成為重大疑問的重大不明朗因素。

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。

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

## 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二零一五年五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。

## CORPORATE GOVERNANCE REPORT

### 企業管治報告

- Risk Management.* The Company has set up procedures in respect of risk management to meet internal control targets. The Company, 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, continually conducts risk analysis, tracks the constantly changing business environment and business activities and carries out dynamic assessments. As the responsible unit of risk monitoring, each department of the Company establishes a risk monitoring index system to conduct daily risk monitoring of the unit, especially the key indicators of major risks. For the identified risks, each department of the Company will formulate plans and measures to response risks. Each department is responsible for the implement of the risk corresponding plans. The department of internal control management monitors the results of the risk corresponding measures, forms risk response evaluation reports. In addition, the department of internal control management regularly summarizes, analyses and evaluates the risk response situation of the Company as a whole, compiles a report on the implementation of the Company's risk response and reports to the general manager's office.
- Internal Control Defects and Self-Appraisal.* The Company adopts qualitative and quantitative methods to establish standards for defect identification. The Company's auditing department undertakes the responsibility to track and review the implementation of the defects rectification found in the supervision and evaluation, as well as the implementation of the management recommendations and internal control inspection rectification recommendations made by the external auditors. The Company's auditing department is entitled to supervise and direct the rectification scheme, verify the effectiveness and appropriateness of the control measures, make recommendations for improvement and requests relevant departments to make necessary adjustments to the rectification measures to ensure the realization of risk control targets. The management of the Company authorizes relevant departments to investigate and analyze the internal control defects identified during the supervision process by the external regulatory and internal and external auditors and carry out corresponding rectification measures and reviews the implementation of each such measure. The Company's self-appraisal is a form of realization of internal supervision and a process of comprehensive evaluation on the effectiveness of internal control and issuance of self-appraisal reports on a regular basis.
- 風險管理。*本公司已制定風險管理程序，以實現本公司內部控制的目標。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。持續進行風險分析，跟蹤不斷發展變化的經營環境和經營活動，進行動態評估。本公司各科室作為風險監控的責任單位，建立風險監控指標體系，對本單位風險，特別是重大風險關鍵指標進行日常監控。本公司各科室對已識別的風險，制定風險應對方案和措施。本公司各科室負責風險應對方案的實施。本公司內控管理組對風險應對措施執行效果進行監控，形成風險應對評價報告。此外，內控管理組定期匯總、分析、評估本公司整體層面的風險應對情況，形成本公司風險應對執行情況報告，向總經理辦公室報告。
- 內部控制缺陷及自我評價。*本公司採取定性和定量等方式，制定缺陷認定的標準。本公司審計科負責跟蹤檢查在監督評價中發現的缺陷的整改落實情況，以及外部審計師提出的管理建議和內部控制檢查整改建議的落實情況。本公司審計科有權監督、指導整改方案的實施；對控制措施的有效性、適宜性進行驗證，提出改進建議；組織有關部門對整改方案進行必要的調整，以確保風險控制目標的實現。本公司的管理層對在外部監管者監管過程中、內外部審計中發現的內部控制缺陷授權相關部門進行調查、分析，採取相應的糾正措施，並檢查各項措施的執行情況。自我評價是內部監督的一種實現形式，是定期對內部控制有效性進行綜合評價並出具自我評價報告的過程。

- *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.
- *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.

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。

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.

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，並形成本公司的風險清單。

## CORPORATE GOVERNANCE REPORT 企業管治報告

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 2018 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.

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，闡明內幕知情人的內部報告義務，報告程序和有關人員的信息披露職責，並根據有關監管部門的規定適時安排自查。本公司實時監控可能涉及的內幕消息，組織中介機構判斷該消息是否屬於內幕消息且切實可行，如滿足披露標準，將儘快組織披露，在披露之前，嚴格控制知悉範圍，監控股價波動直至內幕消息披露完成；如不滿足披露標準，本公司也會組織嚴格保密。

風險管理及內部控制系統的主要功能為保障資產，確保妥善保存會計記錄及提供可靠的財務報告，並確保遵守有關法例及規定。

本公司將會每年兩次檢討內部控制及風險管理。董事會已檢討就截至二零一八年十二月三十一日止年度的內部控制及風險管理系統，並確認其有效且適當。

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

### AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about its reporting responsibilities for the Consolidated Financial Statements is set out in the "Independent Auditor's Report" on pages 108 to 118.

During the year ended 31 December 2018, the remuneration paid/payable to the Company's external auditor, KPMG, is set out below:

|                       |             | <b>Amount</b>    |
|-----------------------|-------------|------------------|
|                       |             | <b>RMB</b>       |
|                       |             | <b>金額</b>        |
|                       |             | <b>人民幣</b>       |
| Annual audit services | 年度審核服務      | 1,300,000        |
| Non-audit services    | 非審核服務       | 1,450,000        |
| <b>Total fees</b>     | <b>費用總額</b> | <b>2,750,000</b> |

The non-audit services were interim review service and other services.

### 核數師酬金

本公司外部核數師有關其就綜合財務報表須承擔的申報責任的聲明載於第108至118頁的「獨立核數師報告」內。

下表載列截至二零一八年十二月三十一日止年度，支付／應付予本公司外部核數師畢馬威會計師事務所之薪酬：

非審核服務為中期審閱服務及其他服務。

### GENERAL MEETINGS

During the Reporting Period, the Company held an annual general meeting of 2017 on 8 June 2018, an extraordinary general meeting on 30 August 2018 and an extraordinary general meeting, H Shareholders class meeting and Domestic Shareholders class meeting held on 15 October 2018, and the attendance records of the Directors at the general meetings were as follows:

### 股東大會

於報告期內，本公司於二零一八年六月八日舉行了二零一七年股東週年大會，於二零一八年八月三十日舉行臨時股東大會、於二零一八年十月十五日舉行臨時股東大會、H股股東類別會議及內資股東類別會議，董事出席股東大會的情況記錄如下：

| <b>Name of Directors</b>        |                      | <b>Meeting attended/<br/>Number of general meetings convened</b> |
|---------------------------------|----------------------|--|
| <b>董事姓名</b>                     |                      | <b>出席會議／召開股東大會次數</b>   |
| Mr. TANG Xinfa                  | 唐新發先生                | 3/3  |
| Mr. ZHU Qiaohong <sup>(3)</sup> | 朱巧洪先生 <sup>(3)</sup> | 3/3  |
| Mr. JIANG Juncai                | 蔣均才先生                | 3/3  |
| Mr. WANG Danjin                 | 王丹津先生                | 3/3  |
| Mr. CHEN Yangui                 | 陳燕桂先生                | 3/3  |
| Mr. MO Kit <sup>(1)</sup>       | 毛杰先生 <sup>(1)</sup>  | 1/3  |
| Mr. TANG Jianxin                | 唐建新先生                | 3/3  |
| Mr. FU Hailiang                 | 付海亮先生                | 3/3  |
| Mr. LEE Chi Ming                | 李志明先生                | 3/3  |
| Mr. LI Shuang <sup>(2)</sup>    | 李爽先生 <sup>(2)</sup>  | 2/3  |

Notes<sup>(1)</sup>: Mr. MO Kit retired as a non-executive director of the Company with effect from 8 June 2018.

註<sup>(1)</sup>：毛杰先生已於二零一八年六月八日退任本公司非執行董事。

<sup>(2)</sup>: Mr. LI Shuang was appointed as an executive director of the Company with effect from 8 June 2018.

<sup>(2)</sup>：李爽先生於二零一八年六月八日獲委任為本公司執行董事。

<sup>(3)</sup>: Mr. ZHU Qiaohong resigned as an executive director of the Company with effect from 20 February 2019.

<sup>(3)</sup>：朱巧洪先生已於二零一九年二月二十日辭任本公司執行董事。



### COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

#### Shareholder rights

##### **Right to propose to convene extraordinary general meeting**

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

Shareholders individually or jointly holding a total of 10% or more of the shares carrying the right to vote at the meeting sought to be held may sign one or more written requests of identical form and substance requesting the Board to convene an shareholders' extraordinary general meeting or a meeting of shareholders of different classes and state the subject of the meeting. The Board shall convene a 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.

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

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

#### 與股東及投資者的溝通

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

#### 股東之權利

##### **提議召開臨時股東大會之權利**

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

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

如果董事會在收到前述書面要求後三十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三十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，召集的程序應當與董事會召集股東大會的程序相同。

### 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 : 86-0769-81768866  
Company website : www.hec-changjiang.com  
E-mail address : qiumiqi@hec.cn  
pengqiyun@hec.cn

### CONSTITUTIONAL DOCUMENTS

There had been no significant changes in the Articles of Association during the year ended 31 December 2018 and such Articles of Association are available on the HKExnews website of the Stock Exchange and our website.

### COMPANY SECRETARY

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

Ms. Ng is an assistant vice president of SW Corporate Services Group (Hong Kong) Limited and her primary corporate contact person at the Company is Mr. Peng, another joint company secretary. In compliance with Rule 3.29 of the Listing Rules, each of Mr. Peng and Ms. Ng has undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2018.

### 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兩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 : 86-0769-81768866  
公司網站 : www.hec-changjiang.com  
電郵地址 : qiumiqi@hec.cn  
pengqiyun@hec.cn

### 組織章程文件

公司章程在截至二零一八年十二月三十一日止年度內並沒有重大變動，該公司章程可於聯交所披露易網站及我們的網站上查閱。

### 公司秘書

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

吳女士為方圓企業服務集團(香港)有限公司之副總監，其在本公司的主要聯絡人為另一位聯席公司秘書彭先生。於截至二零一八年十二月三十一日止年度內，彭先生及吳女士均已接受至少十五小時的相關專業培訓，符合上市規則第3.29條的規定。

### NON-COMPETITION UNDERTAKING

The Company had entered into a non-competition agreement on 6 December 2015 with HEC Pharm, Linzhi HEC Pharmaceutical Investment Co., Ltd. (林芝東陽光藥業投資有限公司), Dongguan HEC Industrial Development Co., Ltd. (東莞市東陽光實業發展有限公司), Shenzhen HEC Industrial, 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), Ruyuan Yao Autonomous County Xinjing Technology Development Co., Ltd. (乳源瑤族自治縣新景科技發展有限公司), Mr. ZHANG Zhongneng (張中能) and Ms. GUO Meilan (郭梅蘭). Please refer to page 68 of this Annual Report for details.

The independent non-executive Directors have reviewed the Non-competition Agreement and had determined that the Then Controlling Shareholders and their subsidiaries have not been in breach of the Non-competition Undertaking during the year ended 31 December 2018.

### DIVIDEND POLICY

The Board adopted the dividend policy on 14 December 2018, setting out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the shareholders of the Company.

The Board adopt the policy that, in recommending the declaration of dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its Share value. The Company do not have any pre-determined dividend payout ratio.

The Board is responsible for submitting recommendations in respect of dividend payments, if any, to the Shareholders' general meeting for approval, subject to the Articles of the Association and all applicable laws and regulations and the factors set out below.

### 避免同業競爭承諾

本公司已於二零一五年十二月六日與宜昌東陽光、林芝東陽光藥業投資有限公司、東莞市東陽光實業發展有限公司、深圳市東陽光實業、乳源瑤族自治縣寓能電子實業有限公司、乳源瑤族自治縣新景科技發展有限公司、張中能先生及郭梅蘭女士訂立避免同業競爭協議。詳情載於本年報第68頁。

獨立非執行董事已審閱避免同業競爭協議，並確定於截至二零一八年十二月三十一日止年度，時任控股股東及彼等的附屬公司並無違反避免同業競爭承諾。

### 股息政策

董事會於二零一八年十二月十四日採納股息政策，載列本公司就宣派、派付或分發其純利予本公司股東作為股息時擬應用的原則及指引。

董事會採納的政策為，在建議宣派股息時，本公司應維持足夠現金儲備，以應付其資金需求、未來增長以及其股份價值。本公司沒有預設的派息比率。

根據公司章程、所有適用法規及下列因素，董事會負責將股息分派的建議(如有)提交股東大會審批。

The Board shall also take into account the following factors of the Group when considering to recommend the declaration and payment of dividends:

- Distributable profits;
- Financial condition;
- Cash flow;
- Expected future capital expenditure;
- Return to the Shareholders;
- Capital requirements;
- Finance costs;
- The external financing environment; and
- any other factors that the Directors may deem relevant.

Depending on the conditions and factors as set out above of the Company and the Group, dividends may be recommended by the Board for a financial year or period:

- interim dividend;
- final dividend;
- special dividend; and
- any distribution of net profits that the Board may deem appropriate.

Dividends shall be distributed by the Company to its Shareholders in proportion to their respective shareholdings according to the resolutions adopted at the Shareholders' general meeting. The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate. Any dividend unclaimed shall be forfeited and shall be reverted to the Company in accordance with the Articles of Association.

董事會在考慮建議宣派股息時，應同時考慮下列有關本集團的因素：

- 可分派利潤；
- 財務狀況；
- 現金流量；
- 預期未來資本開支；
- 股東回報；
- 資本需求；
- 財務成本；
- 外部融資環境；及
- 董事可能認為相關的其他因素。

視乎本公司及本集團的上述條件及因素，董事會可在財政年度或期間建議宣派下列股息：

- 中期股息；
- 年度股息；
- 特別股息；及
- 任何董事會認為合適的純利分發。

股息由本公司根據股東大會決議按股東持有的股份比例派發。本公司可以董事會認為合適的形式宣派及派付股息，包括現金或代息股份或其他形式。任何未領取的股息應被沒收及應根據公司章程復歸本公司。

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告



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

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

#### Opinion

We have audited the consolidated financial statements of YiChang HEC Changjiang Pharmaceutical Co., Ltd. ("the Company") and its subsidiaries ("the Group") set out on pages 119 to 221, which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 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 ("HKASs") 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119頁至221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二零一八年十二月三十一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 貴集團於二零一八年十二月三十一日的綜合財務狀況,及 貴集團截至該日止年度的綜合財務表現及綜合現金流量,並已遵照香港公司條例的披露規定妥為編製。

#### 意見的基礎

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

**Key audit matters**

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

**關鍵審核事項**

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

| <b>Timing of revenue recognition</b><br>收入確認時點   |   |
|--|---|
| Refer to Note 3 to the consolidated financial statements and the accounting policies on page 171.<br>參閱綜合財務報表附註3及第171頁的會計政策。   |   |
| <b>The Key Audit Matter</b><br>關鍵審核事項  | <b>How the matter was addressed in our audit</b><br>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.<br/>貴集團的營業收入主要包括向多個分銷商銷售藥品的收入。</p> <p>The Group enters into standard sales contracts with each distributor and manufactures and sells its products in accordance with the terms agreed in the sales contracts.<br/>貴集團與各分銷商及生產商簽訂標準的銷售銷售合同並根據合同約定的條款生產、銷售藥品。</p> <p>Once the products leave the warehouse and are delivered to the location designated by the distributor, the control of the goods are considered to have been transferred to the distributor and revenue is recognised accordingly.<br/>當貨物離開倉庫並運送至分銷商指定的地點時，商品的控制權被認為已轉移給分銷商，據此確認營業收入。</p> | <p>Our audit procedures to assess the timing of revenue recognition included the following:<br/>我們評估營業收入確認時點的審計程序包括：</p> <ul style="list-style-type: none"> <li>obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition;</li> <li>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；</li> <li>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;</li> <li>通過抽樣檢查與客戶簽訂的銷售合同，了解包括收發貨物及退貨安排等銷售條款，以確定 貴集團營業收入確認時點的政策與適用會計準則的要求是否一致；</li> </ul> |

# INDEPENDENT AUDITOR'S REPORT

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| <b>The Key Audit Matter</b><br><b>關鍵審核事項</b>   | <b>How the matter was addressed in our audit</b><br><b>在審核中的處理方法</b>   |
|--|--|
| <p>The Group's sales contracts are standardised and do not include terms relating to discounts or rebates and do not permit sales return except for where the products are damaged or defective.</p> <p>貴集團與分銷商簽訂的標準化銷售合同，不包含相關折讓及返利條款。根據合同約定，除產品質量問題外，不接受任何形式的退貨。</p> <p>We identified the timing of revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.</p> <p>我們識別出營業收入的確認時點是一個關鍵審核事項，因為營業收入是貴集團關鍵的業績指標之一，存在管理層通過操縱營業收入確認時點以達到特定目標或期望的固有風險。</p> | <ul style="list-style-type: none"> <li>• 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;</li> <li>• 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；</li> <li>• 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</li> <li>• 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</li> <li>• 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.</li> <li>• 檢查資產報表日後實際發生銷售退回及銷售沖回記錄，並評估相關的營業收入調整是否計入正確的財務報表期間。</li> </ul> |

| <b>Loss allowance for trade receivables</b><br><b>應收賬款虧損撥備</b>   |  |
|--|--|
| <p>Refer to Note 16 to the consolidated financial statements and the accounting policies on pages 189 to 190.<br/>參閱綜合財務報表附註16及第189頁至190頁的會計政策。</p>  |  |
| <b>The Key Audit Matter</b><br><b>關鍵審核事項</b>   | <b>How the matter was addressed in our audit</b><br><b>在審核中的處理方法</b>   |
| <p>The carrying value of the Group's gross trade receivables as at 31 December 2018 totalled RMB747.75 million, against which a loss allowance of RMB13.42 million was recorded.<br/>二零一八年十二月三十一日 貴集團的應收賬款賬面餘額為人民幣747.75百萬元，針對該款項錄得虧損撥備人民幣13.42百萬元。</p> <p>Management measured the loss allowance at an amount equal to lifetime expected credit loss, based on estimated loss rates. The estimated loss rates take into account the ageing of trade receivable balances, the repayment history of the Group's customers, current market conditions, customer-specific conditions, and forward-looking information. According to the past experience of the Group, the loss patterns for different customers are not significantly different. Therefore, the receivables are not segmented when calculating the loss allowance based on aging information.<br/>管理層根據估計虧損率按等同於整個有效期的預期信貸虧損的金額計量虧損撥備。估計虧損率計及應收賬款結餘的賬齡、貴集團客戶的還款歷史、現行市況、客戶的具體情況及前瞻性資料。根據 貴集團的過往經驗，不同客戶的虧損模式並無重大差異。因此，當根據賬齡資料計算虧損撥備時，並無對應收款項進行分組。</p> | <p>Our audit procedures to assess the loss allowance for trade receivables included the following:<br/>我們評估應收賬款虧損撥備的審計程序主要包括：</p> <ul style="list-style-type: none"> <li>obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls relating to credit control, debt collection and the estimation of the loss allowance;</li> <li>了解及評價與信用控制、債務回收及虧損撥備估計環節相關的關鍵內部控制的設計、執行及運行的有效性；</li> <li>obtaining an understanding of the key data and assumptions of the expected credit loss model adopted by the management, including the historical default data and the assumptions involved in management's estimated loss rate;</li> <li>了解管理層採納的預期信貸虧損模式的主要數據及假設，包括歷史違約數據及管理層的估計虧損率涉及的假設；</li> <li>Assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information;</li> <li>通過檢查管理層作出有關判斷所用的資料評估管理層虧損撥備估計的合理性，包括檢查歷史違約數據的準確性及評估歷史虧損率是否根據當前的經濟狀況及前瞻性資料作出適當調整；</li> </ul> |



# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告

| <b>The Key Audit Matter</b><br><b>關鍵審核事項</b>  | <b>How the matter was addressed in our audit</b><br><b>在審核中的處理方法</b>  |
|---|---|
| <p>We identified the loss allowance for trade receivables as a key audit matter because the assessment of the loss allowance requires the exercise of significant management judgement.</p> <p>我們識別出應收賬款的可回收性是一個的關鍵審核事項，因為應收賬款是否可以全部收回的評定存在固有的不確定性，且在評估壞賬準備時需要運用重要的管理層判斷。</p> | <ul style="list-style-type: none"> <li>• 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; and</li> <li>• 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；</li> <li>• comparing cash receipts from debtors subsequent to the financial year end relating to trade receivable balances at 31 December 2018 with bank statements and relevant underlying documentation, on a sample basis.</li> <li>• 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，並與二零一八年十二月三十一日相應的應收賬款餘額比對。</li> </ul> |

|   |   |
|---|---|
| <p><b>Capitalisation of intangible assets</b><br/>無形資產資本化</p>   |   |
| <p>Refer to Note 11 to the consolidated financial statements and the accounting policies on page 182.<br/>參閱綜合財務報表附註11及第182頁的會計政策。</p>  |   |
| <p><b>The Key Audit Matter</b><br/>關鍵審核事項</p>   | <p><b>How the matter was addressed in our audit</b><br/>在審核中的處理方法</p>   |
| <p>As disclosed in Note 11 to the consolidated financial statements, the Group capitalises costs incurred in the development of its pharmaceutical products if they meet the criteria for capitalisation as set out in the prevailing accounting standards.</p> <p>誠如綜合財務報表附註11所披露，貴集團將符合過往會計準則所載資本化準則的開發醫藥產品所產生開支撥充資本。</p> <p>This involves significant management judgement in both determining when the criteria for capitalisation are met and in identifying the relevant costs to be capitalised. As at 31 December 2018, the carrying value of capitalised development costs of intangible assets totalling RMB129.47 million.</p> <p>這需要管理層的重大判斷，以釐定資本化準則於何時達成及識別將資本化的相關成本。於二零一八年十二月三十一日，已資本化的無形資產開發成本賬面值合共為人民幣129.47百萬元。</p> | <p>Our audit procedures to assess the capitalisation of intangible assets included the following:</p> <p>我們評估無形資產資本化的審核程序包括下列各項：</p> <ul style="list-style-type: none"> <li>obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to the capitalisation of intangible assets;</li> <li>了解及和評價管理層就與無形資產資本化環節相關的主要內部控制的設計、執行及運行的有效性；</li> <li>obtaining the commercial and technical feasibility report prepared by the Group's researchers and assessing the reasonableness of the commercial and technical feasibility by reference to the industry and market information;</li> <li>取得 貴集團研究人員提供的商業及技術可行性報告，評價商業及技術可行性的合理性，當中參考行業及市場資訊；</li> <li>challenging management's assessment of the fulfilment of the criteria for capitalisation of intangible assets as set out in the prevailing accounting standards by discussing with the Group's researchers the development progress and commercial application of each development project;</li> <li>透過與 貴集團研究人員討論各開發項目的開發進度及商業應用，質詢管理層對達成過往會計準則所載無形資產資本化準則的評價；</li> </ul> |

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告

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

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

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

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

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

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

**Responsibilities of the directors for the consolidated financial statements**

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

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

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

綜合財務報表以外的其他資料及我們就此發出的核數師報告

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

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

就審核綜合財務報表而言，我們的責任是閱讀其他資料，從而考慮其他資料是否與綜合財務報表或我們在審核過程中獲悉的資料存在重大不符，或似乎存在重大錯誤陳述。

倘若我們基於已完成的工作認為其他資料出現重大錯誤陳述，我們須報告此一事實。我們就此並無須報告事項。

**董事就綜合財務報表須承擔的責任**

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

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

董事獲審核委員會協助履行其監督 貴集團財務報告流程的責任。

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告

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

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

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

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

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

### 核數師就審核綜合財務報表須承擔的責任

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

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

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

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



## INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

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

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

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

## INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

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

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

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

### KPMG

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

22 March 2019

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

二零一九年三月二十二日

# 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 2018  
截至二零一八年十二月三十一日止年度  
(Expressed in Renminbi)  
(以人民幣呈列)

|  |                             |      | 2018             | 2017      |
|--|-----------------------------|------|------------------|-----------|
|  |                             |      | 二零一八年            | 二零一七年     |
|  |                             |      |                  | (Note)    |
|  |                             |      |                  | (附註)      |
|  |                             | Note | RMB'000          | RMB'000   |
|  |                             | 附註   | 人民幣千元            | 人民幣千元     |
| <b>Revenue</b>   | <b>營業額</b>                  | 3    | <b>2,510,476</b> | 1,601,567 |
| Cost of sales  | 銷售成本                        |      | <b>(398,809)</b> | (280,416) |
| <b>Gross profit</b>  | <b>毛利</b>                   |      | <b>2,111,667</b> | 1,321,151 |
| Other income   | 其他收入                        | 4    | <b>24,601</b>    | 21,823    |
| Distribution costs   | 分銷成本                        |      | <b>(653,650)</b> | (372,090) |
| Administrative expenses  | 行政管理開支                      |      | <b>(384,385)</b> | (192,985) |
| Other net income/(expenses)  | 其他收入/(開支)淨額                 |      | <b>5,509</b>     | (25,415)  |
| <b>Profit from operations</b>  | <b>經營溢利</b>                 |      | <b>1,103,742</b> | 752,484   |
| Finance costs  | 融資成本                        | 5(a) | <b>(1,418)</b>   | (4,289)   |
| <b>Profit before taxation</b>  | <b>除稅前溢利</b>                | 5    | <b>1,102,324</b> | 748,195   |
| Income tax   | 所得稅                         | 6    | <b>(201,106)</b> | (121,838) |
| <b>Profit for the year</b>   | <b>年內溢利</b>                 |      | <b>901,218</b>   | 626,357   |
| <b>Profit and total comprehensive income for the year attributable to:</b> | <b>歸屬於以下項目的年內溢利及全面收益總額：</b> |      |                  |           |
| Equity shareholders of the Company   | 本公司權益股東                     |      | <b>942,536</b>   | 647,101   |
| Non-controlling interests  | 非控股權益                       | 13   | <b>(41,318)</b>  | (20,744)  |
| <b>Profit and total comprehensive income for the year</b>                  | <b>年內溢利及全面收益總額</b>          |      | <b>901,218</b>   | 626,357   |
| <b>Basic and diluted earnings per share</b>                                | <b>每股基本及攤薄盈利</b>            | 9    | <b>RMB2.09</b>   | RMB1.43   |
|  |                             |      | 人民幣2.09元         | 人民幣1.43元  |

Note: The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 1(c).

The notes on pages 124 to 221 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 24(b).

附註：本集團已於二零一八年一月一日首次應用國際財務報告準則第15號及國際財務報告準則第9號。根據所選過渡方法，毋須重列比較資料。見附註1(c)。

第124頁至221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24(b)。



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## 綜合財務狀況表

at 31 December 2018  
於二零一八年十二月三十一日  
(Expressed in Renminbi)  
(以人民幣呈列)

|  |                         |       | <b>31 December</b> | 31 December |
|--|-------------------------|-------|--------------------|-------------|
|  |                         |       | <b>2018</b>        | 2017        |
|  |                         |       | 二零一八年              | 二零一七年       |
|  |                         |       | 十二月三十一日            | 十二月三十一日     |
|  |                         |       |                    | (Note)      |
|  |                         |       |                    | (附註)        |
|  |                         | Note  | <b>RMB'000</b>     | RMB'000     |
|  |                         | 附註    | 人民幣千元              | 人民幣千元       |
| <b>Non-current assets</b>  | <b>非流動資產</b>            |       |                    |             |
| Fixed assets   | 固定資產                    |       |                    |             |
| – Property, plant and equipment  | – 物業、廠房及設備              | 10    | <b>1,198,617</b>   | 590,390     |
| – Interests in leasehold land held for own use<br>under operating leases | – 根據經營租賃持作自用之<br>租賃土地權益 | 10    | <b>152,862</b>     | 79,835      |
|  |                         |       | <b>1,351,479</b>   | 670,225     |
| Intangible assets  | 無形資產                    | 11    | <b>498,604</b>     | 374,170     |
| Goodwill   | 商譽                      | 12    | <b>75,896</b>      | 75,896      |
| Prepayments  | 預付款項                    | 14    | <b>817,509</b>     | 558,811     |
| Deferred tax assets  | 遞延稅項資產                  | 23(b) | <b>32,088</b>      | 28,243      |
|  |                         |       | <b>2,775,576</b>   | 1,707,345   |
| <b>Current assets</b>  | <b>流動資產</b>             |       |                    |             |
| Inventories  | 存貨                      | 15    | <b>164,286</b>     | 87,967      |
| Trade and other receivables  | 貿易及其他應收款項               | 16    | <b>1,027,332</b>   | 746,961     |
| Time deposits  | 定期存款                    |       | –                  | 346,519     |
| Cash and cash equivalents  | 現金及現金等值項目               | 17    | <b>593,746</b>     | 887,183     |
|  |                         |       | <b>1,785,364</b>   | 2,068,630   |
| <b>Current liabilities</b>   | <b>流動負債</b>             |       |                    |             |
| Trade and other payables   | 貿易及其他應付款項               | 19    | <b>676,250</b>     | 549,542     |
| Contract liabilities   | 合同負債                    | 18    | <b>8,095</b>       | –           |
| Bank loans   | 銀行貸款                    | 20    | <b>53,399</b>      | 10,000      |
| Deferred income  | 遞延收益                    | 21    | <b>4,379</b>       | 4,379       |
| Current taxation   | 應付即期稅項                  | 23(a) | <b>70,675</b>      | 76,826      |
|  |                         |       | <b>812,798</b>     | 640,747     |
| <b>Net current assets</b>  | <b>流動資產淨額</b>           |       | <b>972,566</b>     | 1,427,883   |
| <b>Total assets less current liabilities</b>                             | <b>總資產減流動負債</b>         |       | <b>3,748,142</b>   | 3,135,228   |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## 綜合財務狀況表

at 31 December 2018  
於二零一八年十二月三十一日  
(Expressed in Renminbi)  
(以人民幣呈列)

|  |                     |       | <b>31 December</b> | 31 December |
|--|---------------------|-------|--------------------|-------------|
|  |                     |       | <b>2018</b>        | 2017        |
|  |                     |       | 二零一八年              | 二零一七年       |
|  |                     |       | 十二月三十一日            | 十二月三十一日     |
|  |                     |       |                    | (Note)      |
|  |                     |       |                    | (附註)        |
|  |                     | Note  | <b>RMB'000</b>     | RMB'000     |
|  |                     | 附註    | 人民幣千元              | 人民幣千元       |
| <b>Non-current liabilities</b>   | <b>非流動負債</b>        |       |                    |             |
| Bank loans   | 銀行貸款                | 20    | -                  | 10,000      |
| Deferred income  | 遞延收益                | 21    | <b>69,214</b>      | 64,642      |
|  |                     |       | <b>69,214</b>      | 74,642      |
| <b>Net assets</b>  | <b>淨資產</b>          |       | <b>3,678,928</b>   | 3,060,586   |
| <b>Capital and reserves</b>  | <b>資本及儲備</b>        |       |                    |             |
| Share capital  | 股本                  | 24(c) | <b>452,023</b>     | 452,023     |
| Reserves   | 儲備                  | 24(d) | <b>2,981,933</b>   | 2,355,813   |
| <b>Total equity attributable to equity shareholders of the Company</b> | <b>本公司權益股東應佔總權益</b> |       | <b>3,433,956</b>   | 2,807,836   |
| <b>Non-controlling interests</b>                                       | <b>非控股權益</b>        | 13    | <b>244,972</b>     | 252,750     |
| <b>Total equity</b>  | <b>總權益</b>          |       | <b>3,678,928</b>   | 3,060,586   |

Approved and authorized for issue by the board of directors on 22 March 2019.

財務報表已由董事會於二零一九年三月二十二日批准及授權刊發。

**Tang Xinfa**

唐新發

Director

董事

**Chen Yangui**

陳燕桂

Director

董事

Note: The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transaction methods chosen, comparative information is not restated. See Note 1(c).

附註：本集團已於二零一八年一月一日首次應用國際財務報告準則第15號及國際財務報告準則第9號。根據所選過渡方法，毋須重列比較資料。見附註1(c)。

The notes on pages 124 to 221 form part of these financial statements.

第124頁至221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 2018  
截至二零一八年十二月三十一日止年度

(Expressed in Renminbi)  
(以人民幣呈列)

### Attributable to equity shareholders of the Company

本公司權益股東應佔

|  |                                    | Note<br>附註 | Share          | Capital          | Statutory      | Retained         | Total            | Non-           | Total            |
|--|------------------------------------|------------|----------------|------------------|----------------|------------------|------------------|----------------|------------------|
|  |                                    |            | capital        | reserve          | reserve        | earnings         |                  | controlling    |                  |
|  |                                    |            | 股本             | 資本儲備             | 法定儲備           | 保留盈利             | 總計               | 非控股權益          | 總權益              |
|  |                                    |            | 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            |
| <b>Balance at 1 January 2017</b>                             | 於二零一七年一月一日的結餘                      |            | 450,823        | 1,458,434        | 64,636         | 483,914          | 2,457,807        | -              | 2,457,807        |
| <b>Changes in equity for 2017:</b>                           | <b>二零一七年權益變動：</b>                  |            |                |                  |                |                  |                  |                |                  |
| Issue of ordinary shares                                     | 發行普通股                              | 24(a)      | 1,200          | 18,144           | -              | -                | 19,344           | -              | 19,344           |
| Acquisition of equity interests in a subsidiary              | 收購一間附屬公司股權                         | 12         | -              | -                | -              | -                | -                | 273,494        | 273,494          |
| Total comprehensive income for the year                      | 年內全面收入總額                           |            | -              | -                | -              | 647,101          | 647,101          | (20,744)       | 626,357          |
| Dividends approved in respect of the previous year           | 批准過往年度股息                           | 24(b)      | -              | -                | -              | (135,607)        | (135,607)        | -              | (135,607)        |
| Dividends approved in respect of the current year            | 批准本年度股息                            | 24(b)      | -              | -                | -              | (180,809)        | (180,809)        | -              | (180,809)        |
| Appropriation to statutory reserve                           | 轉撥至法定儲備                            |            | -              | -                | 67,738         | (67,738)         | -                | -              | -                |
| <b>Balance at 31 December 2017 and 1 January 2018 (Note)</b> | 於二零一七年十二月三十一日及二零一八年一月一日的結餘<br>(附註) |            | <b>452,023</b> | <b>1,476,578</b> | <b>132,374</b> | <b>746,861</b>   | <b>2,807,836</b> | <b>252,750</b> | <b>3,060,586</b> |
| <b>Changes in equity for 2018:</b>                           | <b>二零一八年權益變動：</b>                  |            |                |                  |                |                  |                  |                |                  |
| Total comprehensive income for the year                      | 年內全面收入總額                           |            | -              | -                | -              | 942,536          | 942,536          | (41,318)       | 901,218          |
| Dividends approved in respect of the previous year           | 批准過往年度股息                           | 24(b)      | -              | -                | -              | (135,607)        | (135,607)        | -              | (135,607)        |
| Dividends approved in respect of the current year            | 批准本年度股息                            | 24(b)      | -              | -                | -              | (180,809)        | (180,809)        | -              | (180,809)        |
| Appropriation to statutory reserve                           | 轉撥至法定儲備                            |            | -              | -                | 100,302        | (100,302)        | -                | -              | -                |
| Equity settled share-based transactions                      | 以權益結算的股份支付交易                       | 22         | -              | -                | -              | -                | -                | 33,540         | 33,540           |
| <b>Balance at 31 December 2018</b>                           | 於二零一八年十二月三十一日的結餘                   |            | <b>452,023</b> | <b>1,476,578</b> | <b>232,676</b> | <b>1,272,679</b> | <b>3,433,956</b> | <b>244,972</b> | <b>3,678,928</b> |

Note: The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transaction methods chosen, comparative information is not restated. See Note 1(c).

附註：本集團已於二零一八年一月一日首次應用國際財務報告準則第15號及國際財務報告準則第9號。根據所選過渡方法，毋須重列比較資料。見附註1(c)。

The notes on pages 124 to 221 form part of these financial statements.

第124頁至221頁之附註構成該等財務報表一部份。

# CONSOLIDATED CASH FLOW STATEMENT

## 綜合現金流量表

for the year ended 31 December 2018  
截至二零一八年十二月三十一日止年度  
(Expressed in Renminbi)  
(以人民幣呈列)

|   |                                     |                | 2018             | 2017      |
|---|-------------------------------------|----------------|------------------|-----------|
|   |                                     |                | 二零一八年            | 二零一七年     |
|   |                                     |                |                  | (Note)    |
|   |                                     |                |                  | (附註)      |
|   | Note                                | <b>RMB'000</b> | RMB'000          |           |
|   | 附註                                  | 人民幣千元          | 人民幣千元            |           |
| <b>Operating activities</b>   | <b>經營活動</b>                         |                |                  |           |
| Cash generated from operations  | 經營所得之現金                             | 17(b)          | <b>926,494</b>   | 760,116   |
| The People's Republic of China (the "PRC")<br>Corporate Income Tax ("CIT") paid | 已支付的中華人民共和國(「中國」)企業<br>所得稅(「企業所得稅」) | 23(a)          | <b>(211,102)</b> | (89,365)  |
| <b>Net cash generated from operating activities</b>                             | <b>經營活動產生的現金淨值</b>                  |                | <b>715,392</b>   | 670,751   |
| <b>Investing activities</b>   | <b>投資活動</b>                         |                |                  |           |
| Interest received   | 已收利息                                |                | <b>14,601</b>    | 14,737    |
| Payment for the purchase of property, plant and<br>equipment                    | 購買物業、廠房及設備所付款項                      |                | <b>(620,039)</b> | (327,036) |
| Proceeds received from disposal of property, plant and<br>equipment             | 出售物業、廠房及設備所得款項                      |                | -                | 367       |
| Payment for intangible assets   | 無形資產所付款項                            |                | <b>(476,081)</b> | (43,709)  |
| Payment for acquisition of equity interests in a subsidiary                     | 收購一間附屬公司股權付款                        | 12             | -                | (137,402) |
| Investment in time deposits with maturity<br>over three months                  | 到期日超過三個月之定期存款投資                     |                | <b>(330,000)</b> | (536,210) |
| Proceeds from time deposits   | 定期存款所得款項                            |                | <b>682,989</b>   | 416,882   |
| <b>Net cash used in investing activities</b>                                    | <b>投資活動中使用的現金淨值</b>                 |                | <b>(728,530)</b> | (612,371) |
| <b>Financing activities</b>   | <b>融資活動</b>                         |                |                  |           |
| Proceeds from issuance of shares  | 發行股份所得款項                            |                | -                | 19,344    |
| Proceeds from new bank loans  | 新銀行貸款所得款項                           | 17(c)          | <b>43,399</b>    | -         |
| Repayments of bank loans  | 償還銀行貸款                              | 17(c)          | <b>(10,000)</b>  | (70,000)  |
| Dividends paid to equity shareholders of the Company                            | 已付本公司權益股東的股息                        |                | <b>(316,416)</b> | (316,416) |
| Interest paid   | 已付利息                                | 17(c)          | <b>(1,434)</b>   | (4,394)   |
| <b>Net cash used in financing activities</b>                                    | <b>用於融資活動的現金淨值</b>                  |                | <b>(284,451)</b> | (371,466) |
| <b>Net decrease in cash and cash equivalents</b>                                | <b>現金及現金等值項目淨減少</b>                 |                | <b>(297,589)</b> | (313,086) |
| <b>Cash and cash equivalents at 1 January</b>                                   | <b>於一月一日的現金及現金等值項目</b>              | 17(a)          | <b>887,183</b>   | 1,212,072 |
| <b>Effect of foreign exchange rate changes</b>                                  | <b>外匯匯率變動的影響</b>                    |                | <b>4,152</b>     | (11,803)  |
| <b>Cash and cash equivalents at 31 December</b>                                 | <b>於十二月三十一日的現金及現金等值項目</b>           | 17(a)          | <b>593,746</b>   | 887,183   |

Note: The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 1(c).

附註：本集團已於二零一八年一月一日首次應用國際財務報告準則第15號及國際財務報告準則第9號。根據所選過渡方法，毋須重列比較資料。見附註1(c)。

The notes on pages 124 to 221 form part of these financial statements.

第124頁至221頁之附註構成該等財務報表一部份。

# 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

#### (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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (b) Basis of presentation of the financial statements

The consolidated financial statements for the year ended 31 December 2018 comprise the Company and its subsidiary (together referred to as "the Group").

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

These consolidated financial statements are presented in RMB, which is the functional currency of the Company and its subsidiaries. The financial statements presented in RMB has been rounded to the nearest thousand, unless otherwise indicated.

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

截至二零一八年十二月三十一日止年度之綜合財務報表包括本公司及其附屬公司(統稱「本集團」)。

編製本財務報表時以歷史成本作為計量基準。

本綜合財務報表乃以人民幣呈列，而人民幣為本公司及其附屬公司的功能貨幣。除另有所指外，以人民幣呈列的所有財務報表已化整至最接近千位。

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 new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- (i) IFRS 9, *Financial instruments*
- (ii) IFRS 15, *Revenue from contracts with customers*
- (iii) IFRIC 22, *Foreign currency transactions and advance consideration*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, except for the amendments to IFRS 9, *Prepayment features with negative compensation* which have been adopted at the same as IFRS 9.

### I 重大會計政策(續)

#### (c) 會計政策變動

國際會計準則理事會已頒佈若干新訂國際財務報告準則及國際財務報告準則的修訂，並於本集團現行會計期間首次生效。其中以下變更與本集團財務報表相關：

- (i) 國際財務報告準則第9號，*金融工具*
- (ii) 國際財務報告準則第15號，*客戶合同收入*
- (iii) 國際財務報告詮釋委員會詮釋第22號，*外幣交易及預付代價*

除與國際財務報告準則第9號同時採用的國際財務報告準則第9號的修訂*反向補償提前還款特徵*外，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。

# 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 (Cont'd)

##### (i) IFRS 9, Financial instruments, including the amendments to IFRS 9, Prepayment features with negative compensation

IFRS 9 replaces IAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied IFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under IAS 39.

There is no impact of transition to IFRS 9 on retained earnings and reserves at 1 January 2018.

### I 重大會計政策(續)

#### (c) 會計政策變動(續)

##### (i) 國際財務報告準則第9號，金融工具，包括國際財務報告準則第9號的修訂反向補償提前還款特徵

國際財務報告準則第9號取代國際會計準則第39號，金融工具：確認及計量。其就有關確認及計量金融資產、金融負債及買賣非金融項目的部分合約作出規定。

本集團已根據過渡規定對於二零一八年一月一日存在的項目追溯應用國際財務報告準則第9號。本集團已將首次應用的累計影響確認為於二零一八年一月一日的年初權益調整。因此，繼續根據國際會計準則第39號呈報比較資料。

向國際財務報告準則第9號過渡對二零一八年一月一日的保留盈利及儲備並無影響。



# 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 (Cont'd)

##### (i) IFRS 9, Financial instruments, including the amendments to IFRS 9, Prepayment features with negative compensation (Cont'd)

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

##### (a) Classification of financial assets and financial liabilities

IFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede IAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under IFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

### I 重大會計政策(續)

#### (c) 會計政策變動(續)

##### (i) 國際財務報告準則第9號，金融工具，包括國際財務報告準則第9號的修訂反向補償提前還款特徵(續)

有關過往會計政策變動的性質及影響以及過渡方法的進一步詳情載列如下：

##### (a) 金融資產及金融負債的分類

國際財務報告準則第9號將金融資產分為三大類別：按攤銷成本、按公允價值計入其他全面收益及按公允價值計入損益計量。該等分類取代國際會計準則第39號的分類，分別為持有至到期投資、貸款及應收款項、可供出售金融資產及按公允價值計入損益的金融資產。國際財務報告準則第9號項下的金融資產分類乃基於管理金融資產的業務模式及其合約現金流量特徵。根據國際財務報告準則第9號，合約內嵌衍生工具(倘主體為該準則範圍內的金融資產)不與主體分開處理。相反，混合工具將按整體作分類評估。

# 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 (Cont'd)

##### (i) IFRS 9, Financial instruments, including the amendments to IFRS 9, Prepayment features with negative compensation (Cont'd)

###### (a) Classification of financial assets and financial liabilities (Cont'd)

The measurement categories for the Group's financial assets and all financial liabilities remain the same under IAS 39 and IFRS 9. The carrying amounts for all financial liabilities at 1 January 2018 have not been impacted by the initial application of IFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 January 2018.

###### (b) Credit losses

IFRS 9 replaces the "incurred loss" model in IAS 39 with the "expected credit losses" (ECL) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in IAS 39.

### I 重大會計政策(續)

#### (c) 會計政策變動(續)

##### (i) 國際財務報告準則第9號，金融工具，包括國際財務報告準則第9號的修訂反向補償提前還款特徵(續)

###### (a) 金融資產及金融負債的分類(續)

根據國際會計準則第39號及國際財務報告準則第9號，本集團金融資產及所有金融負債的計量分類維持不變。所有金融負債於二零一八年一月一日的賬面值並無受到首次應用國際財務報告準則第9號的影響。

於二零一八年一月一日，本集團並無指定或取消指定任何按公允價值計入損益的金融資產或金融負債。

###### (b) 信貸虧損

國際財務報告準則第9號以「預期信貸虧損」(預期信貸虧損)模式取代了國際會計準則第39號的「已產生虧損」模式。預期信貸虧損模式要求持續計量金融資產相關的信貸風險，因此確認預期信貸虧損的時間較根據國際會計準則第39號之「已產生虧損」會計模式確認之時間為早。

# 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 (Cont'd)

##### (i) IFRS 9, Financial instruments, including the amendments to IFRS 9, Prepayment features with negative compensation (Cont'd)

##### (b) Credit losses (Cont'd)

The Group applies the new ECL model to the financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and time deposits).

For further details on the Group's accounting policy for accounting for credit losses, see Note 1(i)(i).

##### (c) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

- Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under IAS 39 and thus may not be comparable with the current period.

### I 重大會計政策(續)

#### (c) 會計政策變動(續)

##### (i) 國際財務報告準則第9號，金融工具，包括國際財務報告準則第9號的修訂反向補償提前還款特徵(續)

##### (b) 信貸虧損(續)

本集團將新預期信貸虧損模式應用於按攤餘成本計量的金融資產(包括現金及現金等值項目、貿易及其他應收款項以及定期存款)。

有關本集團信貸虧損會計處理的會計政策的進一步詳情，請見附註1(i)(i)。

##### (c) 過渡

採納國際財務報告準則第9號導致的會計政策變動已被追溯應用，惟下列所述者除外：

- 有關比較期間的資料尚未重列。採納國際財務報告準則第9號導致的金融資產賬面值差額於二零一八年一月一日於保留盈利及儲備中確認。因此，二零一七年呈列的資料乃繼續根據國際會計準則第39號呈報且因此可能不可與本期間進行比較。

# 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 (Cont'd)

##### (i) IFRS 9, Financial instruments, including the amendments to IFRS 9, Prepayment features with negative compensation (Cont'd)

###### (c) Transition (Cont'd)

- The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at 1 January 2018 (the date of initial application of IFRS 9 by the Group); and
- If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

### I 重大會計政策(續)

#### (c) 會計政策變動(續)

##### (i) 國際財務報告準則第9號，金融工具，包括國際財務報告準則第9號的修訂反向補償提前還款特徵(續)

###### (c) 過渡(續)

- 釐定持有金融資產之業務模式乃根據於二零一八年一月一日(本集團首次應用國際財務報告準則第9號的日期)存在的事實及情況而作出；及
- 於首次應用日期，倘評估信貸風險自初步確認以來有否大幅上升將涉及不必要的成本或資源，則就該金融工具確認整個期限的預期信貸虧損。

# 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 (Cont'd)

##### (ii) IFRS 15, Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for recognising revenue. IFRS 15 replaces IAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and IAS 11, *Construction contracts*, which specified the accounting for construction contracts.

IFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. Therefore, comparative information has not been restated and continues to be reported IAS 18. As allowed by IFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018 (if any). There is no impact of transition to IFRS 15 on retained earnings at 1 January 2018.

### I 重大會計政策(續)

#### (c) 會計政策變動(續)

##### (ii) 國際財務報告準則第15號，客戶合同收入

國際財務報告準則第15號建立了確認收入的全面框架。國際財務報告準則第15號取代國際會計準則第18號收入(包括銷售貨物及提供服務所產生的收入)及國際會計準則第11號建築合約(訂明建築合約的會計處理)。

國際財務報告準則第15號亦引入額外的定性及定量披露規定，旨在讓財務報表的用戶了解客戶合同所產生收入及現金流量的性質、金額、時間及不確定性。

本集團已選擇使用累積效應過渡法，並確認首次應用的累積效應作為對二零一八年一月一日權益期初結餘的調整。因此，可比較資料並無重列及繼續根據國際會計準則第18號予以呈報。在國際財務報告準則第15號許可範圍內，本集團僅對在二零一八年一月一日之前未完成的合約(如有)採用新規定。向國際財務報告準則第15號過渡對二零一八年一月一日的保留盈利並無影響。

# 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 (Cont'd)

##### (ii) IFRS 15, Revenue from contracts with customers (Cont'd)

Further details of the nature and effect of the changes on previous accounting policies are set out below:

###### (a) Timing of revenue recognition

Previously, revenue arising from provision of services was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under IFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. IFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

### I 重大會計政策(續)

#### (c) 會計政策變動(續)

##### (ii) 國際財務報告準則第15號，客戶合同收入(續)

有關過往會計政策變動的性質及影響的進一步詳情載列如下：

###### (a) 收入確認時間

此前，提供服務所得收入乃就一段時間確認，而銷售貨品所得收入通常於貨品所有權風險及收益轉移予客戶的時間點確認。

根據國際財務報告準則第15號，收入於客戶獲得合約之承諾貨品或服務之控制權時確認。此可為單個時間點或一段時間。國際財務報告準則第15號確定了以下對承諾貨品或服務之控制權被視為隨時間轉移之三種情況：

- A. 實體履約時，當客戶同時取得及消耗實體履約所提供的利益時；
- B. 實體的履約行為創造或改良了客戶在資產被創造或改良時控制的資產(如在建工程)；

# 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 (Cont'd)

##### (ii) IFRS 15, Revenue from contracts with customers (Cont'd)

###### (a) Timing of revenue recognition (Cont'd)

- C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under IFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of IFRS 15 does not have a significant impact on when the Group recognises revenue from sales of goods and this change in accounting policy had no material impact on opening balances as at 1 January 2018.

### I 重大會計政策(續)

#### (c) 會計政策變動(續)

##### (ii) 國際財務報告準則第15號，客戶合同收入(續)

###### (a) 收入確認時間(續)

- C. 實體的履約行為並未創造一項可被實體用於替代用途的資產，並且實體具有就迄今為止已完成的履約部分獲得付款的可執行權利。

如合約條款及實體活動並不屬於該等三種情況的任何一種，則根據國際財務報告準則第15號，該實體就銷售商品或服務按單個時間點(即控制權已轉移時)確認收入。所有權的風險及收益的轉移僅為釐定何時發生控制權轉移時考慮的指標之一。

採納國際財務報告準則第15號不會於本集團確認銷售貨品所得收益時產生重大影響，且此項會計政策變動不會對於二零一八年一月一日之期初結餘產生重大影響。

# 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 (Cont'd)

##### (ii) IFRS 15, Revenue from contracts with customers (Cont'd)

###### (b) Significant financing component

IFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance of revenue recognition or significantly deferred.

Previously, the Group only applied such a policy when payments were significantly deferred, which was not common in the Group's arrangements with its customers. The Group did not apply such a policy when payments were received in advance.

It is not common for the Group to receive payments significantly in advance of revenue recognition in the Group's arrangements with its customers. The adoption of IFRS 15 does not have a significant impact on the Group and this change in accounting policy had no material impact on opening balances as at 1 January 2018.

### I 重大會計政策(續)

#### (c) 會計政策變動(續)

##### (ii) 國際財務報告準則第15號，客戶合同收入(續)

###### (b) 重大融資成分

當合約載有重大融資成分時(無論收取客戶付款是否會較收入確認大幅提前或大幅延期)，國際財務報告準則第15號規定實體就貨幣的時間價值調整交易價格。

先前，本集團僅在付款遭嚴重延誤時採用該政策，而該情況在本集團與客戶的安排中並不常見。本集團概無在提前收到付款時採用該政策。

在本集團與其客戶間的安排中，本集團收取付款較收入確認大幅提前並不常見。採納國際財務報告準則第15號對本集團並無重大影響。會計政策的此項變動對於二零一八年一月一日的期初結餘並無重大影響。



# 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)

#### (c) Changes in accounting policies (Cont'd)

##### (ii) IFRS 15, Revenue from contracts with customers (Cont'd)

###### (c) Presentation of contract assets and liabilities

Under IFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

To reflect this change in presentation, contract liabilities, including receipts in advance from customers with amount of RMB13,826,000, which was previously included in trade and other payables (Note 19) is now separately presented under contract liabilities (Note 18) as at 1 January 2018, as a result of the adoption of IFRS 15.

### I 重大會計政策(續)

#### (c) 會計政策變動(續)

##### (ii) 國際財務報告準則第15號，客戶合同收入(續)

###### (c) 合同資產及負債的呈列

根據國際財務報告準則第15號，僅當代價成為無條件時，本集團方確認應收款項。倘本集團在無條件享有合同中承諾的商品及服務的代價之前確認相關收入，則代價的權利須歸類為合同資產。同樣，在本集團確認相關收入之前，當客戶支付代價或合同要求支付代價且金額已到期時，須確認為合同負債而非應付款項。對於與客戶的單一合同，須呈列淨合同資產或淨合同負債。對於多份合同，無關合同的合同資產及合同負債並非按淨額基準呈列。

為反映因採納國際財務報告準則第15號而導致的此項呈列變動，過往計入貿易及其他應付款項(附註19)的合同負債(包括預收客戶款項人民幣13,826,000元)現於二零一八年一月一日的合約負債(附註18)項下單獨呈列。

# 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)

#### (c) Changes in accounting policies (Cont'd)

##### (ii) IFRS 15, Revenue from contracts with customers (Cont'd)

- (d) Disclosure of the estimated impact on the amounts reported in respect of the year ended 31 December 2018 as a result of the adoption of IFRS 15 on 1 January 2018

The following tables summarise the estimated impact of adoption of IFRS 15 on the Group's consolidated financial statements for the year ended 31 December 2018, by comparing the amounts reported under IFRS 15 in these consolidated financial statements with estimates of the hypothetical amounts that would have been recognised under IAS 18 and IAS 11 if those superseded standards had continued to apply to 2018 instead of IFRS 15. These tables show only those line items impacted by the adoption of IFRS 15:

### I 重大會計政策(續)

#### (c) 會計政策變動(續)

##### (ii) 國際財務報告準則第15號，客戶合同收入(續)

- (d) 就截至二零一八年十二月三十一日止年度呈報的金額因於二零一八年一月一日採納國際財務報告準則第15號而受到的估計影響披露

下表通過對比根據國際財務報告準則第15號於本集團於截至二零一八年十二月三十一日止年度的綜合財務報表中呈報的金額與估計於二零一八年繼續應用國際會計準則第18號及國際會計準則第11號而非國際財務報告準則第15號的情況下將確認的假設金額，概述採納國際財務報告準則第15號對該等綜合財務報表的估計影響。下表僅顯示受採納國際財務報告準則第15號影響的項目：

# 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 (Cont'd)

##### (ii) IFRS 15, Revenue from contracts with customers (Cont'd)

(d) Disclosure of the estimated impact on the amounts reported in respect of the year ended 31 December 2018 as a result of the adoption of IFRS 15 on 1 January 2018 (Cont'd)

### I 重大會計政策(續)

#### (c) 會計政策變動(續)

##### (ii) 國際財務報告準則第15號，客戶合同收入(續)

(d) 就截至二零一八年十二月三十一日止年度呈報的金額因於二零一八年一月一日採納國際財務報告準則第15號而受到的估計影響披露(續)

|   |  | Amounts<br>reported in<br>accordance<br>with IFRS 15 | Hypothetical<br>amounts<br>under IAS 18<br>and 11<br>國際會計準則<br>第18號及<br>國際會計準則<br>第11號呈報的<br>假設金額 | Difference:<br>Estimated<br>impact<br>of adoption<br>of IFRS 15<br>on 2018<br>差額：<br>於二零一八年<br>採納國際財務<br>報告準則第15號<br>的估計影響 |
|---|--|--|---|--|
|   |  | RMB'000<br>人民幣千元                                     | RMB'000<br>人民幣千元  | RMB'000<br>人民幣千元   |
| <b>Line items in the consolidated statement of financial position as at 31 December 2018 impacted by the adoption of IFRS 15:</b> | <b>於二零一八年十二月三十一日的綜合財務狀況表中受採納國際財務報告準則第15號影響的項目：</b> |  |   |  |
| Trade and other payables  | 貿易及其他應付款項  | 676,250  | 684,345   | (8,095)  |
| Contract liabilities  | 合約負債   | 8,095  | -   | 8,095  |
| <b>Total equity</b>   | <b>總權益</b>   | <b>684,345</b>                                       | <b>684,345</b>  | <b>-</b>   |

# 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 (Cont'd)

##### (iii) IFRIC 22, Foreign currency transactions and advance consideration

This interpretation provides guidance on determining “the date of the transaction” for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that “the date of the transaction” is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of IFRIC 22 does not have any material impact on the financial position and the financial result of the Group.

#### (d) Subsidiaries and non-controlling interests

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

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

### I 重大會計政策(續)

#### (c) 會計政策變動(續)

##### (iii) 國際財務報告詮釋委員會詮釋第22號，外幣交易及預付代價

該詮釋就釐定「交易日期」提供指引，旨在釐定於初步確認因實體收取或支付的外幣預付代價交易而產生的有關資產、開支或收入(或其中部分)所使用的匯率。

該詮釋澄清「交易日期」為初步確認因支付或收取預付代價而產生的非貨幣性資產或負債之日。倘確認有關項目存在多筆付款或收款，實體應按該方式釐定每筆付款或收款的交易日期。採納國際財務報告詮釋委員會詮釋第22號對本集團財務狀況及財務業績並無任何重大影響。

#### (d) 附屬公司及非控股權益

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

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

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

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

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

### I 重大會計政策(續)

#### (d) 附屬公司及非控股權益(續)

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

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

並無導致本集團失去對一間附屬公司控制權的擁有權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。

# 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)

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

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

#### (e) Goodwill

**Goodwill represents the excess of:**

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

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

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

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

### I 重大會計政策(續)

#### (d) 附屬公司及非控股權益(續)

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

#### (e) 商譽

**商譽指當：**

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

當(ii)較(i)為大，則該差額即時在損益確認為優惠承購的收益。

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

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

# 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)

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

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

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

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

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

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

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

### I 重大會計政策(續)

#### (f) 物業、廠房及設備

下列物業、廠房及設備項目按成本減累計折舊及減值虧損列賬(見附註I(i)):

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

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

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內確認。

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

- 位於租賃土地上的廠房及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

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## 財務報表附註

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

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

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

#### (g) Intangible assets (other than goodwill)

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (See Note I(i)). Other development expenditure is recognised as an expense in the period in which it is incurred.

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

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

|                                 |          |
|---------------------------------|----------|
| – capitalised development costs | 10 years |
| – patents                       | 12 years |

Both the period and method of amortisation are reviewed annually.

### I 重大會計政策(續)

#### (f) 物業、廠房及設備(續)

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

#### (g) 無形資產(商譽除外)

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

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

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

|           |     |
|-----------|-----|
| – 資本化開發支出 | 10年 |
| – 專利      | 12年 |

攤銷年期及方法均每年審閱。



# 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) Leasehold land held for own use under operating leases

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

#### (i) Credit losses and impairment of assets

##### (i) Credit losses from financial instruments, contract assets and lease receivable

(A) Policy applicable from 1 January 2018

The Group recognises a loss allowance for expected credit losses (ECLs) on the financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and loans to associates).

Financial assets measured at fair value, including units in bond funds, equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

##### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

### I 重大會計政策(續)

#### (h) 根據經營租賃持作自用之土地權益

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

#### (i) 信貸虧損及資產減值

##### (i) 來自金融工具、合約資產及租賃應收款項的信貸虧損

(A) 自二零一八年一月一日起適用的政策

本集團就按攤銷成本計量之金融資產(包括現金及現金等值項目、貿易及其他應收款項及給予聯營公司之貸款)的預期信貸虧損確認虧損撥備。

按公平價值計量的金融資產(包括債券基金單位、按公允價值計入損益的股本證券、指定為透按公允價值計入其他全面收益(不可劃轉)的股本證券及衍生金融資產)毋須進行預期信貸虧損評估。

##### 預期信貸虧損之計量

預期信貸虧損為按概率加權估計之信貸虧損。信貸虧損以所有預期現金差額(即本集團按合約應收現金流與本集團預期可收取之現金流之間的差額)的現值計量。

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## 財務報表附註

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

#### (i) Credit losses and impairment of assets (Cont'd)

##### (i) Credit losses from financial instruments, contract assets and lease receivable (Cont'd)

(A) Policy applicable from 1 January 2018 (Cont'd)

##### Measurement of ECLs (Cont'd)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

### I 重大會計政策(續)

#### (i) 信貸虧損及資產減值(續)

##### (i) 來自金融工具、合約資產及租賃應收款項的信貸虧損(續)

(A) 自二零一八年一月一日起適用的政策(續)

##### 預期信貸虧損之計量(續)

估計預期信貸虧損時所考慮的最長期間乃以本集團面對信貸風險的最長合約期間為準。

於計量預期信貸虧損時，本集團會考慮在無需付出過多成本及努力下即可獲得之合理可靠資料。這包括有關過往事件、現時狀況及未來經濟狀況預測的資料。

預期信貸虧損將採用以下基準計量：

- 12個月預期信貸虧損：指報告日期後12個月內可能發生的違約事件而導致的預期虧損；及
- 整個存續期預期信貸虧損：指預期信貸虧損模型在整個有效期內所有可能違約事件而導致的預期虧損。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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### I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (i) Credit losses and impairment of assets (Cont'd)

##### (i) Credit losses from financial instruments, contract assets and lease receivable (Cont'd)

(A) Policy applicable from 1 January 2018 (Cont'd)

##### Measurement of ECLs (Cont'd)

Loss allowances for trade and other receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

### I 重大會計政策(續)

#### (i) 信貸虧損及資產減值(續)

##### (i) 來自金融工具、合約資產及租賃應收款項的信貸虧損(續)

(A) 自二零一八年一月一日起適用的政策(續)

##### 預期信貸虧損之計量(續)

貿易及其他應收款項之虧損撥備一般按等同於整個有效期的預期信貸虧損的金額計量。該等金融資產的預期信貸虧損乃利用基於本集團的歷史信貸虧損經驗的撥備矩陣進行估算，並按於報告日期債務人的特定因素及對當前及預測整體經濟狀況的評估進行調整。

就所有其他金融工具而言，本集團確認相等於12個月預期信貸虧損的虧損撥備，除非自初步確認以來金融工具的信貸風險顯著上升，於此情況下，虧損撥備乃按相等於整個有效期的預期信貸虧損的金額計量。

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### I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (i) Credit losses and impairment of assets (Cont'd)

##### (i) Credit losses from financial instruments, contract assets and lease receivable (Cont'd)

(A) Policy applicable from 1 January 2018 (Cont'd)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

### I 重大會計政策(續)

#### (i) 信貸虧損及資產減值(續)

##### (i) 來自金融工具、合約資產及租賃應收款項的信貸虧損(續)

(A) 自二零一八年一月一日起適用的政策(續)

信貸風險大幅上升

評估金融工具的信貸風險自初步確認以來有否大幅上升時，本集團會比較於報告日期及於初步確認日期評估的金融工具發生違約的風險。作出重新評估時，本集團認為，倘(i)借款人不大有可能在本集團無追索權採取變現抵押(如持有)等行動的情況下向本集團悉數支付其信貸債務；或(ii)金融資產已逾期90日，則構成違約事件。本集團會考慮合理可靠的定量及定性資料，包括過往經驗及在無需付出過多成本或努力下即可獲得的前瞻性資料。

# 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)

#### (i) Credit losses and impairment of assets (Cont'd)

##### (i) Credit losses from financial instruments, contract assets and lease receivable (Cont'd)

(A) Policy applicable from 1 January 2018 (Cont'd)

Significant increases in credit risk (Cont'd)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

### I 重大會計政策(續)

#### (i) 信貸虧損及資產減值(續)

##### (i) 來自金融工具、合約資產及租賃應收款項的信貸虧損(續)

(A) 自二零一八年一月一日起適用的政策(續)

信貸風險大幅上升(續)

具體而言，評估信貸風險自初始確認以來有否大幅上升時會考慮以下資料：

- 未能按合約到期日期支付本金或利息；
- 金融工具外部或內部信用評級(如可用)的實際或預期顯著惡化；
- 債務人經營業績的實際或預期顯著惡化；及
- 科技、市場、經濟或法律環境的目前或預期變動對債務人履行其對本集團責任的能力有重大不利影響。

取決於金融工具的性质，信貸風險大幅上升的評估乃按個別基準或共同基準進行。倘評估為按共同基準進行，金融工具則按共同的信貸風險特徵(如逾期狀況及信貸風險評級)進行分組。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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### I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (i) Credit losses and impairment of assets (Cont'd)

##### (i) Credit losses from financial instruments, contract assets and lease receivable (Cont'd)

(A) Policy applicable from 1 January 2018 (Cont'd)

Significant increases in credit risk (Cont'd)

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with Note 1(s)(ii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

### I 重大會計政策(續)

#### (i) 信貸虧損及資產減值(續)

##### (i) 來自金融工具、合約資產及租賃應收款項的信貸虧損(續)

(A) 自二零一八年一月一日起適用的政策(續)

信貸風險大幅上升(續)

預期信貸虧損於各報告日期進行重新計量以反映金融工具自初步確認以來的信貸風險變動。預期信貸虧損的任何變動均於損益確認為減值收益或虧損。本集團就所有金融工具確認減值收益或虧損，並透過虧損撥備賬對彼等之賬面值作出相應調整，惟於按公允價值計入其他全面收益(可劃轉)計量的債券證券之投資除外，就此，虧損撥備乃於其他全面收益確認並於公平值儲備(可劃轉)累計。

計算利息收入的基準

按照附註1(s)(ii)確認之利息收入乃按金融資產的總賬面值計算，除非該金融資產出現信貸減值，在此情況下，利息收入按金融資產的攤餘成本(即總賬面值減虧損撥備)計算。

# 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)

#### (i) Credit losses and impairment of assets (Cont'd)

##### (i) Credit losses from financial instruments, contract assets and lease receivable (Cont'd)

(A) Policy applicable from 1 January 2018 (Cont'd)

Basis of calculation of interest income (Cont'd)

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation; or
- 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)

#### (i) 信貸虧損及資產減值(續)

##### (i) 來自金融工具、合約資產及租賃應收款項的信貸虧損(續)

(A) 自二零一八年一月一日起適用的政策(續)

計算利息收入的基準(續)

於各報告日期，本集團評估金融資產是否出現信貸減值。當發生一項或多項對金融資產預計未來現金流量有不利影響的事件時，金融資產出現信貸減值。

金融資產信貸減值的證據包括以下可觀察事件：

- 債務人出現嚴重財務困難；
- 違反合約，如欠繳或拖欠利息或本金付款；
- 借款人很有可能將告破產或進行其他財務重組；或
- 科技、市場、經濟或法律環境出現重大變動，對債務人有不利影響。

# 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)

#### (i) Credit losses and impairment of assets (Cont'd)

##### (i) Credit losses from financial instruments, contract assets and lease receivable (Cont'd)

###### (A) Policy applicable from 1 January 2018 (Cont'd)

###### Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

###### (B) Policy applicable prior to 1 January 2018

Prior to 1 January 2018, an "incurred loss" model was used to measure impairment losses on financial assets not classified as at FVPL (e.g. trade and other receivables, available-for-sale investments and held-to-maturity debt securities). Under the "incurred loss" model, an impairment loss was recognised only when there was objective evidence of impairment. Objective evidence of impairment included:

- significant financial difficulties of the debtor;

### I 重大會計政策(續)

#### (i) 信貸虧損及資產減值(續)

##### (i) 來自金融工具、合約資產及租賃應收款項的信貸虧損(續)

###### (A) 自二零一八年一月一日起適用的政策(續)

###### 撤銷政策

若日後實際上不可收回款項，本集團則會撤銷(部分或全部)金融資產的總賬面值。該情況通常出現在本集團確定債務人沒有資產或可產生足夠現金流量的收入來源以償還應撤銷的金額。

隨後收回先前撤銷之資產於收回期間在損益內確認為減值撥回。

###### (B) 於二零一八年一月一日前適用的政策

於二零一八年一月一日前，「已產生虧損」模式乃被用於計量有關並非分類為按公允價值計入損益的金融資產(即貿易及其他應收款項、可供出售投資及持至到期債務證券)的減值虧損。根據「已產生虧損」模式，僅當存在減值的客觀證明時，放回確認減值虧損。減值的客觀證明包括：

- 債務人出現嚴重財務困難；



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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### I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (i) Credit losses and impairment of assets (Cont'd)

##### (i) Credit losses from financial instruments, contract assets and lease receivable (Cont'd)

(B) Policy applicable prior to 1 January 2018 (Cont'd)

- 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)

#### (i) 信貸虧損及資產減值(續)

##### (i) 來自金融工具、合約資產及租賃應收款項的信貸虧損(續)

(B) 於二零一八年一月一日前適用的政策(續)

- 違反合約，如欠繳或拖欠利息或本金付款；
- 債務人很有可能將告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動，對債務人有不利影響。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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### I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (i) Credit losses and impairment of assets (Cont'd)

##### (i) Credit losses from financial instruments, contract assets and lease receivable (Cont'd)

(B) Policy applicable prior to 1 January 2018 (Cont'd)

If any such evidence existed, an impairment loss was determined and recognised as follows:

- For trade and other receivables and other financial assets carried at amortised cost, impairment loss was 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, where the effect of discounting was material. This assessment was made collectively where these financial assets shared similar risk characteristics, such as similar past due status, and had not been individually assessed as impaired. Future cash flows for financial assets which were assessed for impairment collectively were based on historical loss experience for assets with credit risk characteristics similar to the collective group.

### I 重大會計政策(續)

#### (i) 信貸虧損及資產減值(續)

##### (i) 來自金融工具、合約資產及租賃應收款項的信貸虧損(續)

(B) 於二零一八年一月一日前適用的政策(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以及其他金融資產而言，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。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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### I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (i) Credit losses and impairment of assets (Cont'd)

##### (i) Credit losses from financial instruments, contract assets and lease receivable (Cont'd)

(B) Policy applicable prior to 1 January 2018 (Cont'd)

If in a subsequent period the amount of an impairment loss decreased and the decrease could be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss was reversed through profit or loss. A reversal of an impairment loss was only recognised to the extent that it did not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

When the recovery of a trade debtor or other financial assets carried at amortised cost was considered doubtful but not remote, associated impairment losses were recorded using an allowance account. When the Group was satisfied that recovery was remote, the amount considered irrecoverable was written off against the gross carrying amount of those assets directly. Subsequent recoveries of amounts previously charged to the allowance account were reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly were recognised in profit or loss.

### I 重大會計政策(續)

#### (i) 信貸虧損及資產減值(續)

##### (i) 來自金融工具、合約資產及租賃應收款項的信貸虧損(續)

(B) 於二零一八年一月一日前適用的政策(續)

倘若其後期間減值虧損金額減少，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。減值虧損的撥回僅限於不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。

當應收賬款及按攤銷成本列賬的其他金融資產的收回被認為可疑但未至於可能性極低時，相關減值虧損乃使用撥備賬列賬。當本集團信納收回的可能性極低，則被視為不可收回的金額從該等資產總賬面值中直接撤銷。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先前直接撤銷的其後收回款項，均在損益表中確認。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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### I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (i) Credit losses and impairment of assets (Cont'd)

##### (ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

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

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment.

### I 重大會計政策(續)

#### (i) 信貸虧損及資產減值(續)

##### (ii) 其他非流動資產減值

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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### I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (i) Credit losses and impairment of assets (Cont'd)

##### (ii) Impairment of other non-current assets (Cont'd)

###### — Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

###### — Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other 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 (if measurable) or value in use (if measurable).

### I 重大會計政策(續)

#### (i) 信貸虧損及資產減值(續)

##### (ii) 其他非流動資產減值(續)

###### — 計算可收回金額

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

###### — 確認減值虧損

倘資產或其所屬現金產生單位的賬面值超過其可收回金額時，則於損益表中確認減值虧損。就現金產生單位確認的減值虧損予以首次分配以減少分配至現金產生單位（或單位組別）內任何商譽的賬面值，其後按比例減少該單位（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。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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### I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (i) Credit losses and impairment of assets (Cont'd)

##### (ii) Impairment of other non-current assets (Cont'd)

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

##### (iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (See Notes 1(i)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

### I 重大會計政策(續)

#### (i) 信貸虧損及資產減值(續)

##### (ii) 其他非流動資產減值(續)

– 撥回減值虧損

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

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

##### (iii) 中期財務報告及減值

根據香港聯合交易所有限公司證券上市規則，本集團須根據國際會計準則第34號中期財務報告就財政年度首6個月編製中期財務報告。於中期完結時，本集團採用於財務年度完結時應採用的同一減值測試、確認及撥回條件(見附註1(i)(i)及(ii))。

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

# NOTES TO THE FINANCIAL STATEMENTS

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### I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (j) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

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.

#### (k) Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (See Note 1(s)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (See Note 1(l)).

### I 重大會計政策(續)

#### (j) 存貨

存貨乃於一般業務過程中、於為有關出售而進行的生產過程中或以生產過程中將消耗的材料或供應品形式或於提供服務時持作出售的資產。

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。

#### (k) 合約負債

合約負債與客戶在本集團確認相關收益(見附註1(s))前支付代價時確認。倘本集團擁有無條件權利於本集團確認相關收益前收取代價，合約負債亦將確認。於該等情況下，相應收款項亦將獲確認(見附註1(l))。

# 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)

#### (k) Contract liabilities (Cont'd)

##### Policy prior to 1 January 2018

In the comparative period, amounts received before the related work was performed were presented as "receipts in advance" under "trade and other payables". These balances have been reclassified on 1 January 2018 as shown in Note 18 (See Note 1(c)(ii)).

#### (l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (See Note 1(i)(i)).

#### (m) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (See Note 1(t)).

#### (n) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

### I 重大會計政策(續)

#### (k) 合約負債(續)

##### 於二零一八年一月一日前的政策

於比較期間，於有關工作進行前所收款項乃於「貿易及其他應付款項」項下呈列為「預收款項」。誠如附註18所示，該等結餘已於二零一八年一月一日重新分類(見附註1(c)(ii))。

#### (l) 貿易及其他應收款項

應收款項於本集團擁有無條件權利收取代價時確認。倘於支付該逾期代價前僅需經過一段時間，則收取代價的權利屬無條件。

應收款項後使用實際利率法按攤銷成本減信貸虧損撥備列賬(見附註1(i)(i))。

#### (m) 計息借款

計息借款乃按公允價值減建議成本初步計量。待初步確認後，計息借款乃使用實際利率法按攤銷成本呈列。利息開支乃根據本集團有關借款成本的會計政策而確認(見附註1(t))。

#### (n) 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。



# 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)

#### (o) 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 three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in the Note 1(i)(i).

#### (p) Employee benefits

##### (i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

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

##### (ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

### I 重大會計政策(續)

#### (o) 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三個月)現金及現金等值項目乃根據載於附註1(i)(i)的政策就預期信貸虧損(「預期信貸虧損」)而評估。

#### (p) 僱員福利

##### (i) 短期僱員福利及界定供款福利計劃的供款

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

向中國政府所營運的退休福利計劃作出的年度供款乃於產生時在損益表中確認。

##### (ii) 股份支付

授予僱員的購股權的公允價值確認為僱員成本且於權益中對資本儲備的作相應增加。公允價值乃於授出日期經考慮授出股權的條款及條件後使用二項式點陣模式而計量。倘僱員須符合歸屬條件方能無條件地有權享有購股權，經考慮購股權歸屬的可能性後，購股權的估計公允價值總額將於歸屬期內攤分。

# 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)

#### (p) Employee benefits (Cont'd)

##### (ii) Share-based payments (Cont'd)

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

##### (iii) Termination benefits

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

#### (q) 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.

### I 重大會計政策(續)

#### (p) 僱員福利(續)

##### (ii) 股份支付(續)

於歸屬期內，預期將歸屬的購股權的份數經審閱。對過往年度已確認累計公平值而作出之調整，乃於回顧年度之以股份支付的酬金開支作扣減／計提（惟原始僱員開支合資格作為資產確認除外），並於資本儲備作相應調整。於歸屬當日，確認為開支的款項獲調整以反映歸屬購股權的實際數量（並於資本儲備作相應調整），除非因未達成與本公司股份市場價格的歸屬條件而沒收。權益金額於資本儲備中確認直至購股權獲行使（當其被計入已發行股份的股本中已確認的金額時）或購股權到期時（當其被直接於保留溢利解除時）。

##### (iii) 解僱福利

解僱福利於本集團再無能力提供該等福利時或本集團確認重組成本（涉及支付解僱福利）時（以較早者為準）確認。

#### (q) 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。

# 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)

#### (q) Income tax (Cont'd)

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 years.

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)

#### (q) 所得稅(續)

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，並就過往年間的應付稅項作出調整。

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。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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### I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (q) Income tax (Cont'd)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from good will not deductible for tax purposes, 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.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

### I 重大會計政策(續)

#### (q) 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將不予扣除的商譽，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。

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

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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### I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (q) Income tax (Cont'd)

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

#### (r) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### I 重大會計政策(續)

#### (q) 所得稅(續)

- 倘為遞延稅項資產及負債，而此等資產及負債與同一稅務機關就以下其中一項徵收的所得稅有關：
  - 同一應課稅實體；或
  - 不同的應課稅實體，此等實體計劃在日後每個預期有大額遞延稅項負債需要清償或大額遞延稅項資產可以收回的期間內，按淨額基準變現即期稅項資產及清償即期稅項負債，或同時變現該資產及清償該負債。

#### (r) 撥備及或然負債

撥備乃於本集團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。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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### I SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

#### (i) Sale of goods

Revenue is recognised the customer take possession of and accepts the products. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

In the comparative period, revenue from sales of goods was recognised when goods leave the warehouse and were delivered to the location designed by the customers and the related risks and rewards of ownership of the goods are considered to have been transferred to the customers.

#### (ii) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (See Note I (i)(i)).

### I 重大會計政策(續)

#### (s) 營業額及其他收入

於本集團業務的一般過程中，倘收入乃產生於銷售貨物、提供服務或他人動用本集團租賃項下的資產，本集團將其分類為營業額。

營業額於產品或服務的控制權轉移至客戶，或承租人有權動用資產時按本集團預期有權承諾代價的金額確認(不包括代表第三方收取的該等金額)。營業額不包括增值稅或其他銷售稅，並已扣除任何貿易折扣。

有關確認本集團營業額及其他收入的政策進一步詳情如下：

#### (i) 銷售貨品

倘客戶擁有並接納產品，營業額或確認。營業額不包括增值稅或其他銷售稅，並已扣除任何貿易折扣。

於比較期間，銷售貨物而產生的營業額於貨物離開倉庫並送至客戶指定位置時獲確認，且貨物的有關風險及所有權獎勵被視為已轉移至客戶。

#### (ii) 利息收入

利息收入是在產生時按實際利率法確認。就按攤餘成本或按公允價值計入其他全面收益(可劃轉)計量的未有信貸減值金融資產而言，實際利率適用於資產的額總賬面值。就信貸減值金融資產而言，實際利率適用於資產的攤餘成本(即總賬面值減虧損撥備)(見附註I(i)(i))。

# 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)

#### (s) Revenue and other income (Cont'd)

##### (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 income 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 income.

#### (t) 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.

#### (u) 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.

### I 重大會計政策(續)

#### (s) 營業額及其他收入(續)

##### (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。

#### (t) 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。

#### (u) 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。

# 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)

#### (u) Translation of foreign currencies (Cont'd)

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. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities. 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.

#### (v) 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).

### I 重大會計政策(續)

#### (u) 外幣換算(續)

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。交易日期為本集團初步確認有關非貨幣資產或負債的日期。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。

#### (v) 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)。



# 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)

#### (v) Related parties (Cont'd)

(b) An entity is related to the Group if any of the following conditions applies:

(Cont'd)

(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.

(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)

#### (v) 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)

(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。

(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)

#### (w) Segment reporting

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

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 2018.

No geographic information is shown as the Group's operating profit is derived from activities of manufacture and sale of pharmaceutical products in the PRC.

### 2 ACCOUNTING ESTIMATES AND JUDGEMENTS

The key sources of estimation uncertainty and critical accounting judgments in applying the Group's accounting policies are described below.

#### (a) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value.

The Group reviews annually the useful life of an asset and its residual value, if any. The depreciation expense for future years is adjusted if there are significant changes from previous estimation.

### I 重大會計政策(續)

#### (w) 分部報告

經營分部及於財務報表內呈報的各分部項目金額乃於對本集團多條業務線及地理位置進行資源分配以及評估表現而言，定期向本集團最高行政管理層提供的財務資料中識別。

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，故本集團最高經營決策者以本集團作為一個整體以評估表現並分配資源。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，並無呈列截至二零一八年十二月三十一日止年度的分部資料。

本集團的經營溢利全部來自中國的生產及銷售藥品業務，故並無列示地理資料。

### 2 會計估計及判斷

估計不確定性的主要來源及於應用本集團會計政策時所作出的重大會計判斷載述於下文。

#### (a) 折舊

於考慮估計剩餘價值後，物業、廠房及設備於估計可使用年內按直線折舊。

本集團每年審閱資產的可使用年期及其剩餘價值(如有)。倘過往作出的估算出現重大變動，則會對未來年度的折舊開支作出調整。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 2 ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

#### (b) Impairments

- (i) In considering the impairment losses that may be required for certain property, plant and equipment, intangible assets, goodwill and interests in lease hold land held for own use under operating leases, recoverable amount of these assets needs to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to items such as level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as revenue and operating costs.

- (ii) Impairment losses for doubtful debts are assessed and provided based on the directors' regular review of ageing analysis and evaluation of collectability. A considerable level of judgment is exercised by the directors when assessing the credit worthiness and past collection history of each individual customer.

An increase or decrease in the above impairment losses would affect the net profit or loss in future years.

#### (c) Capitalised development costs

Development costs are capitalised in accordance with the accounting policy for research and development costs in Note 1(g) to the financial statements. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. At 31 December 2018, the best estimate of the carrying amount of capitalised development costs was RMB129,471,000. Further details are contained in Note 11 to the financial statements.

### 2 會計估計及判斷(續)

#### (b) 減值

- (i) 於考慮可能須就若干物業、廠房、無形資產、商譽及根據經營租賃持作自用之租賃土地權益作出的減值虧損時，需要釐定該等資產的可收回金額。可收回金額為淨售價與使用價值兩者之較高者。由於未必能即時取得該等資產的市場報價，故難以精確估計售價。於釐定使用價值時，資產所產生的預期現金流會折現至其現值，當中需要就收益水平及經成本金額等項目作出重大判斷。於釐定可收回金額的合理約數時，本集團使用所有可即時取得的資料，包括根據就收益及營運成本等作出的合理及有證據支持的假設及預測作出的估算。
- (ii) 呆壞賬減值虧損乃根據董事定期對賬齡分析作出的審閱及可收回程度的估計進行評估，並作出撥備。董事於釐定每名個別客戶的信譽及過往收款記錄時需要作出大量判斷。

上述減值虧損的增減將影響未來幾年的淨溢利或虧損。

#### (c) 資本化開發支出

開發支出乃按財務報表附註1(g)中的研究與開發支出的會計政策資本化。在決定資本化金額時，需要管理層對下述事項作出假設：該資產預計將來可產生的現金收益、使用的折現率及預計受益期間。於二零一八年十二月三十一日，已資本化之開發支出的最佳估算賬面價值為人民幣129,471,000元。進一步詳情載於財務報表附註11。

# 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)

### 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:

### 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：

|  |                              | 2018             | 2017      |
|--|------------------------------|------------------|-----------|
|  |                              | 二零一八年            | 二零一七年     |
|  |                              |                  | (Note)    |
|  |                              | RMB'000          | RMB'000   |
|  |                              | 人民幣千元            | 人民幣千元     |
| <b>Revenue from contracts with customers within the scope of IFRS 15</b> | <b>國際財務報告準則第15號範圍內客戶合同收入</b> |                  |           |
| Sales of anti-viral drugs  | 銷售抗病毒藥物                      | <b>2,254,227</b> | 1,407,948 |
| Sales of cardiovascular drugs  | 銷售心血管藥物                      | <b>100,677</b>   | 96,331    |
| Sales of endocrine and metabolic drugs                                   | 銷售內分泌及代謝藥物                   | <b>100,740</b>   | 41,355    |
| Sales of other medical products  | 銷售其他藥物                       | <b>54,832</b>    | 55,933    |
|  |                              | <b>2,510,476</b> | 1,601,567 |

Note: The Group has initially applied IFRS 15 using the calculative effect method. Under this method, the comparative information is not restated and was prepared in accordance with IFRS 18 and IFRS 11 (See Note 1(c)(ii)).

附註：本集團已採納累計影響法初步應用國際財務報告準則第15號。根據該方法，比較資料毋須重列且按國際財務報告準則第18號及國際財務報告準則第11號編製。(見附註1(c)(ii)。)

The Group's customer base is diversified and includes two customers (2017: one) with whom transactions have exceeded 10% of the Group's revenues for the year ended 31 December 2018, including sales to entities which are known to the Group to be under common control with single customer. Revenues from these customers amounted to approximately RMB1,290,954,000 (2017: RMB638,490,000). Details of concentrations of credit risk arising from these customers are set out in Note 25(a).

本集團的客戶群多元化，截至二零一八年十二月三十一日止年度，包括兩名(二零一七年：一名)交易額超過本集團營業額10%的客戶(包括向本集團知悉與單名客戶受共同控制之實體銷售。來自該等客戶的營業額約達人民幣1,290,954,000元(二零一七年：人民幣638,490,000元)。該等客戶所產生的信貸風險集中的詳情載於附註25(a)。

## NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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

### 4 OTHER INCOME

### 4 其他收入

|                                   |               | <b>2018</b>    | 2017    |
|-----------------------------------|---------------|----------------|---------|
|                                   |               | 二零一八年          | 二零一七年   |
|                                   |               | <b>RMB'000</b> | 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       | <b>5,565</b>   | 2,486   |
| – Conditional subsidies (Note 21) | – 有條件補助(附註21) | <b>4,379</b>   | 4,379   |
| Interest income                   | 利息收入          | <b>14,601</b>  | 14,737  |
| Others                            | 其他            | <b>56</b>      | 221     |
|                                   |               | <b>24,601</b>  | 21,823  |

### 5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

### 5 除稅前溢利

除稅前溢利乃扣除/(計入)以下各項後得出：

#### (a) Finance costs

#### (a) 融資成本

|                        |        | <b>2018</b>    | 2017    |
|------------------------|--------|----------------|---------|
|                        |        | 二零一八年          | 二零一七年   |
|                        |        | <b>RMB'000</b> | RMB'000 |
|                        |        | 人民幣千元          | 人民幣千元   |
| Interest on bank loans | 銀行貸款利息 | <b>1,418</b>   | 4,289   |

# 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)

### 5 PROFIT BEFORE TAXATION (Cont'd)

#### (b) Staff costs

|  |             | 2018           | 2017    |
|--|-------------|----------------|---------|
|  |             | 二零一八年          | 二零一七年   |
|  |             | RMB'000        | RMB'000 |
|  |             | 人民幣千元          | 人民幣千元   |
| Salaries, wages, bonuses and benefits                            | 薪金、工資、花紅及福利 | 270,962        | 105,101 |
| Contributions to defined contribution retirement benefit schemes | 定額退休福利計劃供款  | 33,806         | 14,203  |
|  |             | <b>304,768</b> | 119,304 |

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定額供款退休福利計劃（「計劃」），據此，本集團須按照合資格僱員薪金的某百分比向計劃作出供款。地方政府機關承擔向退休僱員支付全部退休金的責任。除上述供款外，本集團並無其他責任支付僱員的退休及其他退休後福利。

## NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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

### 5 PROFIT BEFORE TAXATION (Cont'd) (c) Other items

|  |               | Note  | 2018<br>二零一八年    | 2017<br>二零一七年    |
|--|---------------|-------|------------------|------------------|
|  |               | 附註    | RMB'000<br>人民幣千元 | RMB'000<br>人民幣千元 |
| Depreciation                                   | 折舊            | 10    | 37,186           | 31,793           |
| Less: amount capitalised as development costs  | 減：資本化開發支出     |       | (3,078)          | (5,985)          |
|  |               |       | 34,108           | 25,808           |
| Amortisation                                   | 攤銷            | 11    | 26,980           | 17,987           |
| Auditor's remuneration                         | 核數師酬金         |       |                  |                  |
| – audit services                               | – 審核服務        |       | 1,300            | 1,300            |
| – non-audit services                           | – 非審核服務       |       | 1,450            | 600              |
| Provision/(reversal) of impairment losses on   | 減值虧損計提/(轉回)   | 25(a) |                  |                  |
| – trade receivables                            | – 貿易應收款項      |       | 2,391            | (2,228)          |
| – other receivables                            | – 其他應收款項      |       | (1,178)          | 733              |
| Operating lease charges: minimum lease payment | 經營租賃費用：最低租賃費用 |       | 1,164            | 655              |
| Net foreign exchange (gain)/loss               | 匯兌(收益)/虧損淨額   |       | (7,920)          | 24,733           |
| Research and development cost (i)              | 研發成本(i)       |       | 224,103          | 96,915           |
| Cost of inventories (ii)                       | 存貨成本(ii)      | 15    | 188,424          | 142,484          |

Note: The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 1(c).

(i) Research and development cost include RMB57,577,000 (2017: RMB31,984,000) relating to staff costs, depreciation expenses, amortisation expenses and operating lease charges, which amount is also included in the respective total amounts disclosed separately above or in the Note 5(b) for each of these types of expenses.

(ii) Cost of inventories include RMB60,011,000 (2017: RMB36,909,000) 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

附註：本集團已於二零一八年一月一日首次應用國際財務報告準則第15號及國際財務報告準則第9號。根據所選過渡方法，毋須重列比較資料。見附註1(c)。

(i) 研發成本包括與員工成本、折舊開支、攤銷開支和經營租賃費用相關的支出人民幣57,577,000元(二零一七年：人民幣31,984,000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60,011,000元(二零一七年：人民幣36,909,000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

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

### 6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 6 綜合損益及其他全面收益表內的所得稅

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

(a) 綜合損益及其他全面收益表內的所得稅指：

|   |                       | 2018           | 2017     |
|---|-----------------------|----------------|----------|
|   |                       | 二零一八年          | 二零一七年    |
|   |                       | RMB'000        | RMB'000  |
|   |                       | 人民幣千元          | 人民幣千元    |
| <b>Current tax</b>                                    | <b>即期稅項</b>           |                |          |
| Provision for PRC CIT for the year (Note 23(a))       | 本年度中國企業所得稅撥備(附註23(a)) | 203,912        | 138,264  |
| Under-provision for PRC CIT in respect of prior years | 過往年度中國企業所得稅不足撥備       | 1,039          | 402      |
|   |                       | <b>204,951</b> | 138,666  |
| <b>Deferred tax</b>                                   | <b>遞延稅項</b>           |                |          |
| Origination of temporary differences                  | 暫時差額的產生               | <b>(3,845)</b> | (16,828) |
| <b>Total income tax</b>                               | <b>所得稅總額</b>          | <b>201,106</b> | 121,838  |

(b) Reconciliation between income tax expenses and accounting profit at applicable tax rates:

(b) 所得稅開支與按適用稅率計算的會計溢利的對賬：

|  |                  | 2018           | 2017     |
|--|------------------|----------------|----------|
|  |                  | 二零一八年          | 二零一七年    |
|  |                  | RMB'000        | RMB'000  |
|  |                  | 人民幣千元          | 人民幣千元    |
| Profit before taxation   | 除稅前溢利            | 1,102,324      | 748,195  |
| 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       | 275,581        | 187,049  |
| Under-provision for PRC CIT in respect of prior years                    | 過往年度中國企業所得稅不足撥備  | 1,039          | 402      |
| Tax effect of non-deductible expenses                                    | 不可扣稅開支的影響        | 25,770         | 3,720    |
| Tax effect of preferential tax rate (ii)                                 | 優惠稅率的影響(ii)      | (120,290)      | (80,052) |
| Tax effect of bonus deduction of research and development expenses (iii) | 研發開支優惠扣稅的影響(iii) | (7,292)        | (2,246)  |
| Tax effect of unused tax losses not recognised                           | 未確認的未利用稅項虧損的稅務影響 | 26,298         | 12,965   |
| <b>Actual Tax expenses</b>   | <b>所得稅開支</b>     | <b>201,106</b> | 121,838  |



## NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
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### 6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Cont'd)

(b) Reconciliation between income tax expenses and accounting profit at applicable tax rates: (Cont'd)

- (i) The PRC CIT rate is 25%.
- (ii) The PRC CIT Law allows enterprises to apply for the certificate of "High and New Technology Enterprise" ("HNTE") which entitles the qualified companies to a preferential income tax rate of 15%. The Company was recognised as HNTE and enjoyed a preferential CIT rate of 15% for the years ended 31 December 2018 and 2017.
- (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 75% of such expenses could be deemed as deductible expenses.

### 6 綜合損益及其他全面收益表內的所得稅(續)

(b) 所得稅開支與按適用稅率計算的會計溢利的對賬：(續)

- (i) 中國企業所得稅率為25%。
- (ii) 中國企業所得稅法允許企業申請認定為「高新技術企業」(「高新技術企業」)，合資格公司可享有15%的優惠所得稅率。本公司獲認定為高新技術企業，於截至二零一八年及二零一七年十二月三十一日止年度享受15%的企業所得稅優惠稅率。
- (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75%可被視為可扣稅開支。

# 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)

### 7 DIRECTORS' AND SUPERVISORS' REMUNERATION

The details of directors' and supervisors' remuneration are disclosed as follows:

### 7 董事及監事酬金

董事及監事酬金披露如下：

|  |                | Directors' fees | Salaries, allowances and benefits in kind | Contributions to defined contribution retirement benefit schemes | Discretionary bonuses | 2018 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        |
|  |                |                 | 薪金、津貼及實物福利                                | 定額供款   | 酌情花紅                  | 二零一八年總計      |
| <b>Executive directors</b>                 | <b>執行董事</b>    |                 |   |  |                       |              |
| Mr. Jiang Juncai                           | 蔣均才先生          | -               | 209                                       | 21   | 135                   | 365          |
| Mr. Wang Danjin                            | 王丹津先生          | -               | 186                                       | 16   | 105                   | 307          |
| Mr. Chen Yangui                            | 陳燕桂先生          | -               | 238                                       | 24   | 180                   | 442          |
| Mr. Zhu Qiaohong                           | 朱巧洪先生          | -               | 188                                       | 16   | 105                   | 309          |
| Mr. Li Shuang (i)                          | 李爽先生(i)        | -               | 173                                       | 16   | 105                   | 294          |
| <b>Non-executive directors</b>             | <b>非執行董事</b>   |                 |   |  |                       |              |
| Mr. Tang Xinfa                             | 唐新發先生          | -               | -   | -  | -                     | -            |
| Mr. Mo Kit (ii)                            | 毛杰先生(ii)       | -               | -   | -  | -                     | -            |
| <b>Independent non-executive directors</b> | <b>獨立非執行董事</b> |                 |   |  |                       |              |
| Mr. Tang Jianxin                           | 唐建新先生          | 100             | -   | -  | -                     | 100          |
| Mr. Fu Hailiang                            | 付海亮先生          | 100             | -   | -  | -                     | 100          |
| Mr. Lee Chi Ming                           | 李志明先生          | 160             | -   | -  | -                     | 160          |
| <b>Supervisors</b>                         | <b>監事</b>      |                 |   |  |                       |              |
| Ms. Huang Fangfang                         | 黃芳芳女士          | -               | -   | -  | -                     | -            |
| Mr. Wang Shengchao                         | 王勝超先生          | -               | 112                                       | 12   | 108                   | 232          |
| Mr. Luo Zhonghua                           | 羅忠華先生          | -               | -   | -  | -                     | -            |
| <b>Total</b>                               | <b>總計</b>      | <b>360</b>      | <b>1,106</b>                              | <b>105</b>   | <b>738</b>            | <b>2,309</b> |

# 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)

### 7 DIRECTORS' AND SUPERVISORS' REMUNERATION (Cont'd)

### 7 董事及監事酬金(續)

|  |           | Directors' fees | Salaries, allowances and benefits in kind | Contributions to defined contribution retirement benefit schemes | Discretionary bonuses | 2017 Total |
|--|-----------|-----------------|---|--|-----------------------|------------|
|  |           | 董事袍金            | 薪金、津貼及實物福利                                | 退休福利計劃供款   | 酌情花紅                  | 二零一七年總計    |
|  |           | RMB'000         | RMB'000                                   | RMB'000  | RMB'000               | RMB'000    |
|  |           | 人民幣千元           | 人民幣千元                                     | 人民幣千元  | 人民幣千元                 | 人民幣千元      |
| <b>Executive directors</b>                 |           | <b>執行董事</b>     |   |  |                       |            |
| Mr. Jiang Juncai                           | 蔣均才先生     | –               | 194                                       | 20   | 110                   | 324        |
| Mr. Wang Danjin                            | 王丹津先生     | –               | 163                                       | 15   | 77                    | 255        |
| Mr. Chen Yangui                            | 陳燕桂先生     | –               | 214                                       | 20   | 132                   | 366        |
| Mr. Zhu Qiaohong                           | 朱巧洪先生     | –               | 170                                       | 15   | 77                    | 262        |
| <b>Non-executive directors</b>             |           | <b>非執行董事</b>    |   |  |                       |            |
| Mr. Tang Xinfu                             | 唐新發先生     | –               | –   | –  | –                     | –          |
| Mr. Zhu Yingwei                            | 朱英偉先生     | –               | –   | –  | –                     | –          |
| Mr. Mo Kit                                 | 毛杰先生      | –               | –   | –  | –                     | –          |
| <b>Independent non-executive directors</b> |           | <b>獨立非執行董事</b>  |   |  |                       |            |
| Mr. Tang Jianxin                           | 唐建新先生     | 80              | –   | –  | –                     | 80         |
| Mr. Fu Hailiang                            | 付海亮先生     | 80              | –   | –  | –                     | 80         |
| Mr. Lee Chi Ming                           | 李志明先生     | 160             | –   | –  | –                     | 160        |
| <b>Supervisors</b>                         |           | <b>監事</b>       |   |  |                       |            |
| Ms. Huang Fangfang                         | 黃芳芳女士     | –               | –   | –  | –                     | –          |
| Mr. Wang Shengchao                         | 王勝超先生     | –               | 98  | 9  | 50                    | 157        |
| Mr. Luo Zhonghua                           | 羅忠華先生     | –               | –   | –  | –                     | –          |
| Ms. Xue Lian (iii)                         | 薛蓮女士(iii) | –               | 86  | 12   | –                     | 98         |
| Mr. Lin Jian (iii)                         | 林健先生(iii) | –               | –   | –  | –                     | –          |
| Total                                      | 總計        | 320             | 925                                       | 91   | 446                   | 1,782      |

# 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)

### 7 DIRECTORS' AND SUPERVISORS' REMUNERATION (Cont'd)

- (i) Mr. Li Shuang was appointed as executive directors on 8 June 2018.
- (ii) Mr. Mo Kit retired as non-executive director on 8 June 2018.
- (iii) Ms. Xue Lian and Mr. Lin Jian resigned as supervisor on 21 July 2017 and 6 June 2017 respectively.

### 8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2017: three) is the director whose emoluments are disclosed in Note 7. The aggregate of the emoluments in respect of the other three (2017: two) individuals are as follows:

|                                    |         | 2018         | 2017    |
|------------------------------------|---------|--------------|---------|
|                                    |         | 二零一八年        | 二零一七年   |
|                                    |         | RMB'000      | RMB'000 |
|                                    |         | 人民幣千元        | 人民幣千元   |
| Salaries and other emoluments      | 薪金及其他薪酬 | 1,068        | 384     |
| Discretionary bonuses              | 酌情花紅    | 288          | 129     |
| Contribution to retirement schemes | 退休計劃供款  | 23           | 47      |
|                                    |         | <b>1,379</b> | 560     |

The emoluments of the three (2017: two) individuals with the highest emoluments are within the following bands:

|                      |               | 2018        | 2017        |
|----------------------|---------------|-------------|-------------|
|                      |               | 二零一八年       | 二零一七年       |
|                      |               | Number of   | Number of   |
|                      |               | Individuals | Individuals |
|                      |               | 人數          | 人數          |
| Nil to HKD 1,000,000 | 零至1,000,000港元 | 3           | 2           |

### 7 董事及監事酬金(續)

- (i) 李爽先生於二零一八年六月八日獲委任為執行董事。
- (ii) 毛杰先生於二零一八年六月八日退任非執行董事。
- (iii) 薛蓮女士及林健先生分別於二零一七年七月二十一日及二零一七年六月六日辭任監事。

### 8 最高薪酬人士

五名最高薪酬人士中，其中兩名(二零一七年：三名)為董事，彼等薪酬披露於附註7。餘下三名人士(二零一七年：兩名)的薪酬總額如下：

三名(二零一七年：兩名)最高薪人士的薪酬介乎以下範圍：

# 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)

### 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 RMB942,536,000 (2017: RMB647,101,000) and the weighted average of 452,022,850(2017: 451,904,494) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

|  |                       | 2018<br>二零一八年 | 2017<br>二零一七年 |
|--|-----------------------|---------------|---------------|
|  |                       | shares<br>股數  | shares<br>股數  |
| Issued ordinary shares at 1 January (Note 24(c))             | 於一月一日的已發行普通股(附註24(c)) | 452,022,850   | 450,822,850   |
| Effect of shares issued (Note 24(c))                         | 已發行股份的影響(附註24(c))     | -             | 1,081,644     |
| Weighted average number of ordinary shares<br>at 31 December | 於十二月三十一日普通股加權平均數      | 452,022,850   | 451,904,494   |

#### (b) Diluted earnings per share

There were no dilutive potential ordinary shares in 2018 and 2017, and therefore, diluted earnings per share is the same as the basic earnings per share.

### 9 每股盈利

#### (a) 每股基本盈利

計算每股基本盈利時乃以本公司普通股權益股東應佔溢利人民幣942,536,000元(二零一七年：人民幣647,101,000元)和年內已發行普通股加權平均數452,022,850股(二零一七年：451,904,494股)為基準：

普通股的加權平均數如下：

#### (b) 每股攤薄盈利

於二零一八年及二零一七年，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。

# 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)

### 10 FIXED ASSETS

### 10 固定資產

|  |               | Plant and<br>Buildings | Machinery | Office<br>equipment<br>and others | Motor<br>vehicles | Construction<br>in progress | Sub-total | Interests in<br>leasehold<br>land held<br>for own<br>use under<br>operating<br>leases | Total     |
|--|---------------|------------------------|-----------|-----------------------------------|-------------------|-----------------------------|-----------|---|-----------|
|  |               | 廠房及樓宇                  | 機器        | 辦公室設備<br>及其他                      | 汽車                | 在建工程                        | 小計        | 根據經營租賃<br>持有自用之<br>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     |
| <b>Cost:</b>                           | <b>成本：</b>    |                        |           |                                   |                   |                             |           |   |           |
| At 1 January 2017                      | 於二零一七年一月一日    | 275,975                | 202,831   | 74,756                            | 641               | 3,642                       | 557,845   | 96,709  | 654,554   |
| Additions                              | 添置            | 67,526                 | 9,677     | 11,522                            | 649               | 117,674                     | 207,048   | -   | 207,048   |
| Transfer from construction in progress | 自在建工程轉移       | 409                    | 5,091     | 3,628                             | -                 | (9,128)                     | -         | -   | -         |
| Disposals                              | 處置            | -                      | (1,020)   | (2,726)                           | (511)             | -                           | (4,257)   | -   | (4,257)   |
| At 31 December 2017                    | 於二零一七年十二月三十一日 | 343,910                | 216,579   | 87,180                            | 779               | 112,188                     | 760,636   | 96,709  | 857,345   |
| Additions                              | 添置            | 181,825                | 34,003    | 11,516                            | -                 | 417,957                     | 645,301   | 75,353  | 720,654   |
| Transfer from construction in progress | 自在建工程轉移       | 133,743                | 19,549    | 11,272                            | -                 | (164,564)                   | -         | -   | -         |
| Disposals                              | 處置            | -                      | (5,733)   | (1,027)                           | -                 | -                           | (6,760)   | -   | (6,760)   |
| At 31 December 2018                    | 於二零一八年十二月三十一日 | 659,478                | 264,398   | 108,941                           | 779               | 365,581                     | 1,399,177 | 172,062   | 1,571,239 |
| <b>Accumulated depreciation:</b>       | <b>累計折舊：</b>  |                        |           |                                   |                   |                             |           |   |           |
| At 1 January 2017                      | 於二零一七年一月一日    | (49,276)               | (60,935)  | (33,385)                          | (334)             | -                           | (143,930) | (14,942)  | (158,872) |
| Charge for the year                    | 年內扣除          | (8,646)                | (12,380)  | (8,763)                           | (72)              | -                           | (29,861)  | (1,932)   | (31,793)  |
| Written-back on disposals              | 於處置時撇銷        | -                      | 918       | 2,286                             | 341               | -                           | 3,545     | -   | 3,545     |
| At 31 December 2017                    | 於二零一七年十二月三十一日 | (57,922)               | (72,397)  | (39,862)                          | (65)              | -                           | (170,246) | (16,874)  | (187,120) |
| Charge for the year                    | 年內扣除          | (10,624)               | (14,341)  | (9,822)                           | (73)              | -                           | (34,860)  | (2,326)   | (37,186)  |
| Written-back on disposals              | 於處置時撇銷        | -                      | 3,647     | 899                               | -                 | -                           | 4,546     | -   | 4,546     |
| At 31 December 2018                    | 於二零一八年十二月三十一日 | (68,546)               | (83,091)  | (48,785)                          | (138)             | -                           | (200,560) | (19,200)  | (219,760) |
| <b>Carrying amount:</b>                | <b>賬面值：</b>   |                        |           |                                   |                   |                             |           |   |           |
| At 31 December 2018                    | 於二零一八年十二月三十一日 | 590,932                | 181,307   | 60,156                            | 641               | 365,581                     | 1,198,617 | 152,862   | 1,351,479 |
| At 31 December 2017                    | 於二零一七年十二月三十一日 | 285,988                | 144,182   | 47,318                            | 714               | 112,188                     | 590,390   | 79,835  | 670,225   |

- (i) All property, plant and equipment owned by the Group are located in the PRC. (i) 本集團擁有之所有物業、廠房及設備均位於中國。
- (ii) As at 31 December 2018, the Group was applying for certificates of ownership for certain properties, with carrying value of RMB298,755,000 (2017: RMB84,512,000). 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 properties title certificates. (ii) 於二零一八年十二月三十一日，本集團正就賬面值為人民幣298,755,000元（二零一七年：人民幣84,512,000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。

# 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)

### II INTANGIBLE ASSETS

### II 無形資產

|   |                      | <b>Capitalised<br/>development<br/>costs</b> | <b>Patents</b> | <b>Total</b> |
|---|----------------------|--|----------------|--------------|
|   |                      | 資本化開發支出                                      | 專利             | 總計           |
|   |                      | RMB'000                                      | RMB'000        | RMB'000      |
|   |                      | 人民幣千元  | 人民幣千元          | 人民幣千元        |
| <b>Cost:</b>  | <b>成本：</b>           |  |                |              |
| At 1 January 2017   | 於二零一七年一月一日           | –  | –              | –            |
| Capitalised development costs (i)                         | 資本化開發支出(i)           | 57,157                                       | –              | 57,157       |
| Addition through acquisition of a subsidiary<br>(Note 12) | 透過收購附屬公司新增<br>(附註12) | –  | 335,000        | 335,000      |
| At 31 December 2017                                       | 於二零一七年十二月三十一日        | 57,157                                       | 335,000        | 392,157      |
| Purchase (Note 14(ii))                                    | 購買(附註14(ii))         | –  | 79,100         | 79,100       |
| Capitalised development costs (i)                         | 資本化開發支出(i)           | 72,314                                       | –              | 72,314       |
| At 31 December 2018                                       | 於二零一八年十二月三十一日        | 129,471                                      | 414,100        | 543,571      |
| <b>Accumulated amortisation:</b>                          | <b>累計攤銷：</b>         |  |                |              |
| At 1 January 2017   | 於二零一七年一月一日           | –  | –              | –            |
| Charge for the year                                       | 年內扣除                 | –  | (17,987)       | (17,987)     |
| At 31 December 2017                                       | 於二零一七年十二月三十一日        | –  | (17,987)       | (17,987)     |
| Charge for the year                                       | 年內扣除                 | –  | (26,980)       | (26,980)     |
| At 31 December 2018                                       | 於二零一八年十二月三十一日        | –  | (44,967)       | (44,967)     |
| <b>Net book value:</b>                                    | <b>賬面淨值：</b>         |  |                |              |
| At 31 December 2018                                       | 於二零一八年十二月三十一日        | 129,471                                      | 369,133        | 498,604      |
| At 31 December 2017                                       | 於二零一七年十二月三十一日        | 57,157                                       | 317,013        | 374,170      |

(i) The Group has obtained the necessary approvals and permits for clinical trials for a series of insulin research and development projects by the end of 31 December 2018. The directors of the Company are of the opinion that the development expenditure of the related projects meet the criteria of capitalisation after obtained the approval of clinical trial and capitalised the expenditure as development costs under intangible assets. As at 31 December 2018, the intangible assets under development were not yet ready for use.

(i) 本集團於二零一八年十二月三十一日底前已就一系列胰島素研發項目的臨床試驗取得所需批文及許可。於取得臨床試驗的批文及費用資本化為無形資產下的開發支出後，本公司董事確認，有關項目的開發費用符合資本化標準。於二零一八年十二月三十一日，開發中無形資產尚不可使用。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
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### 12 GOODWILL

### 12 商譽

2018  
二零一八年  
RMB'000  
人民幣千元

|  |  |        |
|--|--|--------|
| Cost and carrying amount                                 | 成本及賬面值                                       |        |
| At 1 January 2017  | 於二零一七年一月一日                                   | -      |
| Addition through acquisition of a subsidiary             | 透過收購附屬公司新增                                   | 75,896 |
| At 31 December 2017, 1 January 2018 and 31 December 2018 | 於二零一七年十二月三十一日、<br>二零一八年一月一日及<br>二零一八年十二月三十一日 | 75,896 |

#### Acquisition of HEC TaiGen

Pursuant to the agreement signed on 30 October 2016 among the Company, TaiGen Biopharmaceuticals Co. (Beijing), Ltd. ("TaiGen") and TaiGen Biopharmaceuticals Holdings Ltd., which is the controlling shareholder of TaiGen, the Company and TaiGen set up Dongguan HEC TaiGen Biopharmaceuticals Co., Ltd. (東莞東陽光太景醫藥研發有限責任公司, "HEC TaiGen") in the PRC on 10 January 2017. HEC TaiGen engages in the research, development, production and sales of new anti-Hepatitis C drugs. The registered capital of HEC TaiGen was RMB683,400,000, of which the Company contributes RMB348,400,000 by way of cash and TaiGen contributes RMB335,000,000 by way of injection of the patents related to Furaprevir (See Note 11), a protease inhibitor for Hepatitis C. Upon set up of HEC TaiGen, the Company and TaiGen held 51% and 49% of the equity interests of HEC TaiGen, respectively.

On 27 March 2017, the Company entered into an equity transfer agreement ("Equity Transfer Agreement") with TaiGen and acquired additional 9% equity interests in the HEC TaiGen held by TaiGen. The consideration of the equity transfer was USD20,000,000 (equivalent to approximately RMB137,402,000). Upon completion of the equity transfer, the Company and TaiGen held 60% and 40% of the equity interests of HEC TaiGen, respectively. Management considers the above transactions, as a whole, consist an acquisition of 60% equity interests of HEC TaiGen. The differences between the total consideration of 60% equity interests of HEC TaiGen and net asset value of HEC TaiGen attributed to the Company were recognised as goodwill, which was amounting to RMB75,896,000.

#### 收購東陽光太景

根據本公司、太景醫藥研發(北京)有限公司(「太景」)及太景的控股股東太景醫藥研發控股股份有限公司於二零一六年十月三十日簽署的協議，本公司與太景於二零一七年一月十日在中國成立東莞東陽光太景醫藥研發有限責任公司(「東陽光太景」)。東陽光太景從事抗丙肝新藥的研發、生產及銷售。東陽光太景的註冊資本為人民幣683,400,000元，其中本公司以現金出資人民幣348,400,000元，太景以注入丙肝蛋白酶抑制劑伏拉瑞韋專利方式出資人民幣335,000,000元(見附註11)。東陽光太景成立後，本公司與太景分別持有東陽光太景51%及49%股權。

於二零一七年三月二十七日，本公司與太景訂立股權轉讓協議(「股權轉讓協議」)，並額外收購太景所持東陽光太景9%股權。股權轉讓的代價為20,000,000美元(約相當於人民幣137,402,000元)。股權轉讓完成後，本公司及太景分別持有東陽光太景60%及40%股權。管理層將上述交易作為一個整體，視同收購東陽光太景60%股權。本公司將東陽光太景60%權益份額的總代價與本公司應佔東陽光太景的資產淨值之間的差額確認為商譽，金額為人民幣75,896,000元。



## NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
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### 12 GOODWILL (Cont'd)

Pursuant to the Equity Transfer Agreement, subject to the positive result of Phase II clinical trial of new anti-Hepatitis C drugs and certain conditions, the Company will additionally pay USD20,000,000 in aggregate to TaiGen by four instalments and offer a right to TaiGen to purchase up to 9% equity interests in HEC TaiGen from the Company at the price equal to that set out in Equity Transfer Agreement. As at 31 December 2018, the agreed conditions have not yet been met.

#### Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units (CGU) identified according to country of operation and operating segment as follows:

|            |       | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|------------|-------|-----------------------------------|-----------------------------------|
| HEC TaiGen | 東陽光太景 | <b>75,896</b>                     | 75,896                            |

The recoverable amount of the HEC TaiGen is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a fourteen-year period. The cash flows are discounted using a discount rate of 15.23%. The discount rates used are post-tax and reflect specific risks relating to the HEC TaiGen.

### 12 商譽(續)

根據股權轉讓協議，取決於抗丙肝新藥二期臨床試驗的正面結果及若干限定條件，本公司將分四期向太景額外支付共計20,000,000美元，並向太景授予以相等於股權轉讓協議所載價格向本公司購買東陽光太景不超過9%股權的權利。於二零一八年十二月三十一日，協定條件尚未達成。

#### 包含商譽的現金產生單位的減值測試

商譽根據經營所在國家及下列經營分部分配至所識別到的本集團現金產生單位(現金產生單位)：

東陽光太景的可收回金額乃按使用價值計算法釐定，其使用根據管理層所批准涵蓋14年期間的財務預算的現金流量預測計算。現金流量使用15.23%的折現率折現。所用折現率為稅後折現率，並反映與東陽光太景有關的特定風險。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
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### 13 INVESTMENTS IN SUBSIDIARIES

As at 31 December 2018, the Company has direct interests in the following subsidiaries, which are private companies. The particulars of the subsidiaries are set out below:

### 13 於附屬公司之投資

於二零一八年十二月三十一日，本集團於以下附屬公司（為非上市公司）擁有直接權益。有關附屬公司詳情載列如下：

| Name of company  | Place of incorporation and business<br>註冊成立及經營地點 | Issued and fully paid up/<br>registered capital<br>已發行及繳足/<br>註冊股本 | Proportion of direct ownership<br>interest<br>擁有直接權益比例 | Principal activities<br>主要業務                                |
|--|--|--|--|---|
| Yichang HEC Pharmaceutical Co., Ltd.*<br>("宜昌東陽光醫藥有限公司")               | PRC  | RMB2,000,000   | 100%   | Sales of pharmaceutical products                            |
| 宜昌東陽光醫藥有限公司  | 中國   | 人民幣2,000,000元  | 100%   | 銷售醫藥產品  |
| Yichang HEC Pharmaceutical Manufacturing Co., Ltd.*<br>("宜昌東陽光製藥有限公司") | PRC  | RMB30,000,000  | 100%   | Manufacturing and sales of active pharmaceutical ingredient |
| 宜昌東陽光製藥有限公司  | 中國   | 人民幣30,000,000元   | 100%   | 生產及銷售原料藥  |
| Dongguan Yangzhikang Pharmaceutical Co., Ltd.*<br>("東莞市陽之康醫藥有限責任公司")   | PRC  | RMB50,000,000  | 100%   | Sales of Pharmaceutical products                            |
| 東莞市陽之康醫藥有限責任公司   | 中國   | 人民幣50,000,000元   | 100%   | 銷售醫藥產品  |
| HEC TaiGen   | PRC  | RMB683,400,000   | 60%  | Research, development, production and sales of drugs        |
| 東陽光太景  | 中國   | 人民幣683,400,000元  | 60%  | 研發、生產及銷售藥品  |

\* The English Translation of the above companies' names is for reference only. The official names of these companies are in Chinese

## 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)

#### 13 INVESTMENTS IN SUBSIDIARIES (Cont'd)

The following table lists out the information relating to HEC TaiGen, the only subsidiary of the Group which has a material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

#### 13 於附屬公司之投資(續)

下表載列本集團唯一擁有重大非控股權益的附屬公司東陽光太景的資料。下文呈列的財務資料概要為公司間對銷前的金額。

|  |             | 2018             | 2017      |
|--|-------------|------------------|-----------|
|  |             | 二零一八年            | 二零一七年     |
|  |             | RMB'000          | RMB'000   |
|  |             | 人民幣千元            | 人民幣千元     |
| NCI percentage                                   | 非控股權益百分比    | <b>40%</b>       | 40%       |
| Current assets                                   | 流動資產        | <b>160,941</b>   | 195,937   |
| Non-current assets                               | 非流動資產       | <b>405,934</b>   | 443,413   |
| Current liabilities                              | 流動負債        | <b>(5,090)</b>   | (7,809)   |
| Non-current liabilities                          | 非流動負債       | -                | -         |
| Net assets                                       | 淨資產         | <b>561,785</b>   | 631,541   |
| Carrying amount of NCI                           | 非控股權益賬面值    | <b>244,972</b>   | 252,750   |
| Revenue  | 營業額         | -                | -         |
| Loss and total comprehensive income for the year | 年內虧損及全面收入總額 | <b>(103,296)</b> | (51,859)  |
| Loss allocated to NCI                            | 分配至非控股權益的虧損 | <b>(41,318)</b>  | (20,744)  |
| Dividend paid to NCI                             | 向非控股權益支付股息  | -                | -         |
| Cash flows from operating activities             | 經營活動現金流量    | <b>(47,227)</b>  | (167,350) |
| Cash flows from investing activities             | 投資活動現金流量    | <b>118</b>       | 129       |
| Cash flows from financing activities             | 融資活動現金流量    | <b>167,500</b>   | 180,900   |

# 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 PREPAYMENTS

### 14 預付款項

|  |                   | 2018           | 2017    |
|--|-------------------|----------------|---------|
|  |                   | 二零一八年          | 二零一七年   |
|  |                   | RMB'000        | RMB'000 |
|  |                   | 人民幣千元          | 人民幣千元   |
| Prepayments for intangible assets                  | 無形資產預付款項          |                |         |
| – Yimitasvir phosphate and follow-up compounds (i) | – 磷酸依米他韋及後續化合物(i) | 460,000        | 400,000 |
| – Generic drug approvals (ii)                      | – 仿制藥批件(ii)       | 257,700        | –       |
| Prepayments for fixed assets                       | 固定資產預付款項          | 99,809         | 158,811 |
|  |                   | <b>817,509</b> | 558,811 |

(i) 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 know-how 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 was RMB700,000,000, which comprised a down payment of RMB250,000,000 and eight milestone payments totalling RMB450,000,000 payable upon each stage of development or production approval of 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.

(i) 於二零一五年七月二十二日，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」）的所有相關技術訣竅和專利的使用權，並在取得相關政府部門的批文後，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磷酸依米他韋化合物各開發或生產審批階段的里程碑付款。該協議將於二零二零年十二月三十一日或上述第一項專利到期日兩者中更前者到期。

Up to 31 December 2018, the Group had made payments of RMB460,000,000 to Sunshine Lake Pharma. As at 31 December 2018, the subjects enrolment process of Phase III clinical trial of yimitasvir phosphate was accomplished. Sunshine Lake Pharma is targeting to obtain the necessary approvals and permits for yimitasvir phosphate in 2019 and begin commercial introduction of relevant products in 2020. The necessary approvals and production permits for the Compounds are expected to be obtained in 2020 and onwards.

截至二零一八年十二月三十一日止，本集團已向廣東東陽光藥業支付人民幣460,000,000元。於二零一八年十二月三十一日，磷酸依米他韋已完成III期臨床試驗的受試者入組。廣東東陽光藥業擬於二零一九年取得磷酸依米他韋的必要批文及許可證並於二零二零年開始相關產品的商業推廣。磷酸依米他韋化合物的必要批文及生產許可證預期將於二零二零年或以後獲得。

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### 14 PREPAYMENTS (Cont'd)

- (ii) On 10 July 2018, the Company entered into an acquisition agreement with Sunshine Lake Pharma, pursuant to which the Company agreed to acquire, and Sunshine Lake Pharma agreed to dispose of the know-how, approvals for manufacturing and marketing obtained from the China Food and Drug Administration (“CFDA”) and the right to sale of six pharmaceutical products (“Target Products”) in the PRC at a consideration of RMB505,200,000, which comprised a prepayment of RMB252,600,000 and six milestone payments totaling RMB252,600,000. An amount of RMB42,100,000 shall be payable to Sunshine Lake Pharma by milestone upon the Company obtains the CFDA approval of each Target Product. Up to 31 December 2018, the Group made total payments of RMB336,800,000 to Sunshine Lake Pharma, and RMB79,100,000 was recognised intangible (Note 11) as the CFDA approvals for two of the Target Products were obtained and transferred to the Group.

### 15 INVENTORIES

|                  |     |
|------------------|-----|
| Raw materials    | 原材料 |
| Work in progress | 在製品 |
| Finished goods   | 製成品 |
| Goods in transit | 在運品 |

### 14 預付款項(續)

- (ii) 於二零一八年七月十日，本公司與廣東東陽光藥業訂立收購協議，據此，本公司同意收購，而廣東東陽光藥業同意出售六種藥品(「目標產品」)的技術訣竅、自中國國家食品藥品監督管理總局(「食藥監總局」)取得有關生產及上市的批文以及目標產品在中國銷售權，代價為人民幣505,200,000元，包括預付款人民幣252,600,000元及六筆總額為人民幣252,600,000元的里程碑付款。本公司就各目標產品而取得食藥監總局批文時，應向廣東東陽光藥業支付人民幣42,100,000元。截至二零一八年十二月三十一日止，兩種目標產品已取得的食藥監總局批文並被轉讓予本集團，本集團已向廣東東陽光藥業支付合共人民幣336,800,000元，且人民幣79,100,000元已於無形資產(附註11)確認。

### 15 存貨

|                  | 2018<br>二零一八年    | 2017<br>二零一七年    |
|------------------|------------------|------------------|
|                  | RMB'000<br>人民幣千元 | RMB'000<br>人民幣千元 |
| Raw materials    | 78,719           | 43,481           |
| Work in progress | 13,342           | 26,148           |
| Finished goods   | 64,003           | 18,338           |
| Goods in transit | 8,222            | -                |
|                  | <b>164,286</b>   | 87,967           |

Note: The Group has initially applied IFRS 15 using the cumulative effect and adjusted the opening balance at 1 January 2018. Comparative information has not been restated.

附註：本集團於二零一八年一月一日已採納累計影響法初步應用國際財務報告準則第15號並調整年初結餘。比較資料尚未重列。

# 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)

### 15 INVENTORIES (Cont'd)

The analysis of the amount of inventories recognised as an expense and included in profit and loss is as follows:

|                                     |         |      | 2018           | 2017    |
|-------------------------------------|---------|------|----------------|---------|
|                                     |         |      | 二零一八年          | 二零一七年   |
|                                     |         | Note | RMB'000        | RMB'000 |
|                                     |         | 附註   | 人民幣千元          | 人民幣千元   |
| Carrying amount of inventories sold | 已售存貨賬面值 | 5(c) | <b>188,424</b> | 142,484 |

### 15 存貨(續)

已確認為開支並計入損益的存貨金額分析如下：

### 16 TRADE AND OTHER RECEIVABLES

|   |                 |  | 2018             | 2017     |
|---|-----------------|--|------------------|----------|
|   |                 |  | 二零一八年            | 二零一七年    |
|   |                 |  | RMB'000          | RMB'000  |
|   |                 |  | 人民幣千元            | 人民幣千元    |
| <b>Current</b>                                  | <b>流動</b>       |  |                  |          |
| Trade receivables                               | 貿易應收款項          |  | <b>747,750</b>   | 613,436  |
| Bills receivable                                | 應收票據            |  | <b>235,433</b>   | 119,534  |
| Less: allowance for doubtful debts (Note 25(a)) | 減：呆賬準備(附註25(a)) |  | <b>(13,420)</b>  | (11,060) |
|   |                 |  | <b>969,763</b>   | 721,910  |
| Prepayments for inventories                     | 預付存貨款           |  | <b>31,713</b>    | 11,704   |
| Other receivables                               | 其他應收款項          |  | <b>27,482</b>    | 16,151   |
| Less: allowance for doubtful debts              | 減：呆賬準備          |  | <b>(1,626)</b>   | (2,804)  |
|   |                 |  | <b>25,856</b>    | 13,347   |
| <b>Total</b>                                    | <b>總計</b>       |  | <b>1,027,332</b> | 746,961  |

### 16 貿易及其他應收款項

Note: Upon the adoption of IFRS 9, the Group made allowance for doubtful debts on trade debtors and bills receivable base on ECLs from 1 January 2018. (See Note 1(c)(i)).

附註：於採納國際財務報告準則第9號後，本集團自二零一八年一月一日起根據預期信貸虧損對應收賬款及應收票據的呆賬作出準備。(見附註1(c)(i))。

Bills receivables with carrying value of RMB43,399 (2017: Nil) were pledged as securities of bank loan of the Group as at 31 December 2018 (see Note 20).

賬面值為人民幣43,399元(二零一七年：零)的應收票據已於二零一八年十二月三十一日抵押作為本集團獲銀行貸款之抵押品(見附註20)。

## 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)

### 16 TRADE AND OTHER RECEIVABLES (Cont'd)

#### Aging analysis

As of the end of the reporting period, the aging analysis of trade debtors and bills receivable (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

|                                      |           | 2018           | 2017    |
|--------------------------------------|-----------|----------------|---------|
|                                      |           | 二零一八年          | 二零一七年   |
|                                      |           | RMB'000        | RMB'000 |
|                                      |           | 人民幣千元          | 人民幣千元   |
| Within 3 months                      | 3個月內      | 920,493        | 689,540 |
| More than 3 months but within 1 year | 超過3個月但1年內 | 49,270         | 32,370  |
|                                      |           | <b>969,763</b> | 721,910 |

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 25(a). All of the trade and other receivables of the Group are expected to be recovered within one year.

### 17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

#### (a) Cash and cash equivalents comprise:

|              |      | 2018           | 2017    |
|--------------|------|----------------|---------|
|              |      | 二零一八年          | 二零一七年   |
|              |      | RMB'000        | RMB'000 |
|              |      | 人民幣千元          | 人民幣千元   |
| Cash on hand | 手頭現金 | 15             | 115     |
| Cash at bank | 銀行現金 | 593,731        | 887,068 |
|              |      | <b>593,746</b> | 887,183 |

### 16 貿易及其他應收款項(續)

#### 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：

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。本集團信貸政策載於附註25(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。

### 17 現金及現金等值項目及其他資金流量資料

#### (a) 現金及現金等值項目包括：

# 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)

### 17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Cont'd)

#### (b) Reconciliation of profit before taxation to cash generated from operations:

### 17 現金及現金等值項目及其他資金流量資料 (續)

#### (b) 除稅前溢利與經營所得現金的對賬：

|   |               |      | 2018             | 2017      |
|---|---------------|------|------------------|-----------|
|   |               |      | 二零一八年            | 二零一七年     |
|   |               |      |                  | (Note)    |
|   |               |      |                  | (附註)      |
|   |               | Note | RMB'000          | RMB'000   |
|   |               | 附註   | 人民幣千元            | 人民幣千元     |
| Profit before taxation                  | 除稅前溢利         |      | <b>1,102,324</b> | 748,195   |
| Adjustments for:                        | 經調整：          |      |                  |           |
| Depreciation                            | 折舊            | 5(c) | <b>34,108</b>    | 25,808    |
| Amortisation                            | 攤銷            | 5(c) | <b>26,980</b>    | 17,987    |
| Interest income                         | 利息收入          | 4    | <b>(14,601)</b>  | (14,737)  |
| Finance costs                           | 融資成本          | 5(a) | <b>1,418</b>     | 4,289     |
| Loss on disposal of fixed assets        | 出售固定資產的虧損     |      | <b>2,214</b>     | 345       |
| Equity settled share-based transactions | 以權益結算的股份支付交易  | 22   | <b>33,540</b>    | -         |
| Net foreign exchange (gain)/loss        | 匯兌(收益)/虧損淨額   |      | <b>(10,623)</b>  | 23,598    |
| Changes in working capital:             | 營運資金變動：       |      |                  |           |
| (Increase)/decrease in inventories      | 存貨(增加)/減少     |      | <b>(76,319)</b>  | 22,657    |
| Increase in trade and other receivables | 貿易及其他應收款項增加   |      | <b>(285,059)</b> | (407,448) |
| Increase in trade and other payables    | 貿易及其他應付款項增加   |      | <b>112,512</b>   | 339,422   |
| <b>Cash generated from operations</b>   | <b>經營所得現金</b> |      | <b>926,494</b>   | 760,116   |

Note: The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 1(c).

附註：本集團於二零一八年一月一日初步採納國際財務報告準則第15號及國際財務報告準則第9號。根據所選過渡方法，毋須重列比較資料。見附註1(c)。



## 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)

### 17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Cont'd)

#### (c) Reconciliation of liabilities arising from financing activities

### 17 現金及現金等值項目及其他資金流量資料 (續)

#### (c) 融資活動所產生負債的對賬

|   |                  | <b>Bank loans</b> | <b>Interest payable</b> | <b>Total</b> |
|---|------------------|-------------------|-------------------------|--------------|
|   |                  | 銀行貸款              | 應付利息                    | 總計           |
|   |                  | RMB'000           | RMB'000                 | RMB'000      |
|   |                  | 人民幣千元             | 人民幣千元                   | 人民幣千元        |
|   |                  | (Note 20)         |                         |              |
|   |                  | (附註20)            |                         |              |
| At 1 January 2018                         | 於二零一八年一月一日       | 20,000            | 32                      | 20,032       |
| <b>Changes from financing cash flows:</b> | <b>融資現金流量變動：</b> |                   |                         |              |
| Proceeds from new bank loans              | 來自新銀行貸款收益        | 43,399            | -                       | 43,399       |
| Repayments of bank loans                  | 償還銀行貸款           | (10,000)          | -                       | (10,000)     |
| Finance costs paid                        | 已付融資成本           | -                 | (1,434)                 | (1,434)      |
| Total changes from financing cash flows   | 融資現金流量變動總額       | 33,399            | (1,434)                 | 31,965       |
| <b>Other change:</b>                      | <b>其他變動：</b>     |                   |                         |              |
| Interest on bank loans (Note 5(a))        | 銀行貸款利息(附註5(a))   | -                 | 1,418                   | 1,418        |
| At 31 December 2018                       | 於二零一八年十二月三十一日    | 53,399            | 16                      | 53,415       |

# 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)

### 17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Cont'd)

### 17 現金及現金等值項目及其他資金流量資料 (續)

(c) Reconciliation of liabilities arising from financing activities (Cont'd)

(c) 融資活動所產生負債的對賬(續)

|   |                  | Bank loans | Interest payable | Total    |
|---|------------------|------------|------------------|----------|
|   |                  | 銀行貸款       | 應付利息             | 總計       |
|   |                  | RMB'000    | RMB'000          | RMB'000  |
|   |                  | 人民幣千元      | 人民幣千元            | 人民幣千元    |
|   |                  | (Note 20)  |                  |          |
|   |                  | (附註20)     |                  |          |
| At 1 January 2017                         | 於二零一七年一月一日       | 90,000     | 137              | 90,137   |
| <b>Changes from financing cash flows:</b> | <b>融資現金流量變動：</b> |            |                  |          |
| Repayments of bank loans                  | 償還銀行貸款           | (70,000)   | -                | (70,000) |
| Finance costs paid                        | 已付融資成本           | -          | (4,394)          | (4,394)  |
| Total changes from financing cash flows   | 融資現金流量變動總額       | (70,000)   | (4,394)          | (74,394) |
| <b>Other change:</b>                      | <b>其他變動：</b>     |            |                  |          |
| Interest on bank loans (Note 5(a))        | 銀行貸款利息(附註5(a))   | -          | 4,289            | 4,289    |
| At 31 December 2017                       | 於二零一七年十二月三十一日    | 20,000     | 32               | 20,032   |

### 18 CONTRACT LIABILITIES

### 18 合約負債

|                                     |             | 31 December | 1 January | 31 December |
|-------------------------------------|-------------|-------------|-----------|-------------|
|                                     |             | 2018        | 2018 (i)  | 2017 (i)    |
|                                     |             | 二零一八年       | 二零一八年     | 二零一七年       |
|                                     |             | 十二月三十一日     | 一月一日(i)   | 十二月三十一日(i)  |
|                                     |             | RMB'000     | RMB'000   | RMB'000     |
|                                     |             | 人民幣千元       | 人民幣千元     | 人民幣千元       |
| <b>Contract liabilities</b>         | <b>合約負債</b> |             |           |             |
| <b>Sales of goods</b>               | <b>銷售貨品</b> |             |           |             |
| - Billing in advance of performance | - 預收賬款      | 8,095       | 13,826    | -           |
|                                     |             | (i), (ii)   |           |             |

# 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 CONTRACT LIABILITIES (Cont'd)

Notes:

- (i) The Group has initially applied IFRS 15 using the cumulative effect method and adjusted the opening balance at 1 January 2018.
- (ii) Upon the adoption of IFRS 15, these amounts were reclassified from "Trade and other payables" (See Note 19) to contract liabilities (See Note 1(c)(ii)).

#### Movements in contract liabilities

|  |                                     | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|--|-------------------------------------|-----------------------------------|
| Balance at 1 January   | 於一月一日的結餘                            | 13,826                            |
| Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year | 因確認年內收益<br>(計入年初合約負債)而<br>產生的合約負債減少 | (12,118)                          |
| Increase in contract liabilities as a result of billing in advance of manufacturing activities   | 因預收生產活動款項而<br>產生的合約負債增加             | 6,387                             |
| Balance at 31 December   | 於十二月三十一日的結餘                         | 8,095                             |

### 18 合約負債(續)

附註：

- (i) 本集團於二零一八年一月一日已採納累計影響法初步應用國際財務報告準則第15號並調整年初結餘。
- (ii) 於採用國際財務報告準則第15號後，該等金額由「貿易及其他應付款項」(見附註19)重新分類至合約負債(見附註1(c)(ii))。

#### 合約負債的變動

All the billings in advance of performance and forward sales instalments received expected to be recognised as income within one year.

預期已收取的所有預收款項及遠期銷售分期付款將於一年內確認為收入。

# 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 TRADE AND OTHER PAYABLES

### 19 貿易及其他應付款項

|                                |             |           | <b>31 December</b> | <b>1 January</b> | 31 December |
|--------------------------------|-------------|-----------|--------------------|------------------|-------------|
|                                |             |           | <b>2018</b>        | <b>2018</b>      | 2017        |
|                                |             |           | 二零一八年              | 二零一八年            | 二零一七年       |
|                                |             |           | 十二月三十一日            | 一月一日             | 十二月三十一日     |
|                                | Note        |           | <b>RMB'000</b>     | <b>RMB'000</b>   | RMB'000     |
|                                | 附註          |           | 人民幣千元              | 人民幣千元            | 人民幣千元       |
| Trade payables                 | 貿易應付款項      | (1)       | <b>77,625</b>      | <b>55,368</b>    | 55,368      |
| Amounts due to related parties | 應付關聯方款項     | 27(b)(ii) | <b>12,104</b>      | <b>20,549</b>    | 20,549      |
| Receipts in advance            | 預收款項        |           | -                  | -                | 13,826      |
| VAT and other taxes payable    | 應付增值稅及其他稅項  |           | <b>27,002</b>      | <b>69,893</b>    | 69,893      |
| Accrued payroll and benefits   | 應計工資及福利     |           | <b>81,630</b>      | <b>39,214</b>    | 39,214      |
| Other payables and accruals    | 其他應付款項及應計費用 |           | <b>477,889</b>     | <b>350,692</b>   | 350,692     |
|                                |             |           | <b>676,250</b>     | <b>535,716</b>   | 549,542     |

Note: As a result of the adoption of IFRS 15, advances received is included in contract liabilities and disclosed in Note 18 (see Note 1(c)(ii)).

附註：由於採納國際財務報告準則第15號，預收款項計入合約負債並於附註18披露(見附註1(c)(ii))。

(1) An ageing analysis of the trade payables based on the invoice date is as follows:

(1) 以發票日期為基準的貿易應付款項賬齡分析如下：

|                                  |            | <b>2018</b>    | 2017    |
|----------------------------------|------------|----------------|---------|
|                                  |            | 二零一八年          | 二零一七年   |
|                                  |            | <b>RMB'000</b> | RMB'000 |
|                                  |            | 人民幣千元          | 人民幣千元   |
| Within 1 month                   | 1個月內       | <b>65,832</b>  | 44,764  |
| Over 1 month but within 3 months | 超過1個月但3個月內 | <b>5,395</b>   | 4,948   |
| Over 3 months but within 1 year  | 超過3個月但1年內  | <b>3,888</b>   | 2,782   |
| Over 1 year                      | 超過1年       | <b>2,510</b>   | 2,874   |
|                                  |            | <b>77,625</b>  | 55,368  |

## 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)

#### 20 BANK LOANS

As at 31 December 2018, the bank loans were repayable as follows:

|                                 |           | <b>2018</b>    | 2017    |
|---------------------------------|-----------|----------------|---------|
|                                 |           | 二零一八年          | 二零一七年   |
|                                 |           | <b>RMB'000</b> | RMB'000 |
|                                 |           | 人民幣千元          | 人民幣千元   |
| Within 1 year or on demand      | 1年內或按需求   | <b>53,399</b>  | 10,000  |
| After 1 year but within 2 years | 1年後但2年內   | -              | 10,000  |
| <b>Total</b>                    | <b>總計</b> | <b>53,399</b>  | 20,000  |

At 31 December 2018, the bank loans were secured as follows:

|  |               | <b>2018</b>    | 2017    |
|--|---------------|----------------|---------|
|  |               | 二零一八年          | 二零一七年   |
|  |               | <b>RMB'000</b> | RMB'000 |
|  |               | 人民幣千元          | 人民幣千元   |
| Secured                                  | 已抵押           |                |         |
| - Buildings owned by related parties (i) | - 關連方持有的樓宇(i) | <b>10,000</b>  | 20,000  |
| - Bills receivables (Note 16)            | - 應收票據(附註16)  | <b>43,399</b>  | -       |
| <b>Total</b>                             | <b>總計</b>     | <b>53,399</b>  | 20,000  |

(i) At 31 December 2018, the bank loans of RMB10,000,000 (2017: RMB20,000,000) were secured by certain buildings owned by related party 東莞長安東陽光藥物研發公司 and guaranteed by Shenzhen HEC Industrial Development Co., Ltd. (深圳市東陽光實業發展有限公司, "Shenzhen HEC Industrial").

#### 20 銀行貸款

於二零一八年十二月三十一日，須償還銀行貸款如下：

於二零一八年十二月三十一日，銀行貸款抵押如下：

(i) 於二零一八年十二月三十一日，人民幣10,000,000元(二零一七年：人民幣20,000,000元)銀行貸款已由關連方東莞長安東陽光藥物研發公司所持有之若干樓宇抵押並由深圳市東陽光實業發展有限公司(「深圳東陽光實業」)擔保。

# 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)

### 21 DEFERRED INCOME

|                                     |           | <b>2018</b>    | 2017    |
|-------------------------------------|-----------|----------------|---------|
|                                     |           | 二零一八年          | 二零一七年   |
|                                     |           | <b>RMB'000</b> | RMB'000 |
|                                     |           | 人民幣千元          | 人民幣千元   |
| At 1 January                        | 於一月一日     | <b>69,021</b>  | 73,400  |
| Additions                           | 添置        | <b>8,951</b>   | -       |
| Credited to profit or loss (Note 4) | 計入損益(附註4) | <b>(4,379)</b> | (4,379) |
| At 31 December                      | 於十二月三十一日  | <b>73,593</b>  | 69,021  |
| Net carrying amounts representing:  | 賬面淨值指：    |                |         |
| Current portion                     | 即期部分      | <b>4,379</b>   | 4,379   |
| Non-current portion                 | 非即期部分     | <b>69,214</b>  | 64,642  |
|                                     |           | <b>73,593</b>  | 69,021  |

As at 31 December 2018 and 2017, 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.

### 22 EQUITY SETTLED SHARE-BASED TRANSACTION

Pursuant to the equity transfer agreement as mentioned in Note 12, the Group granted an option to TaiGen to purchase up to 9% equity interests in HEC TaiGen for obtaining the research and development service provided by TaiGen in the clinical trial of new drugs. These share options will vest once the result of Phase II clinical trial of new anti-Hepatitis C drugs is satisfied, and then be exercisable within one month. As at 31 December 2018, HEC TaiGen is in progress of the Phase II clinical trial. Phase II clinical trial is expected to be accomplished in April 2019.

### 21 遞延收入

於二零一八年及二零一七年十二月三十一日，本集團的遞延收入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入在相關資產的預計可使用年內以直線法確認為收益。

### 22 以權益結算的股份支付交易

根據附註12提及的股權轉讓協議，本集團向太景授予購買不超過9%的東陽光太景股權的權利，以獲得太景在新藥臨床試驗中提供的研發服務。抗丙肝新藥II期臨床試驗結果達成後，該等購股權將可行權且其後可於一個月內行使。於二零一八年十二月三十一日，東陽光太景正在進行II期臨床試驗。II期臨床試驗預計將於二零一九年四月完成。

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### 22 EQUITY SETTLED SHARE-BASED TRANSACTION (Cont'd)

No options were exercised during the year ended 31 December 2018 (2017: Nil).

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

#### Fair value of share options and assumptions

|                                |           | 2018<br>二零一八年<br>Amount'000<br>金額千元 |
|--------------------------------|-----------|-------------------------------------|
| Fair value at measurement date | 於計量日期之公平值 | USD40,112<br>40,112美元               |
| Exercise price                 | 行使價       | USD40,000<br>40,000美元               |
| Expected volatility            | 預期波幅      | 43.10%                              |
| Option life                    | 購股權年期     | 2.26 years<br>2.26年                 |
| Expected dividends             | 預期股息      | -                                   |
| Risk-free interest rate        | 無風險利率     | 1.36%                               |

The expected volatility is based on the historic volatility, adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

### 22 以權益結算的股份支付交易(續)

於截至二零一八年十二月三十一日止年度，概無購股權獲行使(二零一七年：無)。

就已授出購股權而所收取服務之公平值乃參考所授出購股權之公平值計量。已授出購股權之公平值估計乃按二項式矩陣模式計量。購股權之合約期限已在此模型作輸入數據。二項式矩陣模式已包括提早行使之預期。

#### 購股權的公平值及假設

預期波幅乃以歷史波幅為基準，並就按公開可得資料之預期未來波幅變動而作出調整。預期股息乃基於歷史股息。主觀輸入數據假設之變動可能對公平值預測產生重大影響。

購股權乃根據服務條件而授出。此條件並未計入所收取服務於授出日期之公平值計量。授出購股權並無附帶市場條件。

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### 23 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION 23 綜合財務狀況表內的所得稅

(a) Current taxation in the consolidated statement of financial position represents:

(a) 綜合財務狀況表內的即期稅項指：

|   |                          | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|---|--------------------------|-----------------------------------|-----------------------------------|
| Provision of PRC CIT for the year (Note 6(a))         | 年內的中國企業所得稅撥備<br>(附註6(a)) | 203,912                           | 138,264                           |
| Under-provision for PRC CIT in respect of prior years | 過往年度中國企業所得稅不足撥備          | 1,039                             | 402                               |
| PRC CIT paid for the current year                     | 本年度內的已付中國企業所得稅           | (211,102)                         | (89,365)                          |
| Balance of PRC CIT at 1 January                       | 於一月一日的中國企業所得稅結餘          | (6,151)                           | 49,301                            |
| Balance of PRC CIT at 31 December                     | 於十二月三十一日的中國企業<br>所得稅結餘   | 76,826                            | 27,525                            |

#### (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:

#### (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：

|   |                                 | Deferred<br>revenue<br>遞延收益<br>RMB'000<br>人民幣千元 | Provisions for<br>inventory and<br>receivables<br>存貨及應收<br>款項撥備<br>RMB'000<br>人民幣千元 | Accrued<br>expenses<br>and others<br>應計費用<br>及其他<br>RMB'000<br>人民幣千元 | Total<br>總計<br>RMB'000<br>人民幣千元 |
|---|---------------------------------|---|---|--|---------------------------------|
| At 1 January 2017                         | 於二零一七年一月一日                      | 373   | 2,489   | 8,553  | 11,415                          |
| (Charged)/credited to profit or loss      | (扣除)/計入損益                       | (50)  | (308)   | 17,186   | 16,828                          |
| At 31 December 2017 and<br>1 January 2018 | 於二零一七年<br>十二月三十一日及<br>二零一八年一月一日 | 323   | 2,181   | 25,739   | 28,243                          |
| (Charged)/credited to profit or loss      | (扣除)/計入損益                       | (50)  | 215   | 3,680  | 3,845                           |
| At 31 December 2018                       | 於二零一八年<br>十二月三十一日               | 273   | 2,396   | 29,419   | 32,088                          |

#### (c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 1(q), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB71,654,000 (2017: RMB51,859,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The deductible tax losses expire within 5 years from the year of 2018 when such losses were incurred under current tax law.

#### (c) 不予確認的遞延稅項資產

根據附註1(q)所載會計政策，由於在有關之稅務司法權區及就有關公司而言，不大可能有未來應課稅溢利以抵銷可供動用之稅項虧損，故本集團並無就累計稅項虧損人民幣71,654,000元（二零一七年：人民幣51,859,000元）確認遞延稅項資產。根據現行稅法，可扣稅虧損將於二零一八年（即該等虧損所產生年度）起計五年內到期。



# NOTES TO THE FINANCIAL STATEMENTS

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### 24 CAPITAL, RESERVES AND DIVIDENDS

#### (a) Movements in components of equity of the Company

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

|  |   | Share capital | Capital reserve | Statutory reserve | Retained earnings | Total equity |
|--|---|---------------|-----------------|-------------------|-------------------|--------------|
|  |   | 股本            | 資本儲備            | 法定儲備              | 保留盈利              | 總權益          |
|  |   | RMB'000       | RMB'000         | RMB'000           | RMB'000           | RMB'000      |
|  |   | 人民幣千元         | 人民幣千元           | 人民幣千元             | 人民幣千元             | 人民幣千元        |
|  |   | Note 24(c)    | Note 24(d)(i)   | Note 24(d)(ii)    |                   |              |
|  |   | 附註24(c)       | 附註24(d)(i)      | 附註24(d)(ii)       |                   |              |
| <b>Balance at 1 January 2017</b>                             | <b>於二零一七年<br/>一月一日結餘</b>                            | 450,823       | 1,458,466       | 64,632            | 483,731           | 2,457,652    |
| Issue of ordinary shares                                     | 普通股發行   | 1,200         | 18,144          | –                 | –                 | 19,344       |
| Total comprehensive income for the year                      | 年內全面收益總額  | –             | –               | –                 | 677,381           | 677,381      |
| Dividends approved in respect of the previous year           | 批准過往年度股息  | –             | –               | –                 | (135,607)         | (135,607)    |
| Dividends approved in respect of the current year            | 批准本年度股息   | –             | –               | –                 | (180,809)         | (180,809)    |
| Appropriation to statutory reserve                           | 轉撥至法定儲備   | –             | –               | 67,738            | (67,738)          | –            |
| <b>Balance at 31 December 2017 and 1 January 2018 (Note)</b> | <b>於二零一七年<br/>十二月三十一日及<br/>二零一八年一月一日<br/>結餘(附註)</b> | 452,023       | 1,476,610       | 132,370           | 776,958           | 2,837,961    |
| Total comprehensive income for the year                      | 年內全面收益總額  | –             | –               | –                 | 1,003,023         | 1,003,023    |
| Equity settled share-based transactions                      | 以權益結算的股份支付<br>交易                                    | –             | 33,540          | –                 | –                 | 33,540       |
| Dividends approved in respect of the previous year           | 批准過往年度股息  | –             | –               | –                 | (135,607)         | (135,607)    |
| Dividends approved in respect of the current year            | 批准本年度股息   | –             | –               | –                 | (180,809)         | (180,809)    |
| Appropriation to statutory reserve                           | 轉撥至法定儲備   | –             | –               | 100,302           | (100,302)         | –            |
| <b>Balance at 31 December 2018</b>                           | <b>於二零一八年十二月<br/>三十一日結餘</b>                         | 452,023       | 1,510,150       | 232,672           | 1,363,263         | 3,558,108    |

Note: The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 1(c).

附註：本集團於二零一八年一月一日初步採納國際財務報告準則第15號及國際財務報告準則第9號。根據所選過渡方法，毋須重列比較資料。見附註1(c)。

### 24 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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### 24 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

#### (b) Dividends

##### (i) Dividends payable to equity shareholders of the Company attributable to the year

|   |  | 2018           | 2017           |
|---|--|----------------|----------------|
|   |  | 二零一八年          | 二零一七年          |
|   |  | RMB'000        | RMB'000        |
|   |  | 人民幣千元          | 人民幣千元          |
| Interim dividend declared and paid of RMB0.40 per ordinary share (2017: RMB0.40)                            | 宣派及派付的中期股息<br>每股普通股人民幣0.40元<br>(二零一七年：人民幣0.40元)      | 180,809        | 180,809        |
| Final dividend proposed after the end of the reporting period of RMB0.60 (2017: RMB0.30) per ordinary share | 於報告期末後建議派付之末期<br>股息每股普通股人民幣0.60元<br>(二零一七年：人民幣0.30元) | 271,214        | 135,607        |
|   |  | <b>452,023</b> | <b>316,416</b> |

Pursuant to the resolution passed at the extraordinary general meeting of the Company on 15 October 2018, a cash dividend of RMB0.40 per ordinary share (2017: RMB0.40) for the six months ended 30 June 2018 were declared and paid to shareholders of the Company.

根據本公司於二零一八年十月十五日舉行的臨時股東大會通過的決議案，就截至二零一八年六月三十日止六個月向本公司股東宣派及派付每股普通股人民幣0.40元(二零一七年：人民幣0.40元)的現金股息。

Pursuant to the resolution passed at the directors' meeting on 22 March 2019, a cash dividend of RMB0.60 (2017: RMB0.30) per share for the year ended 31 December 2018 were proposed for the Company's shareholders for approval at the annual general meeting for the year 2018. The final dividend proposed after the end of the year has not been recognised as liabilities as at 31 December 2018.

根據於二零一九年三月二十二日舉行的董事會會議通過的決議案，建議就截至二零一八年十二月三十一日止年度派付現金股息每股人民幣0.60元(二零一七年：人民幣0.30元)，以供本公司股東在二零一八年股東週年大會上批准。於年結後擬派的末期股息並未確認為於二零一八年十二月三十一日的負債。

##### (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

|   |   | 2018    | 2017    |
|---|---|---------|---------|
|   |   | 二零一八年   | 二零一七年   |
|   |   | RMB'000 | RMB'000 |
|   |   | 人民幣千元   | 人民幣千元   |
| Final dividends in respect of the previous financial year, approved and paid during the year, of RMB0.30 (2017: RMB0.30) per ordinary share | 於年內獲批准及派付的<br>上個財政年度末期股息<br>每股普通股人民幣0.30元<br>(二零一七年：人民幣0.30元) | 135,607 | 135,607 |

##### (ii) 於年內批准及支付上個財政年度應付本公司權益股東的股息

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### 24 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

#### (c) Share capital

##### Ordinary shares, issued and fully paid

|                   |          | 2018<br>二零一八年               |                  | 2017<br>二零一七年               |                  |
|-------------------|----------|-----------------------------|------------------|-----------------------------|------------------|
|                   |          | Number of<br>shares<br>股份數目 | RMB'000<br>人民幣千元 | Number of<br>shares<br>股份數目 | RMB'000<br>人民幣千元 |
| At 1 January      | 於一月一日    | 452,022,850                 | 452,023          | 450,822,850                 | 450,823          |
| Shares issued     | 已發行股份    | –                           | –                | 1,200,000                   | 1,200            |
| As at 31 December | 於十二月三十一日 | 452,022,850                 | 452,023          | 452,022,850                 | 452,023          |

#### (d) Reserves

##### (i) Capital reserve

Capital reserve of the Group mainly represented premium arising from capital injection from equity owners. The Company's capital reserve mainly represented premium arising from capital injection from equity owners and the grant date fair value of unexercised share options granted to NCI of a subsidiary of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in Note 1(p)(ii).

##### (ii) Statutory reserve

According to the Company's Articles of Association, the Company is required to transfer at least 10% of its net profit as determined in accordance with the Company Law of the PRC to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to equity owner. The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

#### (e) Distributability of reserves

At 31 December 2018, 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 RMB1,363,263,000 (2017: RMB776,958,000).

### 24 資本、儲備及股息(續)

#### (c) 股本

##### 已發行及繳足普通股

#### (d) 儲備

##### (i) 資本儲備

本集團之資本儲備主要是指產生自權益持有人注資的溢價。本公司資本儲備主要是指產生自權益持有人注資的溢價及授予本集團附屬公司非控股權益的未行使購股權於授出日期的公平值(已根據附註1(p)(ii)就股份支付所採納的會計政策予以確認)。

##### (ii) 法定儲備

根據本公司的公司章程，本公司須根據中國的公司法把至少10%的淨利潤轉入法定盈餘儲備，直至儲備結餘達到註冊股本的50%。轉入該儲備必須在給權益持有人分配股息之前進行。經相關當局批准後，本次倘發行後結餘低於其註冊股本之25%，法定儲備可用於抵銷累計虧損或增加附屬公司之資本。

#### (e) 可分派儲備

於二零一八年十二月三十一日，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1,363,263,000元(二零一七年：人民幣776,958,000元)。

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### 24 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

#### (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) plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital comprises all components of equity, less unaccrued proposed dividends.

During 2018, the Group's strategy was to maintain the capital in order to cover any debt position, which was unchanged from 2017.

The Group's adjusted net debt-to-equity ratios at 31 December 2018 and 2017 are as follows:

|  |                    |       | 2018             | 2017             |
|--|--------------------|-------|------------------|------------------|
|  |                    |       | 二零一八年            | 二零一七年            |
|  |                    |       | RMB'000          | RMB'000          |
|  |                    |       | 人民幣千元            | 人民幣千元            |
| Bank loans-current                       | 銀行貸款－即期            |       | 53,399           | 10,000           |
| Bank loans-non-current                   | 銀行貸款－非即期           |       | -                | 10,000           |
| Total debt                               | 總債務                | 20    | 53,399           | 20,000           |
| Add: Proposed dividends                  | 加：建議股息             | 24(b) | 271,214          | 135,607          |
| Less: Cash and cash equivalents          | 減：現金及現金等值項目        | 17    | (593,746)        | (887,183)        |
| <b>Adjusted net debt</b>                 | <b>經調整負債淨額</b>     |       | <b>(269,133)</b> | <b>(731,576)</b> |
| Total equity                             | 總權益                |       | 3,678,928        | 3,060,586        |
| Less: Proposed dividends                 | 減：建議股息             | 24(b) | (271,214)        | (135,607)        |
| <b>Adjusted Capital</b>                  | <b>經調整資本</b>       |       | <b>3,407,714</b> | <b>2,924,979</b> |
| <b>Adjusted net debt-to-equity ratio</b> | <b>經調整淨負債對權益比率</b> |       | <b>N/A 不適用</b>   | <b>N/A 不適用</b>   |

Neither the Company nor its subsidiary are subject to externally imposed capital requirements.

### 24 資本、儲備及股息(續)

#### (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)另加未累算建議股息減現金及現金等值項目。經調整資本包括權益的所有組成部份。

於二零一八年度，本集團之策略為維持足以應付任何負債的資本水平與二零一七年一致。

本集團於二零一八年及二零一七年十二月三十一日之經調整淨負債對權益比率如下：

本公司及其任何附屬公司概無受限於外部施加的資本要求。

# 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 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.

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

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables. The Group maintains a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions, for which the Group considers to have low credit risk. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

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:

|                              |        | 2018<br>二零一八年 | 2017<br>二零一七年 |
|------------------------------|--------|---------------|---------------|
| Due from                     | 應收     |               |               |
| – largest trade debtor       | –最大債務人 | 4%            | 5%            |
| – five largest trade debtors | –五大債務人 | 16%           | 19%           |

### 25 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。

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

信用風險是指對手方不履行合約義務而導致本集團產生經濟損失的風險。本集團的信貸風險主要來自於貿易及其他應收款項。本集團設有明確的信貸政策，並持續監察該等信貸風險。因對手方為本集團認為信貸風險較低的銀行及金融機構，故本集團現金及現金等價物產生的信貸風險有限。管理層已制定信貸政策，並會持續監察該等信貸風險。

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：

# 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 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

#### (a) Credit risk (Cont'd)

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Credit limit is established for each distributor which represents the maximum open amount or credit term without requiring approval from the Board of Directors. The Group chases the customers to settle the due balances and monitors the settlement progress on an ongoing basis. The Group usually granted credit term to distributors which was generally due within 30–90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade debtors and bills receivable and other debtors at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2018:

|                                      |           | Expected loss rate | Gross carrying amount | Loss allowance |
|--------------------------------------|-----------|--------------------|-----------------------|----------------|
|                                      |           | 預期虧損               | 賬面總值                  | 虧損撥備           |
|                                      |           | %                  | RMB'000               | RMB'000        |
|                                      |           |                    | 人民幣千元                 | 人民幣千元          |
| Within 6 months                      | 6個月內      | 0.5%               | 709,424               | 3,431          |
| More than 6 months but within 1 year | 超過6個月但1年內 | 9%                 | 29,717                | 2,675          |
| More than 1 year but within 2 years  | 超過1年但2年內  | 45%                | 2,355                 | 1,060          |
| More than 2 years but within 3 years | 超過2年但3年內  | 100%               | 432                   | 432            |
| More than 3 years                    | 超過3年      | 100%               | 5,822                 | 5,822          |
|                                      |           |                    | 747,750               | 13,420         |

### 25 財務風險管理及公允價值(續)

#### (a) 信貸風險(續)

就貿易及其他應收款項而言，本集團會對所有要求授予一定金額信貸的客戶進行個別信貸評估。該等評估著重客戶過去到期還款紀錄以及目前的還款能力，並會考慮關於客戶以及客戶經營所在經濟環境的特定情況。各分銷商所獲設定信貸限額為毋須經董事會批准的最高未償還金額或信貸條款。本集團會追討客戶結清到期餘額，並持續監察結算進度。本集團通常向分銷商授出之信貸條款一般為自發出賬單日期起計30至90日內到期。一般而言，本集團不會要求客戶提供抵押品。

本集團按相等於整個有效期的預期信貸虧損的金額計量貿易應收賬款及應收票據及其他應收賬款的虧損撥備，有關金額乃使用撥備矩陣計算得出。由於本集團過往的信貸虧損並未就不同客戶分部指出重大不同虧損模式，基於過往逾期狀態的虧損撥備不會進一步於本集團不同客戶基礎之間進一步區分。

於二零一八年十二月三十一日，本集團貿易應收款項的信貸風險敞口及預期信貸虧損的相關資料如下表所示：

## 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 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

#### (a) Credit risk (Cont'd)

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

|   |                                      | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|---|--------------------------------------|-----------------------------------|-----------------------------------|
| <b>Balance at 31 December 2017 under IAS 39</b>         | 根據國際會計準則第39號<br>於二零一七年十二月三十一日<br>的結餘 | <b>11,060</b>                     | 13,847                            |
| Impact on initial application of IFRS 9 (Note 1(c)(i))  | 首次應用國際財務報告準則第9號的<br>影響(附註1(c)(i))    | -                                 | -                                 |
| <b>Balance at 1 January</b>                             | 於一月一日的結餘                             | <b>11,060</b>                     | 13,847                            |
| Amount written off during the year                      | 年內撇銷金額                               | <b>(31)</b>                       | (559)                             |
| Impairment losses recognised/(reversal) during the year | 年內確認/(轉回)減值虧損                        | <b>2,391</b>                      | (2,228)                           |
| <b>Balance at 31 December</b>                           | 於十二月三十一日的結餘                          | <b>13,420</b>                     | 11,060                            |

#### Comparative information under IAS 39

Prior to 1 January 2018, an impairment loss was recognised only when there was objective evidence of impairment (see Note 2(b) – policy applicable prior to 1 January 2018). At 31 December 2017, trade receivables of RMB14,761,000 was determined to be impaired. The aging analysis of trade debtors that were not considered to be impaired was as follows:

|   |             | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|---|-------------|-----------------------------------|
| Not past due                                  | 並無逾期        | 540,415                           |
| Less than 3 months past due                   | 逾期少於3個月     | 50,577                            |
| More than 3 months but within 1 year past due | 逾期超過3個月但1年內 | 7,683                             |
|   |             | 598,675                           |

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

### 25 財務風險管理及公允價值(續)

#### (a) 信貸風險(續)

年內貿易應收款項虧損撥備賬的變動如下：

|   |                                      | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|---|--------------------------------------|-----------------------------------|-----------------------------------|
| <b>Balance at 31 December 2017 under IAS 39</b>         | 根據國際會計準則第39號<br>於二零一七年十二月三十一日<br>的結餘 | <b>11,060</b>                     | 13,847                            |
| Impact on initial application of IFRS 9 (Note 1(c)(i))  | 首次應用國際財務報告準則第9號的<br>影響(附註1(c)(i))    | -                                 | -                                 |
| <b>Balance at 1 January</b>                             | 於一月一日的結餘                             | <b>11,060</b>                     | 13,847                            |
| Amount written off during the year                      | 年內撇銷金額                               | <b>(31)</b>                       | (559)                             |
| Impairment losses recognised/(reversal) during the year | 年內確認/(轉回)減值虧損                        | <b>2,391</b>                      | (2,228)                           |
| <b>Balance at 31 December</b>                           | 於十二月三十一日的結餘                          | <b>13,420</b>                     | 11,060                            |

#### 國際會計準則第39號的比較資料

於二零一八年一月一日前，減值虧損僅在有客觀減值證據時確認(見附註2(b) – 二零一八年一月一日前適用的政策)。於二零一七年十二月三十一日，貿易應收款項人民幣14,761,000元被釐定為減值。未視作減值的應收賬款賬齡分析如下：

|   |             | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|---|-------------|-----------------------------------|
| Not past due                                  | 並無逾期        | 540,415                           |
| Less than 3 months past due                   | 逾期少於3個月     | 50,577                            |
| More than 3 months but within 1 year past due | 逾期超過3個月但1年內 | 7,683                             |
|   |             | 598,675                           |

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。

# 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 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

#### (a) Credit risk (Cont'd)

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, management believed that no impairment allowance was necessary in respect of these balances as there had been no significant change in credit quality and the balances were still considered fully recoverable.

#### (b) Liquidity risk

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, which are based on contractual undiscounted cash flows (including interest payments computed at contracted rates, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to:

### 25 財務風險管理及公允價值(續)

#### (a) 信貸風險(續)

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。

#### (b) 流動資金風險

流動資金風險，是指企業在履行與金融負債有關的義務時遇到資金短缺的風險。本公司及各附屬公司負責自身的現金管理工作，包括現金盈餘的短期投資和籌借貸款以應付預計現金需求(如果銀行貸款額超過某些預設授權上限，便需獲得本公司董事會的批准)。本集團的政策是定期監控短期和長期的流動資金需求，以及是否符合借款協議的規定，以確保維持充裕的現金儲備和可供隨時變現的有價證券，同時獲得主要金融機構承諾提供足夠的備用資金，以滿足短期和較長期的流動資金需求。

下表呈列本集團之金融負債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，或倘為浮動利率，則按於報告期末當時的利率計算)以及本集團被要求之最早日期：

2018

二零一八年

#### Contractual undiscounted cash outflow

#### 合約未折現現金流出

|                          |           | Within 1 year<br>or on demand<br>1年內或按要求 | More than<br>1 year but<br>less than<br>5 years<br>超過1年但5年內 | Total<br>總計      | Carrying<br>amount<br>賬面值 |
|--------------------------|-----------|--|---|------------------|---------------------------|
|                          |           | RMB'000<br>人民幣千元                         | RMB'000<br>人民幣千元  | RMB'000<br>人民幣千元 | RMB'000<br>人民幣千元          |
| Bank loans               | 銀行貸款      | 53,818                                   | —   | 53,818           | 53,399                    |
| Trade and other payables | 貿易及其他應付款項 | 676,250                                  | —   | 676,250          | 676,250                   |
| Total                    | 總計        | 730,068                                  | —   | 730,068          | 729,649                   |



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(Expressed in Renminbi unless otherwise indicated)  
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### 25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

#### (b) Liquidity risk (Cont'd)

|                          |           | 2017<br>二零一七年                                      |                               |         |                 |
|--------------------------|-----------|--|-------------------------------|---------|-----------------|
|                          |           | Contractual undiscounted cash outflow<br>合約未折現現金流出 |                               |         |                 |
|                          |           | More than<br>1 year but<br>less than<br>5 years    | Within 1 year<br>or on demand | Total   | Carrying amount |
|                          |           | 超過1年但5年內   | 1年內或按要求                       | 總計      | 賬面值             |
|                          |           | RMB'000  | RMB'000                       | RMB'000 | RMB'000         |
|                          |           | 人民幣千元  | 人民幣千元                         | 人民幣千元   | 人民幣千元           |
| Bank loans               | 銀行貸款      | 10,942   | 10,419                        | 21,361  | 20,000          |
| Trade and other payables | 貿易及其他應付款項 | 549,542  | –                             | 549,542 | 549,542         |
| Total                    | 總計        | 560,484  | 10,419                        | 570,903 | 569,542         |

#### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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.

#### (c) 利率風險

利率風險為一項金融工具的公允價值或未來現金流量將因市場利率改變而波動所帶來的風險。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。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
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### 25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

#### (c) Interest rate risk (Cont'd)

##### (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:

|  |                       | 2018<br>二零一八年              |         | 2017<br>二零一七年              |          |
|--|-----------------------|----------------------------|---------|----------------------------|----------|
|  |                       | Effective<br>interest rate | Amount  | Effective<br>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    |
| <b>Fixed rate instrument:</b>                                      | <b>固定利率工具：</b>        |                            |         |                            |          |
| Bank loans   | 銀行貸款                  | 1.10%                      | 43,999  | -                          | -        |
| <b>Floating rate instrument:</b>                                   | <b>浮息工具：</b>          |                            |         |                            |          |
| Bank loans   | 銀行貸款                  | 5.23%                      | 10,000  | 5.23%                      | 20,000   |
| Total bank loans   | 銀行貸款總額                |                            | 53,999  |                            | 20,000   |
| Net fixed rate instruments as a<br>percentage of total instruments | 固定利率工具淨額佔<br>工具總額的百分比 |                            | 81.48%  |                            | Nil<br>無 |

##### (ii) Sensitivity analysis

At 31 December 2018, 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 RMB21,000 (2017: RMB43,000). 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 2017.

### 25 財務風險管理及公允價值(續)

#### (c) 利率風險(續)

##### (i) 利率狀況

下表詳述於報告期末本集團銀行貸款之利率狀況：

##### (ii) 敏感度分析

於二零一八年十二月三十一日，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21,000元(二零一七年：人民幣43,000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。以上分析按與二零一七年同樣基準進行。

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### 25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

#### (d) Currency risk

The Group is exposed to currency risk primarily through shares issued upon initial public offering which give rise to cash balances and time deposits, and sales and purchase which give rise to receivables and payables 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 and United States dollars.

#### (i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date.

### 25 財務風險管理及公允價值(續)

#### (d) 貨幣風險

本集團主要因首次公開發行時發行股份產生的現金結餘及以外幣(即與交易有關的業務所涉及的非功能貨幣)計值的定期存款及買賣產生的應收及應付款項而承受貨幣風險。引致此項風險的貨幣主要為港元及美元。

#### (i) 面臨貨幣風險

下表詳述本集團於報告期末所面臨產生自確認以有關實體功能貨幣以外的貨幣計值的資產或負債的貨幣風險。就呈列而言，風險金額以人民幣列示，按年結日現貨匯率換算。

#### Exposure to foreign currencies (expressed in RMB)

##### 面臨外幣風險(以人民幣列示)

|   |              | 2018   |  | 2017   |  |
|---|--------------|--|--|--|--|
|   |              | 二零一八年  |  | 二零一七年  |  |
|   |              | United States<br>Dollars<br>美元<br>RMB'000<br>人民幣千元 | Hong Kong<br>Dollars<br>港元<br>RMB'000<br>人民幣千元 | United States<br>Dollars<br>美元<br>RMB'000<br>人民幣千元 | Hong Kong<br>Dollars<br>港元<br>RMB'000<br>人民幣千元 |
| Trade and other receivables                                 | 貿易及其他應收款項    | -  | -  | 100  | -  |
| Cash and cash equivalents                                   | 現金及現金等值項目    | 462  | 47,998   | 679  | 226,731  |
| Trade and other payables                                    | 貿易及其他應付款項    | (23)   | -  | (2,615)  | -  |
| Net exposure arising from recognised assets and liabilities | 確認資產及負債的風險淨額 | 439  | 47,998   | (1,836)  | 226,731  |

# 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 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

#### (d) Currency risk (Cont'd)

##### (ii) Sensitivity analysis

At 31 December 2018, it is estimated that a general appreciation/depreciation of 5% in RMB, with all other variables held constant, would have increased/decreased the Group's net profit for the year and retained profits as below.

|                       |    | 2018    | 2017    |
|-----------------------|----|---------|---------|
|                       |    | RMB'000 | RMB'000 |
|                       |    | 人民幣千元   | 人民幣千元   |
| United States Dollars | 美元 | 19      | (78)    |
| Hong Kong Dollars     | 港元 | 2,040   | 9,636   |

The sensitivity analysis assumes that the change in foreign exchange rate had been applied to re-measure the financial instruments held by the Group 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. The analysis is performed on the same basis for 2017.

#### (e) Fair value measurement

##### (i) Financial instruments and liabilities measured at fair value

At 31 December 2018 and 31 December 2017, the Group has no financial instruments accounted for using fair value model.

##### (ii) Fair value of other financial assets and liabilities carried at other than fair value

The carrying amount of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair value as at 31 December 2018 and 31 December 2017.

### 25 財務風險管理及公允價值(續)

#### (d) 貨幣風險(續)

##### (ii) 敏感度分析

於二零一八年十二月三十一日，在所有其他變量保持不變的情況下，估計人民幣整體升值／貶值5%，將導致本集團的年內淨利潤及保留溢利分別增加／減少如下。

|                       | 2018    | 2017    |
|-----------------------|---------|---------|
|                       | 二零一八年   | 二零一七年   |
|                       | RMB'000 | RMB'000 |
|                       | 人民幣千元   | 人民幣千元   |
| United States Dollars | 19      | (78)    |
| Hong Kong Dollars     | 2,040   | 9,636   |

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本集團持有的金融工具。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。以上分析按與二零一七年同樣基準進行。

#### (e) 公允價值計量

##### (i) 按公允價值計量的金融工具及負債

於二零一八年十二月三十一日及二零一七年十二月三十一日，本集團並無金融工具採用公允價值模式入賬。

##### (ii) 以公允價值以外方式列賬的其他金融資產及負債公允價值

本集團按成本或攤銷成本列賬的金融工具賬面值與其於二零一八年十二月三十一日及二零一七年十二月三十一日的公允價值並無重大差異。

## 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 CAPITAL COMMITMENTS

Capital commitments outstanding at 31 December 2018 not provided for in the consolidated financial statements were as follows:

### 26 資本承擔

於二零一八年十二月三十一日，在綜合財務報表中未撥備的未履行資本承擔如下：

|  |               | <b>2018</b>    | 2017    |
|--|---------------|----------------|---------|
|  |               | 二零一八年          | 二零一七年   |
|  |               | <b>RMB'000</b> | RMB'000 |
|  |               | 人民幣千元          | 人民幣千元   |
| Contracted for                               | 已訂約           |                |         |
| – Acquisition of fixed assets                | –購買固定資產       | <b>283,413</b> | 350,503 |
| – Acquisition of intangible assets (Note 14) | –購買無形資產(附註14) | <b>408,400</b> | 300,000 |
|  |               | <b>691,813</b> | 650,503 |

# 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 MATERIAL RELATED PARTY TRANSACTIONS

During 2018 and 2017, the directors are of the view that related parties of the Group include the following:

### 27 重大關聯方交易

於二零一八年及二零一七年，董事認為本集團的關聯方包括以下各方：

#### Name of related parties

#### 關聯方名稱

HEC Pharm

宜昌東陽光

Sunshine Lake Pharma

廣東東陽光藥業

Shenzhen HEC Industrial

深圳市東陽光實業

Shaoguan HEC Packaging and Printing Co., Ltd. ("Shaoguan HEC Printing")

韶關東陽光包裝印刷有限公司(「韶關東陽光印刷」)

Yichang HEC Power Plant Co., Ltd. ("HEC Power Plant")

宜昌東陽光火力發電有限公司(「宜昌東陽光發電」)

Yidu Shangchengshuidu Project Construction Co., Ltd. ("Yidu Construction")

宜都山城水都建築工程有限公司(「宜都建築」)

Yidu Changjiang Machine and Equipment Co., Ltd. ("Yidu Machine")

宜都長江機械設備有限公司(「宜都機械」)

Ruyuan Shangchengshuidu Furniture Co., Ltd. ("Ruyuan Furniture")

乳源山城水都家具有限公司(「乳源家具」)

HEC Retail Chain Co., Ltd. ("HEC Retail")

東陽光藥零售連鎖有限公司(「東陽光藥零售」)

#### Relationship with the Group

#### 與本集團的關係

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

effectively owned by the controlling shareholder

由控股股東實益擁有

associate of the intermediate controlling shareholder

中間控股股東的聯營公司

effectively owned by the controlling shareholder

由控股股東實益擁有

effectively owned by the ultimate shareholder

由最終股東實益擁有

effectively owned by the ultimate shareholder

由最終股東實益擁有

effectively owned by the ultimate shareholder

由最終股東實益擁有

effectively owned by the ultimate shareholder

由最終股東實益擁有

\* The English translation of the above companies' names is for reference only. The official names of these companies are in Chinese.

# 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 MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

#### (a) Transactions with related parties

During 2018 and 2017, the Group entered into the following material related party transactions:

#### Recurring transactions

|  |                | 2018          | 2017    |
|--|----------------|---------------|---------|
|  |                | 二零一八年         | 二零一七年   |
|  |                | RMB'000       | RMB'000 |
|  |                | 人民幣千元         | 人民幣千元   |
| Purchase of goods from:                                | 自以下各方購買貨品：     |               |         |
| HEC Pharm  | 宜昌東陽光          | 15,885        | 9,417   |
| Shaoguan HEC Printing                                  | 韶關東陽光印刷        | 18,227        | 11,514  |
| HEC Power Plant  | 宜昌東陽光發電        | 9,180         | 4,976   |
|  |                | <b>43,292</b> | 25,907  |
| Accept service amount of liquid waste processing from: | 已收以下各方處理污水服務費： |               |         |
| HEC Pharm Co., Ltd.                                    | 宜昌東陽光藥業股份有限公司  | 2,579         | 2,137   |
| Payment past through:                                  | 通過以下各方付款：      |               |         |
| Shenzhen HEC Industrial                                | 深圳市東陽光實業       | 87,060        | 20,896  |
| Sales of goods to:                                     | 向以下各方銷售貨品：     |               |         |
| Shenzhen HEC Industrial and its subsidiaries           | 深圳市東陽光實業及其附屬公司 | 2,318         | 2,594   |
| Purchase of fixed assets from:                         | 向以下各方採購固定資產：   |               |         |
| Yidu Machine   | 宜都機械           | 6,239         | 586     |

#### Non-recurring transactions

|  |                      | 2018    | 2017    |
|--|----------------------|---------|---------|
|  |                      | 二零一八年   | 二零一七年   |
|  |                      | RMB'000 | RMB'000 |
|  |                      | 人民幣千元   | 人民幣千元   |
| (i) Purchase of fixed assets from:       | (i) 向以下各方採購固定資產：     |         |         |
| HEC Pharm                                | 宜昌東陽光                | 71,767  | -       |
| (ii) Purchase of intangible assets from: | (ii) 向以下各方採購無形資產：    |         |         |
| Sunshine Lake Pharma                     | 廣東東陽光藥業              | 79,100  | -       |
| (iii) Other services received from:      | (iii) 接受以下各方提供的其他服務： |         |         |
| Yidu Construction                        | 宜都建築                 | 140,164 | 83,949  |

### 27 重大關聯方交易(續)

#### (a) 與關連方之交易

於二零一八年及二零一七年，本集團訂立以下重大關連方交易：

#### 經常性交易

|  |  | 2018    | 2017    |
|--|--|---------|---------|
|  |  | 二零一八年   | 二零一七年   |
|  |  | RMB'000 | RMB'000 |
|  |  | 人民幣千元   | 人民幣千元   |

#### 非經常性交易

|  |  | 2018    | 2017    |
|--|--|---------|---------|
|  |  | 二零一八年   | 二零一七年   |
|  |  | RMB'000 | RMB'000 |
|  |  | 人民幣千元   | 人民幣千元   |

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 27 MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

#### (b) Balances with related parties

##### (i) Amounts due from related parties

|   |                        | 2018           | 2017    |
|---|------------------------|----------------|---------|
|   |                        | 二零一八年          | 二零一七年   |
|   |                        | RMB'000        | RMB'000 |
|   |                        | 人民幣千元          | 人民幣千元   |
| Prepayment and trade receivable from:       | 來自以下各方的預付款及<br>貿易應收款項： |                |         |
| Sunshine Lake Pharma                        | 廣東東陽光藥業                | 717,700        | 400,000 |
| HEC Retail                                  | 東陽光藥零售                 | 57             | -       |
| HEC Pharmaceutical Research and Development | 東陽光藥業研發                | 2,208          | -       |
|   |                        | <b>719,965</b> | 400,000 |

##### (ii) Amounts due to related parties

|                                       |                     | 2018          | 2017    |
|---------------------------------------|---------------------|---------------|---------|
|                                       |                     | 二零一八年         | 二零一七年   |
|                                       |                     | RMB'000       | RMB'000 |
|                                       |                     | 人民幣千元         | 人民幣千元   |
| Trade payables and other payables to: | 應付以下各方的貿易及<br>其他款項： |               |         |
| Shaoguan HEC Printing                 | 韶關東陽光印刷             | 2,929         | 4,499   |
| Yidu Construction                     | 宜都建築                | 9,164         | 16,050  |
| Ruyuan Furniture                      | 宜都家具                | 11            | -       |
|                                       |                     | <b>12,104</b> | 20,549  |

##### (iii) Guarantee from related parties

|                         |          | 2018    | 2017    |
|-------------------------|----------|---------|---------|
|                         |          | 二零一八年   | 二零一七年   |
|                         |          | RMB'000 | RMB'000 |
|                         |          | 人民幣千元   | 人民幣千元   |
| Shenzhen HEC Industrial | 深圳市東陽光實業 | 10,000  | 20,000  |

### 27 重大關聯方交易(續)

#### (b) 與關聯方的結餘

##### (i) 應收關聯方款項

| 2018    | 2017    |
|---------|---------|
| 二零一八年   | 二零一七年   |
| RMB'000 | RMB'000 |
| 人民幣千元   | 人民幣千元   |

##### (ii) 應付關聯方款項

| 2018    | 2017    |
|---------|---------|
| 二零一八年   | 二零一七年   |
| RMB'000 | RMB'000 |
| 人民幣千元   | 人民幣千元   |

##### (iii) 關聯方擔保

| 2018    | 2017    |
|---------|---------|
| 二零一八年   | 二零一七年   |
| RMB'000 | RMB'000 |
| 人民幣千元   | 人民幣千元   |



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 27 MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

#### (c) Key management personnel compensation

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors' as disclosed in Note 7 and certain of the highest paid employees as disclosed in Note 8, is as follows:

|  |            | 2018         | 2017    |
|--|------------|--------------|---------|
|  |            | 二零一八年        | 二零一七年   |
|  |            | RMB'000      | RMB'000 |
|  |            | 人民幣千元        | 人民幣千元   |
| Salaries and other benefits                        | 薪金及其他福利    | 3,014        | 2,243   |
| Contribution to defined retirement benefit schemes | 定額退休福利計劃供款 | 125          | 124     |
|  |            | <b>3,139</b> | 2,367   |

Total remuneration is included in "staff costs" (See Note 5(b)).

### 27 重大關聯方交易(續)

#### (c) 主要管理人員的報酬

本集團主要管理人員的薪酬(包括付予附註7披露的本公司董事及附註8披露的若干最高薪酬人士的款項)如下:

|  |            | 2018         | 2017    |
|--|------------|--------------|---------|
|  |            | 二零一八年        | 二零一七年   |
|  |            | RMB'000      | RMB'000 |
|  |            | 人民幣千元        | 人民幣千元   |
| Salaries and other benefits                        | 薪金及其他福利    | 3,014        | 2,243   |
| Contribution to defined retirement benefit schemes | 定額退休福利計劃供款 | 125          | 124     |
|  |            | <b>3,139</b> | 2,367   |

薪酬總額計入「員工成本」(見附註5(b))。

#### (d) Applicability of the Listing Rules relating to connected transactions

The recurring transactions with related parties in respect of Note 27(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.

#### (d) 與關連交易有關的上市規則的適用性

上述附註27(a)中的關聯方經營性交易構成上市規則第十四A章定義下之持續關連交易。根據上市規則第十四A章所規定之披露載於董事報告之「持續關連交易」一節。

# NOTES TO THE FINANCIAL STATEMENTS

## 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)

### 28 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

### 28 公司層面之財務狀況表

|   |                     |            | 2018<br>二零一八年    | 2017<br>二零一七年<br>(Note)<br>(附註) |
|---|---------------------|------------|------------------|---------------------------------|
|   |                     | Note<br>附註 | RMB'000<br>人民幣千元 | RMB'000<br>人民幣千元                |
| <b>Non-current assets</b>   | <b>非流動資產</b>        |            |                  |                                 |
| Fixed assets  | 固定資產                |            |                  |                                 |
| – Property, plant and equipment                                       | – 物業、廠房及設備          |            | 1,177,644        | 590,333                         |
| – 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 |            | 81,462           | 79,835                          |
|   |                     |            | <b>1,259,106</b> | 670,168                         |
| Intangible assets   | 無形資產                |            | 129,470          | 57,157                          |
| Investments in subsidiaries   | 於附屬公司的投資            | 13         | 562,999          | 487,834                         |
| Prepayments   | 預付款項                |            | 817,509          | 558,811                         |
| Deferred tax assets   | 遞延稅項資產              |            | 32,023           | 28,220                          |
|   |                     |            | <b>2,801,107</b> | 1,802,190                       |
| <b>Current assets</b>   | <b>流動資產</b>         |            |                  |                                 |
| Inventories   | 存貨                  |            | 164,286          | 87,967                          |
| Trade and other receivables   | 貿易及其他應收款項           |            | 1,172,941        | 742,121                         |
| Time deposits   | 定期存款                |            | –                | 346,519                         |
| Cash and cash equivalents   | 現金及現金等值項目           |            | 446,633          | 870,158                         |
|   |                     |            | <b>1,783,860</b> | 2,046,765                       |
| <b>Current liabilities</b>  | <b>流動負債</b>         |            |                  |                                 |
| Trade and other payables  | 貿易及其他應付款項           |            | 695,848          | 845,229                         |
| Contract liabilities  | 合同負債                |            | 134,361          | –                               |
| Bank loans  | 銀行貸款                |            | 53,399           | 10,000                          |
| Deferred income   | 遞延收益                |            | 4,379            | 4,379                           |
| Current taxation  | 應付即期稅項              |            | 69,658           | 76,744                          |
|   |                     |            | <b>957,645</b>   | 936,352                         |
| <b>Net current assets</b>   | <b>流動資產淨額</b>       |            | <b>826,215</b>   | 1,110,413                       |
| <b>Total assets less current liabilities</b>                          | <b>總資產減流動負債</b>     |            | <b>3,627,322</b> | 2,912,603                       |
| <b>Non-current liabilities</b>  | <b>非流動負債</b>        |            |                  |                                 |
| Bank loans  | 銀行貸款                |            | –                | 10,000                          |
| Deferred income   | 遞延收益                |            | 69,214           | 64,642                          |
|   |                     |            | <b>69,214</b>    | 74,642                          |
| <b>Net assets</b>   | <b>淨資產</b>          |            | <b>3,558,108</b> | 2,837,961                       |
| <b>Capital and reserves</b>   | <b>資本及儲備</b>        |            |                  |                                 |
| Share capital   | 股本                  | 24(c)      | 452,023          | 452,023                         |
| Reserves  | 儲備                  | 24(d)      | 3,106,085        | 2,385,938                       |
| <b>Total equity</b>   | <b>總權益</b>          |            | <b>3,558,108</b> | 2,837,961                       |

Note: The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transaction methods chosen, comparative information is not restated. See Note 1(c).

附註：本集團已於二零一八年一月一日首次應用國際財務報告準則第15號及國際財務報告準則第9號。根據所選過渡方法，毋須重列比較資料。見附註1(c)。

## 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 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

- (i) 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 24(b).
- (ii) On 25 February 2019, the Company entered into an acquisition agreement with Sunshine Lake Pharma, pursuant to which the Company agreed to acquire, and Sunshine Lake Pharma agreed to dispose, the intellectual property rights, industrial property rights and ownership rights in relation to 27 pharmaceutical products within the PRC at a total consideration of RMB1,626,434,600 (the "Proposed Acquisition"), which comprised a prepayment of RMB813,217,300, 27 milestone payments totalling RMB325,286,900 and two contingent amounts totalling RMB487,930,400. The Proposed Acquisition is subject to, among others, approval by the independent shareholders of the Company at the extraordinary general meeting. Up to the date of this report, the Proposed Acquisition has not been completed.
- (iii) On 14 August 2018, the Company entered into a subscription agreement with certain entities ultimately controlled by The Blackstone Group L.P. ("Blackstone Fund SPVs") pursuant to which, the Blackstone Fund SPVs have conditionally agreed to subscribe for, and the Company has conditionally agreed to issue H Share Convertible Bonds with an aggregate principal amount of US\$400,000,000. The H Share Convertible Bonds, if issued, will mature on the seventh anniversary of the issue date and bear interest at the rate of 3.0% per annum. The initial conversion price was HK\$38 per share, which is subject to adjustment in certain events. The Convertible Bonds may be converted into 82,631,578 conversion shares at the initial conversion price of HK\$38 per share (assuming full conversion of the H Share Convertible Bonds and subject to adjustment in certain events), representing approximately 18.28% of the existing issued share capital of the Company as at the date of this report. On 20 February 2019, all the conditions precedent for the issue and subscription of the convertible bonds ("H Share Convertible Bonds") under the Subscription Agreement have been fulfilled, and the issue of H Share Convertible Bonds has completed up to the date of this report.

### 29 報告期間後非調整事項

- (i) 於報告期末之後，本公司董事會已批准股息分派。更多詳情披露於附註24(b)。
- (ii) 於二零一九年二月二十五日，本公司與廣東東陽光藥業訂立收購協議，據此，本公司同意收購，而廣東東陽光藥業同意出售與27種藥品相關的中國境內知識產權、工業產權及所有權，總代價為人民幣1,626,434,600元（「建議收購事項」），並由人民幣813,217,300元的預付款、人民幣325,286,900元的里程碑付款及二項或有總金額人民幣487,930,400元組成。建議收購事項須（其中包括）於臨時股東大會上獲本公司獨立股東批准。直至本報告日期，建議收購事項尚未完成。
- (iii) 於二零一八年八月十四日，本公司與由The Blackstone Group L.P.最終控制的若干實體（「黑石基金特殊目的實體」）訂立認購協議，據此，黑石基金特殊目的實體已有條件同意認購，而本公司已有條件同意發行，本金金額合共為400,000,000美元的H股可轉換債券。H股可轉換債券（倘發行）將於發行日滿七週年之日屆滿，並按年利率3.0%計息。初始轉換價格為每股38港元，在若干情況下可予調整。可轉換債券可按每股38港元的初始轉換價格轉換為82,631,578股轉換股份（假設H股可轉換債券獲悉數轉換，且在若干情況下可予調整），佔本公司於本報告日期現有已發行股本約18.28%。於二零一九年二月二十日，認購協議項下之發行及認購H股可轉換債券（「H股可轉換債券」）的全部先決條件已獲滿足，且直至本報告日期，已完成發行H股可轉換債券。

# 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)

### 30 COMPARATIVE FIGURES

The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods design, comparative information is not restated. Further details of the changes in accounting policies are disclosed in Note 1(c).

### 31 IMMEDIATE AND ULTIMATE CONTROLLING PARTIES

At 31 December 2018, the directors consider the immediate parent of the Group to be Guangdong HEC Technology Holding Co., Ltd. (廣東東陽光科技控股有限公司), which is incorporated in the PRC. The ultimate controlling party of the Group to be Mr. Zhang Zhongneng and his spouse Mrs. Guo Meilan.

### 32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2018

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2018 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

### 30 比較數字

本集團於二零一八年一月一日初步應用國際財務報告準則第15號及國際財務報告準則第9號。根據過渡方法設計，不會重列比較資料。有關會計政策變動的進一步詳情於附註1(c)披露。

### 31 直接及最終控股股東

於二零一八年十二月三十一日，董事認為本集團的直接母公司為於中國註冊成立的廣東東陽光科技控股有限公司。而本集團的最終控股方為張中能先生及其配偶郭梅蘭女士。

### 32 於截至二零一八年十二月三十一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二零一八年十二月三十一日止年度尚未生效且並未於本財務報表內採納的修訂、新準則及詮釋。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**

|  |                |
|--|----------------|
| IFRS 16, <i>Lease</i>  | 1 January 2019 |
| 國際財務報告準則第16號，租賃  | 二零一九年一月一日      |
| IFRIC 23, <i>Uncertainty over income tax treatments</i>                          | 1 January 2019 |
| 國際財務報告詮釋委員會第23號，所得稅不確定性之處理   | 二零一九年一月一日      |
| Annual Improvements to IFRSs 2015-2017 Cycle                                     | 1 January 2019 |
| 國際財務報告準則二零一五年至二零一七年週期之年度改進   | 二零一九年一月一日      |
| Amendments to IAS 28, <i>Long-term interest in associates and joint ventures</i> | 1 January 2019 |
| 國際會計準則第28號(修訂本)，於聯營公司及合營企業的長期權益  | 二零一九年一月一日      |

# 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)

### 32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2018 (Cont'd)

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has not identified the IFRS 16 which may have a significant impact on the consolidated financial statements. While the assessment has been substantially completed for IFRS 16, the actual impact upon the initial adoption of this standard may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standard is initially applied in the Group's interim financial report for the six months ended 30 June 2019. The Group may also change its accounting policy elections, including the transition options, until the standard is initially applied in that financial report.

#### IFRS 16, Leases

As disclosed in Note 1(h), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

IFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once IFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

### 32 於截至二零一八年十二月三十一日止年度已頒佈但尚未生效的修訂、新準則及詮釋的潛在影響(續)

本集團現正評估此等修訂、新準則及詮釋預期於最初應用期間產生之影響。直至目前，本集團未識別出國際財務報告準則第16號可能對綜合財務報表產生重大影響的情況。儘管對國際財務報告準則第16號的評估已經大致完成，由於目前已完成的評估乃以本集團當前可得的資料為基礎，初步應用該準則的實際影響可能會有所不同，而在本集團截至二零一九年六月三十日止六個月的中期財務報告中首次應用該準則前，可能會識別到進一步的影響。在財務報告中首次應用該準則前，本集團亦可能更改其會計政策選擇(包括過渡方案)。

#### 國際財務報告準則第16號租賃

誠如於附註1(h)所披露，本集團現時將租賃劃分為融資租賃及經營租賃，並視乎租賃劃分以不同方式對租賃安排進行會計處理。本集團分別作為出租人及承租人訂立不同租賃。

預期國際財務報告準則第16號不會對出租人租賃權利與義務之會計處理造成重大影響。然而，國際財務報告準則第16號一經採納，承租人將不再區分融資租賃及經營租賃。取而代之，除非使用若干權宜實行方法，否則承租人將按與現有融資租賃會計處理方法類似之方式對所有租賃進行會計處理，即於租約開始日期，承租人將按未來最低租賃付款額之現值確認及計量租賃負債，及將確認相應的「使用權」資產。初始確認該資產及負債後，承租人將確認租賃負債未付餘額所產生之利息費用及使用權資產折舊，而非根據現有政策於租期內按系統基準確認根據經營租賃所產生之租賃費用。作為權宜實行方法，承租人可選擇不將此會計模式應用於短期租賃(即租期為12個月或以下者)及低價值資產之租賃，於該等情況下，租賃費用將繼續於租期內按系統基準確認。



## 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)

### 32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2018 (Cont'd)

#### IFRS 16, Leases (Cont'd)

IFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. As allowed by IFRS 16, the Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group will therefore apply the new definition of a lease in IFRS 16 only to contracts that are entered into on or after the date of initial application. In addition, the Group plans to elect the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets.

The Group plans to elect to use the modified retrospective approach for the adoption of IFRS 16 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019 and will not restate the comparative information. At 31 December 2018 the Group has no significant lease payments under non-cancellable operating leases over one year after the reporting date. Upon the initial adoption of IFRS 16, the opening balances of lease liabilities and the corresponding right-of-use assets will be adjusted to their present value respectively, after taking account the effects of discounting, as at 1 January 2019.

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of IFRS 16 will not be material.

### 32 於截至二零一八年十二月三十一日止年度已頒佈但尚未生效的修訂、新準則及詮釋的潛在影響(續)

#### 國際財務報告準則第16號租賃(續)

國際財務報告準則第16號將主要影響本集團作為目前分類為經營租賃的物業、廠房及設備租賃承租人的會計處理方法。預期應用新會計模式將導致資產及負債均有所增加，及影響租賃期間於損益表確認費用之時間。

國際財務報告準則第16號於二零一九年一月一日或之後開始的年度期間生效。如國際財務報告準則第16號所允許，本集團計劃運用可行權宜方法豁免現有安排所屬的過往評估或訂定租賃。因此，本集團將應用國際財務報告準則第16號中租賃的新定義，惟僅用於在首次應用日期或之後訂立的合約。此外，本集團計劃選用可行權宜方法，以免將新會計模式應用於短期租賃及低價值資產租賃。

此外，本集團計劃選擇採用經修訂的追溯法採納國際財務報告準則第16號，並將確認首次應用之累計影響為對二零一九年一月一日權益的年初結餘之調整，且不會重列比較資料。於二零一八年十二月三十一日，根據不可取消經營租賃，本集團於報告日期後一年內並無重大租賃款項。於首次採納國際財務報告準則第16號後，租賃負債及相應使用權資產的年初結餘將於計及於二零一九年一月一日的折讓效應後，分別調整為其現值。

除確認租賃負債及使用權資產外，本集團預期，首次採納國際財務報告準則第16號後將予作出的過渡調整將不重大。

## DEFINITIONS

### 釋義

|   |   |  |
|---|---|--|
| “AGM”<br>「股東週年大會」   | 指 | the forthcoming annual general meeting for the year 2018 of the Company<br>本公司二零一八年應屆股東週年大會  |
| “Annual Report”<br>「年報」   | 指 | the annual report of the Company for the year 2018<br>本公司二零一八年年報   |
| “Articles of Association”<br>「公司章程」   | 指 | the articles of association of the Company<br>本公司的章程   |
| “Board of Directors” or “Board”<br>「董事會」                                    | 指 | board of directors of the Company<br>本公司董事會  |
| “Board of Supervisors”<br>「監事會」   | 指 | board of supervisors of the Company<br>本公司監事會  |
| “Chairman”<br>「董事長」   | 指 | chairman of board of directors of the Company<br>本公司董事會董事長   |
| “China” or “PRC”<br>「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<br>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 |
| “Company,” “the Company,”<br>“Pharm HEC”, “we” or “us”<br>「本公司」或「東陽光藥」或「我們」 | 指 | YiChang HEC Changjiang Pharmaceutical Co., Ltd. (宜昌東陽光長江藥業股份有限公司), a company established in the PRC on 11 May 2015 as a joint stock company<br>宜昌東陽光長江藥業股份有限公司，一家於二零一五年五月十一日在中國成立的股份有限公司                                     |
| “Controlling Shareholder(s)”<br>「控股股東」                                      | 指 | has the meaning given to it under the Listing Rules<br>具有上市規則所賦予的涵義  |
| “Director(s)”<br>「董事」   | 指 | director(s) of the Company<br>本公司董事  |
| “Domestic Share(s)”<br>「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<br>本公司股本中每股面值人民幣1.00元的已發行普通股，其以人民幣認購及繳足                    |
| “Global Offering”<br>「全球發售」   | 指 | the offer of the Company’s H Shares for subscription as described in the prospectus of the Company<br>誠如本公司招股章程所載本公司H股發售以供認購   |

|  |   |   |
|--|---|---|
| “Group”<br>「本集團」   | 指 | the Company and its subsidiaries<br>本公司及其附屬公司   |
| “H Shares”<br>「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<br>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  |
| “HEC Pharm”<br>「宜昌東陽光」   | 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<br>宜昌東陽光藥業股份有限公司，一家於二零零四年一月十二日在中國註冊成立的公司   |
| “HKSCC”<br>「香港結算」  | 指 | Hong Kong Securities Clearing Company Limited<br>香港中央結算有限公司   |
| “HK\$” or “HKD”<br>「港元」  | 指 | Hong Kong dollars, the lawful currency for the time being of Hong Kong<br>港元，香港現時法定貨幣   |
| “Hong Kong”<br>「香港」  | 指 | the Hong Kong Special Administrative Region of the PRC<br>中國香港特別行政區   |
| “Hong Kong Stock Exchange” or<br>“Stock Exchange”<br>「香港聯交所」或「聯交所」 | 指 | The Stock Exchange of Hong Kong Limited<br>香港聯合交易所有限公司  |
| “IFRSs”<br>「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)<br>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”<br>「最後實際可行日期」                            | 指 | 2 April 2019, being the latest practicable date for the purpose of ascertaining certain information contained in this Annual Report prior to its publication<br>二零一九年四月二日，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   |



## DEFINITIONS 釋義

|                     |   |  |
|---------------------|---|--|
| “Listing Date”      |   | 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                                 |
| 「上市日期」              | 指 | 二零一五年十二月二十九日，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”     |   | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time   |
| 「上市規則」              | 指 | 香港聯合交易所有限公司證券上市規則，經不時修訂  |
| “Model Code”        |   | Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules   |
| 「標準守則」              | 指 | 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”    |   | Guangdong HEC Technology Holding Co., Ltd. (廣東東陽光科技控股股份有限公司), a company incorporated in the PRC on 24 October 1996 and whose shares are listed on the Shanghai Stock Exchange (stock code: 600673) |
| 「母公司」               | 指 | 廣東東陽光科技控股股份有限公司，一家於一九九六年十月二十四日在中國註冊成立及其股份於上海證券交易所上市之公司(股份代號：600673)  |
| “PBOC”              |   | 中國人民銀行(People's Bank of China)   |
| 「中國人民銀行」            | 指 | 中國人民銀行   |
| “Renminbi” or “RMB” |   | the lawful currency of the PRC   |
| 「人民幣」               | 指 | 中國法定貨幣   |
| “Reporting Period”  |   | the year ended 31 December 2018  |
| 「報告期」               | 指 | 截至二零一八年十二月三十一日止年度  |
| “SFC”               |   | the Securities and Futures Commission of Hong Kong   |
| 「證監會」               | 指 | 香港證券及期貨事務監察委員會   |
| “SFO”               |   | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time   |
| 「證券及期貨條例」           | 指 | 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  |
| “Shareholder(s)”    |   | holder(s) of our Shares, including holders of H shares and holders of domestic shares of the Company   |
| 「股東」                | 指 | 股份持有人，包括本公司H股持有人及內資股持有人  |

|   |   |   |
|---|---|---|
| “Shares”<br>「股份」                          | 指 | shares in the share capital of the Company, with a nominal value of RMB1.00 each<br>本公司股本中每股面值人民幣1.00元的股份   |
| “Shenzhen HEC Industrial”<br>「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<br>深圳市東陽光實業發展有限公司，一家於一九九七年一月二十七日在中國註冊成立的公司，為一名控股股東 |
| “Sunshine Lake Pharma”<br>「廣東東陽光藥業」       | 指 | Sunshine Lake Pharma Co., Ltd. (廣東東陽光藥業有限公司), a company incorporated in the PRC on 29 December 2003<br>廣東東陽光藥業有限公司，一家於二零零三年十二月二十九日在中國註冊成立的公司  |
| “Supervisor(s)”<br>「監事」                   | 指 | the supervisor(s) of the Company<br>本公司監事   |
| “Yichang HEC Pharmaceutical”<br>「宜昌東陽光製藥」 | 指 | Yichang HEC Pharmaceutical Manufacturing Co., Ltd. (宜昌東陽光製藥有限公司), a company incorporated in the PRC<br>宜昌東陽光製藥有限公司，一家在中國註冊成立的公司   |
| “%”<br>「%」                                | 指 | per cent.<br>百分比  |

# CORPORATE INFORMATION

## 公司資料

### REGISTERED NAME

YiChang HEC Changjiang Pharmaceutical Co., Ltd.

### 註冊名稱

宜昌東陽光長江藥業股份有限公司

### DIRECTORS

#### Executive Directors

Mr. JIANG Juncai

Mr. WANG Danjin

Mr. CHEN Yangui

Mr. LI Shuang

### 董事

#### 執行董事

蔣均才先生

王丹津先生

陳燕桂先生

李爽先生

#### Non-executive Directors

Mr. TANG Xinfa (Chairman)

Mr. Eddy HUANG

#### 非執行董事

唐新發先生(董事長)

黃翊先生

#### Independent Non-executive Directors

Mr. TANG Jianxin

Mr. FU Hailiang

Mr. LEE Chi Ming

#### 獨立非執行董事

唐建新先生

付海亮先生

李志明先生

### REMUNERATION AND EVALUATION COMMITTEE

Mr. FU Hailiang (Chairman)

Mr. JIANG Juncai

Mr. TANG Jianxin

### 薪酬與考核委員會

付海亮先生(主席)

蔣均才先生

唐建新先生

### AUDIT COMMITTEE

Mr. TANG Jianxin (Chairman)

Mr. LEE Chi Ming

Mr. TANG Xinfa

### 審核委員會

唐建新先生(主席)

李志明先生

唐新發先生

### NOMINATION COMMITTEE

Mr. LEE Chi Ming (Chairman)

Mr. Eddy HUANG

Mr. FU Hailiang

### 提名委員會

李志明先生(主席)

黃翊先生

付海亮先生

**SUPERVISORS**

Ms. HUANG Fangfang  
Mr. LUO Zhonghua  
Mr. WANG Shengchao

**COMPANY SECRETARIES**

Mr. PENG Qiyun  
Ms. NG Wing Shan (FCS, FCIS)

**AUTHORIZED REPRESENTATIVES**

Mr. TANG Xinfu  
West Fourth Floor, Building 106  
Huafa North Road, Futian District, Shenzhen  
Guangdong Province, the PRC

Ms. NG Wing Shan  
40th Floor, Sunlight Tower  
No. 248 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**

40th Floor, Sunlight Tower, No. 248 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  
羅忠華先生  
王勝超先生

**公司秘書**

彭琪雲先生  
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248號  
陽光中心40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248號  
陽光中心40樓

**主要往來銀行**

中國建設銀行股份有限公司  
清江支行  
中國湖北省宜都市  
長江大道56號

# CORPORATE INFORMATION

## 公司資料

### INTERNATIONAL AUDITORS

KPMG  
Certified Public Accountants  
8/F, Prince's Building, 10 Chater Road  
Central, Hong Kong

### DOMESTIC AUDITORS

KPMG Huazhen LLP Guangzhou branch

### 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](http://www.hec-changjiang.com)

### LISTING PLACE

The Stock Exchange of Hong Kong Limited

### 國際核數師

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

### 國內核數師

畢馬威華振會計師事務所(特殊普通合伙)廣州分所

### 中國法律顧問

嘉源律師事務所  
中國  
北京市  
西城區  
復興門內大街158號  
遠洋大廈F408

### H股股份過戶登記處

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

### 股份代號

01558

### 本公司網站

[www.hec-changjiang.com](http://www.hec-changjiang.com)

### 上市地

香港聯合交易所有限公司

