



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

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(於中華人民共和國註冊成立的股份有限公司)

(Stock Code 股份代號:1666)



2018

ANNUAL REPORT 年報



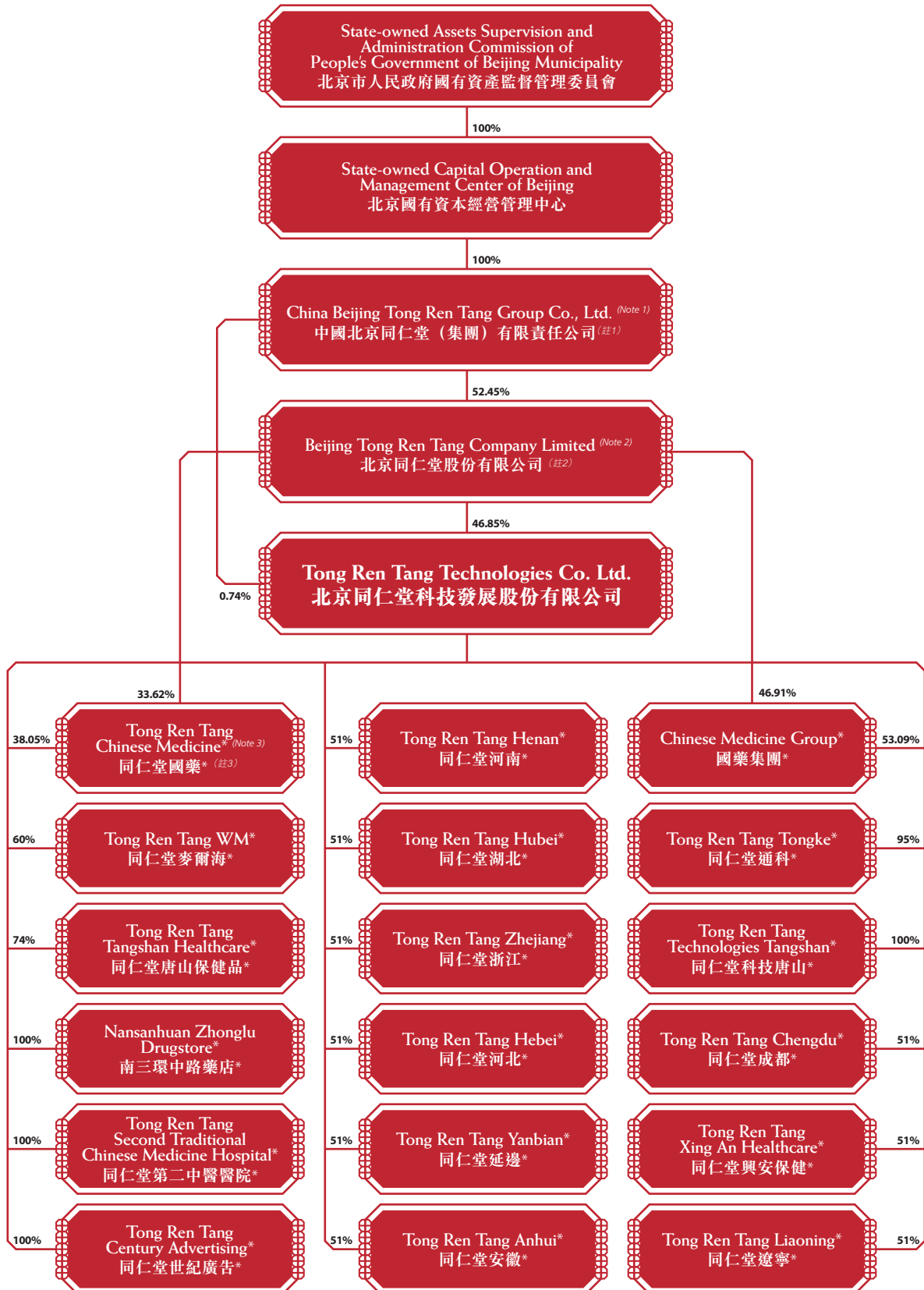
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Corporate Structure 公司架構



Corporate Structure (Cont'd) 公司架構 (續)

Note 1: China Beijing Tong Ren Tang Group Co., Ltd. (中國北京同仁堂(集團)有限責任公司) ("**Tong Ren Tang Holdings**") is the ultimate holding company of Tong Ren Tang Technologies Co. Ltd. (北京同仁堂科技發展股份有限公司) ("**Tong Ren Tang Technologies**" or the "**Company**").

註1：中國北京同仁堂(集團)有限責任公司(「**集團公司**」)是北京同仁堂科技發展股份有限公司(「**同仁堂科技**」或「**本公司**」)的最終控股公司。

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

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

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

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

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



Corporate Information

公司資料

BOARD OF DIRECTORS

As at 31 December 2018, the directors of the Company (each the "Director") of the board (the "Board") are as follows:

Executive Directors

Gao Zhen Kun (*Chairman*)
Huang Ning
Wu Le Jun
Wu Qian
Wang Yu Wei
Fang Jia Zhi

Independent Non-Executive Directors

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

SUPERVISORS

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

SENIOR MANAGEMENT

Wang Yu Wei (*General Manager*)
Bai Jian
Liu Cun Ying
Guo Gui Qin
Yang De Chun
Fang Jia Zhi
Zhang Jing Yan

COMPANY SECRETARY

Zhang Jing Yan

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Zhan Yuan Jing (*Chairman*)
Gao Zhen Kun
Ting Leung Huel, Stephen

董事會

於二零一八年十二月三十一日，本公司董事會（「董事會」）之董事（「董事」）如下：

執行董事

高振坤 (*董事長*)
黃寧
吳樂軍
吳倩
王煜煒
房家志

獨立非執行董事

丁良輝
陳清霞
詹原競

監事

蘇莉 (*監事長*)
吳以鋼
董克滿

高級管理人員

王煜煒 (*總經理*)
白建
劉存英
郭桂芹
楊德春
房家志
張京彥

公司秘書

張京彥

審核委員會

丁良輝 (*主席*)
陳清霞
詹原競

薪酬委員會

詹原競 (*主席*)
高振坤
丁良輝

NOMINATION COMMITTEE

Gao Zhen Kun (Chairman)
Chan Ching Har, Eliza
Zhan Yuan Jing

AUTHORIZED REPRESENTATIVES

Gao Zhen Kun
Zhang Jing Yan

AUTHORIZED PERSON TO ACCEPT SERVICE OF PROCESS AND NOTICE

Zhang Jing Yan

INDEPENDENT AUDITORS

PricewaterhouseCoopers
22nd Floor, Prince's Building, Central, Hong Kong

LEGAL ADVISOR AS TO HONG KONG LAWS

DLA Piper Hong Kong
17/F, Edinburgh Tower, 15 Queen's Road, Central, Hong Kong

H SHARE REGISTRAR

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

Note: During the Reporting Period, the retired Directors include Gu Hai Ou, Rao Zu Hai, Li Bin, Tam Wai Chu, Maria and Jin Shi Yuan; the retired supervisors include Ma Bao Jian and Ding Guo Ping; and the retired senior management include Li Da Ming. For details of the movement of the above persons, please refer to the section headed "Change of Directors, Supervisors and Senior Management" in the chapter "Report of the Board of Directors" of this report.

提名委員會

高振坤(主席)
陳清霞
詹原競

授權代表

高振坤
張京彥

接受傳票及通告之授權代表

張京彥

獨立核數師

羅兵咸永道會計師事務所
香港中環太子大廈22樓

香港法律顧問

歐華律師事務所
香港中環皇后大道15號公爵大廈17層

H股股份過戶登記處

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

註：於報告期內，退任董事包括顧海鷗、饒祖海、李濱、譚惠珠及金世元，退任監事包括馬保健及丁國萍，退任高級管理人員包括李大鳴。上述人員變動的具體情況，請參見本報告「董事會報告」章節「董事、監事及高級管理人員變更」的部分。

Financial Highlights

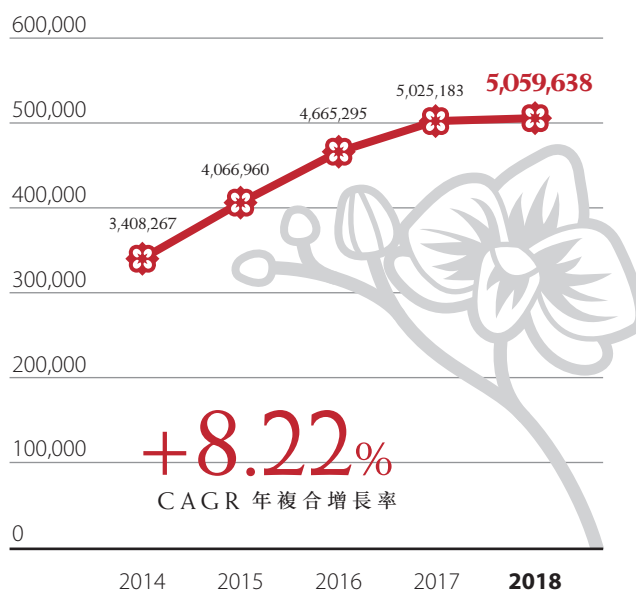
財務概要

A summary of the consolidated results and the consolidated balance sheet of the Company and its subsidiaries (hereafter collectively referred to as the "Group") for each of five years ended 31 December 2018, as extracted from the audited financial statements of the Group, is set out below:

以下為本公司及其子公司(以下合稱「本集團」)截至二零一八年十二月三十一日止五個年度之合併業績概要及合併資產負債表概要(摘錄自本集團經審核賬目):

REVENUE 收入

人民幣千元
RMB'000

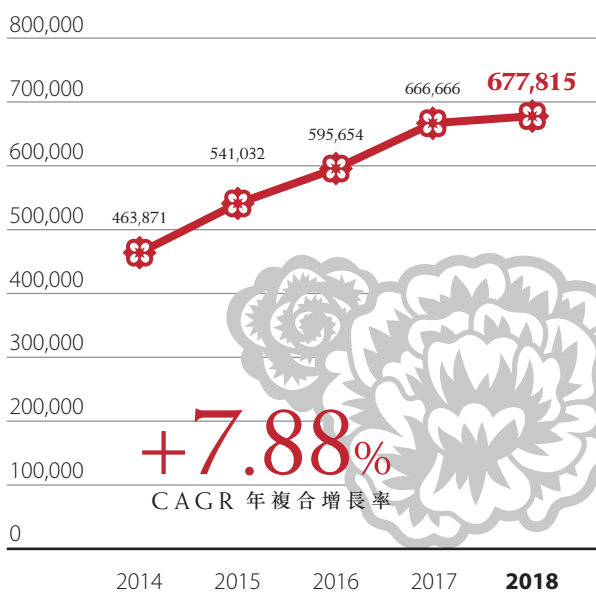


Revenue 收入
Gross profit 毛利
Profit for the year 年度利潤
Profit attributable to owners of the Company 利潤歸屬於本公司所有者
EBITDA 息稅折舊攤銷前利潤
Earnings per share (RMB) 每股收益(人民幣元)
Dividend per share (RMB) 每股股息(人民幣元)

Financial Highlights (Cont'd) 財務概要(續)

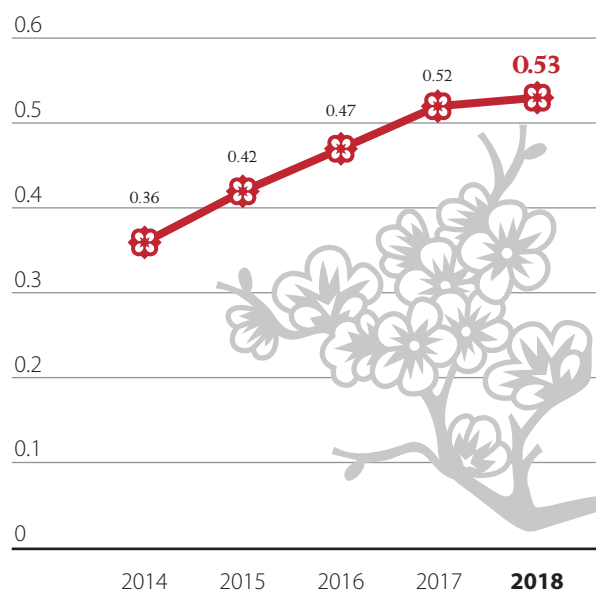
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY 利潤歸屬於本公司所有者

人民幣千元
RMB'000



EARNINGS PER SHARE 每股收益

人民幣元
RMB



	2018	2017	2016	2015	2014	
	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	CAGR 年複合增長率
	5,059,638	5,025,183	4,665,295	4,066,960	3,408,267	8.22%
	2,427,979	2,525,542	2,365,984	2,012,580	1,636,010	8.22%
	1,005,853	969,892	850,989	742,581	618,041	10.23%
	677,815	666,666	595,654	541,032	463,871	7.88%
	1,310,469	1,273,398	1,114,013	977,384	807,003	10.18%
	0.53	0.52	0.47	0.42	0.36	-
	0.18	0.17	0.16	0.15	0.14	-

Financial Highlights (Cont'd) 財務概要 (續)

Gross profit ratio 毛利率

Net profit ratio 淨利率

Current ratio 流動比率

Quick ratio 速動比率

Liability/Asset ratio 資產負債率

Equity return ratio 股本回報率

Assets return ratio 資產回報率

Total assets 資產總計

Total liabilities 負債合計

Equity attributable to owners of the Company 權益歸屬於本公司所有者



Financial Highlights (Cont'd)
財務概要(續)

	2018	2017	2016	2015	2014
	47.99%	50.26%	50.71%	49.49%	48.00%
	19.88%	19.30%	18.24%	18.26%	18.13%
	4.95	4.88	4.98	5.13	4.33
	3.30	3.17	3.21	2.97	2.53
	25.52%	27.22%	28.09%	16.77%	19.93%
	13.82%	15.01%	14.46%	14.38%	13.90%
	10.30%	10.93%	10.40%	11.97%	11.13%

	2018	2017	2016	2015	2014
	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
	9,769,866	8,875,657	8,184,166	6,203,281	5,553,025
	2,493,017	2,416,115	2,299,058	1,040,245	1,106,946
	5,316,652	4,816,620	4,403,184	3,969,302	3,559,513



Chairman's Statement

董事長報告

I am pleased to present the annual report of the Group for the year ended 31 December 2018 for shareholders' review.

RESULTS OF THE YEAR

For the year ended 31 December 2018 (the "Reporting Period"), the Group's revenue amounted to RMB5,059,638,000, representing an increase of 0.69% from RMB5,025,183,000 for the corresponding period of last year; net profit attributable to owners of the Company amounted to RMB677,815,000 representing an increase of 1.67% from RMB666,666,000 for the corresponding period of last year; earnings per share was RMB0.53 (2017: RMB0.52); and dividend per share was RMB0.18 (2017: RMB0.17).

REVIEW OF THE YEAR

In recent years, in face of national control over medical insurance premium, centralized tender procurement of medicines and increasing pharmaceutical regulations, as well as continuous intensifying health insurance coverage, coupled with the overall slowdown of GDP growth, the growth rate of traditional Chinese medicine industry has slowed down accordingly, and the industry is still facing challenges of policy and increase in cost. On the other hand, the Chinese government unswervingly promoted the "Healthy China Strategy" which was also included as a basic strategy of national development in the Report of the 19th National Congress of the Communist Party of China. Moreover, the report specified that we should "support both traditional Chinese medicine and Western medicine, and ensure the preservation and development of traditional Chinese medicine", which provided a clear direction for the development of traditional Chinese medicine industry. The official implementation of "National Catalogue of Essential Drugs (2018 Edition)" (《國家基本藥物目錄(2018年版)》) also fully reflected the adherence to the principle of supporting both traditional Chinese medicine and Western medicine. Traditional Chinese medicine industry has benefited from the current macro environment and continued to optimize and upgrade.

2018 was a key year for the policy reform of China's pharmaceutical industry as well as a key year for the Group to carry out the "13th Five-Year Plan" linking the past with the future. Facing challenges and changes, we took a pragmatic and forward-looking attitude, carefully planning and progressively developing, centering on the three main themes of "Reform, Deepening and Adjustment", made efforts in intensifying marketing organization reform, thoroughly implementing industrial layout adjustment and facilitating development, so as to promote the overall stable development of the Group. On the one hand, we actively grasped the industry development trend and market demand, intensified channel planning, product planning and promotion planning, and carried out market segmentation and accurate marketing. On the other hand, we aligned us with the developments and changes arising from coordinated development of the Beijing-Tianjin-Hebei region as well as relieving Beijing of functions non-essential to its role as the capital, sped up the adjustment of industry layout and optimized resources allocation. During the Reporting Period, construction of key projects of the Group all entered the final stage and the Group took a further step towards the new production layout of "main center plus sub-center".



本人欣然提呈本集團截至二零一八年十二月三十一日止年度報告，敬請各位股東省覽。

全年業績

截至二零一八年十二月三十一日止年度(「報告期」)，本集團收入為人民幣505,963.8萬元，較上年同期人民幣502,518.3萬元增長0.69%；本公司所有者應佔淨利潤為人民幣67,781.5萬元，較上年同期人民幣66,666.6萬元增長1.67%；每股收益為人民幣0.53元(二零一七年：人民幣0.52元)；每股股息為人民幣0.18元(二零一七年：人民幣0.17元)。

全年回顧

近年來，隨著國家醫保控費、藥品集中招標採購和藥政監管的力度不斷加大，以及醫保全覆蓋的持續深化，加之國內生產總值增長整體放緩，中醫藥行業增速亦有所放緩，行業內部仍然面臨政策、成本增長等方面的挑戰。另一方面，國家堅定不移的推進「健康中國戰略」，黨的十九大報告亦將其納入國家發展的基本方略，且「堅持中西醫並重，傳承中醫藥事業」的提出更是為中醫藥的發展指明了方向，《國家基本藥物目錄(2018年版)》的正式施行，亦是堅持中西藥並重原則的充分體現，中醫藥產業從目前的大環境中受益，持續優化升級。

二零一八年，是中國醫藥行業政策環境變革中的關鍵一年，亦是本集團實施「十三五」規劃承上啓下的關鍵之年。面對挑戰與變革，我們務實進取，謀定長行，以「改革、深化、調整」為主綫，從深化營銷組織機構改革、深入落實工業布局調整和促進發展等方面發力，推動集團整體穩步發展。一方面，我們積極把握行業發展趨勢和市場需求，深化渠道規劃、品種規劃與推廣規劃，細分市場，精準營銷。另一方面，我們始終緊握「京津冀一體化」與「非首都功能疏解」帶來的發展變化，加快工業布局調整，優化資源配置，報告期內，本集團重點工程項目建設均進入收尾階段，使本集團向最終實現「主中心+副中心」的生產新格局又邁進一步。



Chairman's Statement (Cont'd)

董事長報告(續)

OUTLOOK AND PROSPECTS

In the future, with intensifying new-type industrialization, informatization and agricultural modernization, as well as acceleration in the aging of population, health service industry is booming, and demand for traditional Chinese medicine services is increasing. Despite the demand growth, the quality of products and services is still the key to enhance the competitiveness of traditional Chinese medicine industry. With increasingly stringent pharmaceutical regulations of the Chinese government, the development of the industry will be pushed forward in the direction of compliance, standardization and high efficiency. In addition, competition in the traditional Chinese medicine industry and the reform of national medical and health system will both continue to intensify, and the pressure on environmental protection will continue to increase. Traditional Chinese medicine enterprises will inevitably bear multiple pressures and tests in production and operation.

A tree has to strike a firm root before it can flourish. A river has to have a fully dredged source before it can flow unceasingly far. The Group understands that the medicine safety relates to public health and safety. Therefore, ensuring product safety is the fundamental principle of the development of the Group. 2019 is a key year for the Group to comprehensively improve its management on quality. We will pay constant attention to product quality, system standards and proper operation, enhance control in each session, strengthen internal control, and improve the integrity, systematism, coordination and standardization of work. In the meantime, when focusing and highlighting the principal business, we will carefully select capable and reputable partners, and enhance leadership in joint venture and cooperation in various aspects such as operation management, quality management and financial management to achieve multi-angle and all-around management and control system and effectively improve the internal control and management level of the Group.

Those who plan carefully can walk far, and those who behave morally can succeed. The Group will, as always, adhere to the ancient motto of "Nurturing kindness and virtue, Preserving tranquility and wellness" of Tong Ren Tang, thoroughly implement ethical culture of "Complexity and quality are not to be forfeited by costs" of Tong Ren Tang and regard honesty and quality as the lifeline of survival and development, so as to inherit, develop and make good use of traditional Chinese medicine with a higher standard and higher level of operation and management and achieve healthy, sustained and stable high-quality development of the Group.

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

Gao Zhen Kun
Chairman

Beijing, the PRC
19 March 2019



前景與展望

未來，隨著新型工業化、信息化、農業現代化深入發展，人口老齡化進程加快，健康服務業蓬勃發展，百姓對於中醫藥服務的需求日益旺盛。儘管需求增長，產品和服務質量依然是提升中醫藥行業競爭力的關鍵。國家對於藥品監督管理日趨嚴格的形勢，將促進行業向規範化、標準化、高效化的方向發展，加之中醫藥行業競爭持續加劇、國家醫療衛生體制改革持續深化，以及環保壓力持續加大，中醫藥企業的生產經營必將承受多重壓力和考驗。

求木之長者，必固其根本；欲流之遠者，必浚其泉源。本集團深諳藥品安全關係每個人身體健康和生命安全，因此，確保產品安全乃本集團發展之根本及泉源。二零一九年，是本集團全面提升管理質量的關鍵之年，我們將持續關注產品質量、體系標準和規範經營，加大各環節管控力度，加強內部控制執行力度，提高工作的整體性、系統性、協調性和規範性。同時，在聚焦並突出主業的基礎上，審慎選擇有實力、有信譽的合作夥伴，並在經營管理、質量管理、財務管理等多方面增強合資合作中的主導能力，以實現多角度、全覆蓋的管控體系，切實全面提升本集團內部控制管理水平。

善謀者行遠，尚德者立業。本集團將一如既往地，秉持同仁堂「同修仁德，濟世養生」的古訓，深入貫徹同仁堂「炮製雖繁必不敢省人工，品位雖貴必不敢減物力」的誠信文化，始終把誠信和質量視為生存和發展的生命線，以更高的標準、更高水平的運行管理，繼承、發展、利用好中醫藥，實現本集團健康、持續、穩定的高質量發展。

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

高振坤
董事長

中國北京，
二零一九年三月十九日



Management Discussion and Analysis

管理層討論與分析

BUSINESS REVIEW

In 2018, faced with stringent situation of pharmaceutical regulations, intensifying industry competition, as well as difficulties brought by internal marketing organization reform and industrial layout adjustment, the Group endured multiple pressures in the process of production and operation. After arduous efforts, the Group's performance maintained stable. For the year ended 31 December 2018, the Group's revenue amounted to RMB5,059,638,000, representing an increase of 0.69% from RMB5,025,183,000 for the corresponding period of last year; net profit attributable to owners of the Company amounted to RMB677,815,000, representing an increase of 1.67% from RMB666,666,000 for the corresponding period of last year.

During the year, the Company actively responded to the new changes and challenges of the internal and external situation and steadily pushed forward marketing organization reform. On the one hand, we completed the business registration of the marketing subsidiary, improved the establishment of functional organizations under the unified sales management platform step by step, specified their authorities and functions and optimized the business process, facilitating thorough understanding and accurate grasp of the whole marketing process and thus laying the foundation for the systematization, specialization and precision of marketing work. On the other hand, we focused on both core products and products for cultivation, taking into consideration the characteristics of individual products and the trend of change in recent years, profitability as well as the situation of competitors and policy changes and other factors. Through comprehensive analysis, products including Ganmao Qingre Granules (感冒清熱顆粒) and Jingzhi Niu Huang Jiedu Tablets (京製牛黃解毒片) were selected to undergo all-around management from delivery, marketing, distribution, promotion and other aspects, so as to develop stronger control capacity in the market as well as competitive advantage. In addition, we focused on customer management, re-affirmed channel development planning, taking into account the characteristics of traditional sales channels such as business channel and OTC channel, refined market strategies, admitted partners on a selective basis, worked together for better channel maintenance and control, and created a healthy and good business environment. Meanwhile, we continued to expand e-commerce channels, launched new "WM specialty store" and "WM cosmetic flagship store" on TMALL.COM. Also, we improved existing store design and product details pages etc., with an aim to enhance the attractiveness and attention of our own flagship store and online products, and enhanced online sales recognition of the products and brands of the Group through e-commerce promotional activities.

業務回顧

二零一八年，面對藥品監管形勢日益嚴峻、行業競爭持續加劇，以及內部營銷組織機構改革、工業布局調整帶來的諸多困難，本集團在生產經營過程中承受了多重壓力，經過艱苦努力，本集團業績保持平穩。截至二零一八年十二月三十一日止年度，本集團收入為人民幣505,963.8萬元，較上年同期的人民幣502,518.3萬元增長0.69%；本公司所有者應佔淨利潤為人民幣67,781.5萬元，較上年同期的人民幣66,666.6萬元增長1.67%。

年內，本公司積極應對內外形勢的新變化、新挑戰，穩步推進營銷組織機構改革。一方面，在完成了營銷分公司的工商註冊的同時，逐步完善統一銷售管理平台下各職能機構設置，明確權限及職能職責，優化業務流程，逐步形成對營銷全過程的透徹瞭解和準確把握，為實現營銷工作的系統化、專業化、精準化奠定基礎。另一方面，緊緊圍繞聚焦品種與培育品種，結合單品特色和近年來品種的變化趨勢、盈利能力，以及競爭對手的情況和政策變化等因素，綜合分析，選取感冒清熱顆粒、京制牛黃解毒片等品種，從品種出貨、鋪市、分銷、推廣等方面進行全方位管控，持續提升產品的市場控制力，進而提升單品競爭優勢。此外，聚焦客戶管理，進一步明確渠道發展規劃，結合商務渠道、OTC渠道等傳統銷售渠道的特點，細化市場策略，擇優選定合作夥伴，共同做好渠道維護和管控，營造健康良好的經營環境。同時，繼續拓展電商渠道，新開發天貓平台「同仁堂麥爾海專賣店」和「麥爾海化妝品旗艦店」，並通過優化現有店鋪設計、產品詳情頁等，以提升自有旗艦店及線上產品的吸引力和關注度，結合電商促銷活動，持續提升本集團產品及品牌的網銷認可度。



Management Discussion and Analysis (Cont'd)
管理層討論與分析(續)



LIUWEI DIHUANG PILLS
六味地黃丸

Nourishing Yin and invigorating kidney. Patterns of kidney Yin deficiency manifested as dizziness, tinnitus, soreness and weakness of waist and knees, bone-steaming tidal fever, night sweating, seminal emission.

滋陰補腎。用於腎陰虧損，頭暈耳鳴，腰膝酸軟，骨蒸潮熱，盜汗遺精。



JINKUI SHENQI PILLS
金匱腎氣丸

Warmly invigorating kidney Yang, functioning of Qi for promoting diuresis, manifested as edema caused by kidney deficiency, soreness and weakness of waist and knees, dysuria, fear of cold and cold extremities.

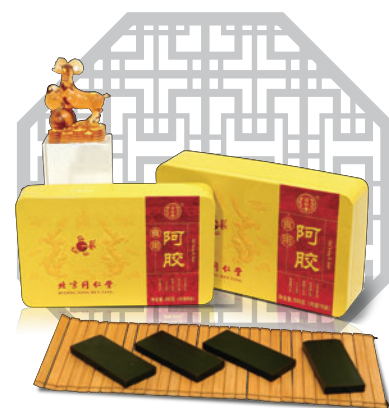
溫補腎陽，化氣行水。用於腎虛水腫，腰膝酸軟，小便不利，畏寒肢冷。



NIUHUANG JIEDU TABLETS
牛黃解毒片

Heat-clearing and detoxifying. Patterns of internally exuberant wind-fire-heat manifested as swollen sore throat, swelling painful gum, mouth and tongue sores, red painful swelling eyes.

清熱解毒。用於火熱內盛，咽喉腫痛，牙齦腫痛，口舌生瘡，目赤腫痛。



EJIAO
阿膠

Replenishing blood for nourishing Yin, moistening dryness and hemostasis, manifested as blood deficiency and sallow complexion, vertigo and palpitation, irritability and sleepless, and cough due to lung-dryness.

補血滋陰，潤燥，止血。用於血虛萎黃，眩暈心悸，心煩不眠，肺燥咳嗽。



XIHUANG PILLS 西黃丸

Heat clearance and detoxification, swelling reduction and resolving mosses, manifested as carbuncle, furunculosis, scrofula, deep multiple abscess and malignant lump caused by heat and toxic accumulation.

清熱解毒，消腫散結。用於熱毒壅結所致的癰疽疔毒、瘰癧、流注、癌腫。



GANMAO QINGRE GRANULES 感冒清熱顆粒

Expelling wind and cold pathogens, relief of exterior syndrome, heat-clearing, manifested as wind-cold and common cold, headache and fever, aversion to wind and generalized pain, clear nasal discharge, cough and dry throat.

疏風散寒，解表清熱。用於風寒感冒，頭痛發熱，惡寒身痛，鼻流清涕，咳嗽咽乾。



JIAWEI XIAOYAO PILLS 加味逍遙丸

Smoothing the liver and clearing the heat, strengthening the spleen and replenishing the blood, manifested as liver depression, blood deficiency, incoordination between liver and spleen, pain at two sides, dizziness, fatigue and reduced appetite, irregular menstruation, navel pain and abdominal distension.

舒肝清熱，健脾養血。用於肝鬱血虛，肝脾不和，兩脅脹痛，頭暈目眩，倦怠食少，月經不調，臍腹脹痛。

Management Discussion and Analysis (Cont'd) 管理層討論與分析(續)



The Group mainly produces Chinese patent medicine, involving forms pills, tablets, granules, oral liquid and gums. Most of the products of the Company were not exclusive and the competition among homogeneous products and among manufacturers become increasingly fierce and more difficult to capture or consolidate market share. Therefore, the Company gives full play to its competitive advantages of multi-category, multi-dose and multi-specification product offering, with comprehensive consideration to factors including competing products of other manufacturers and market capacity, sorts out and analyzes the existing product structure, highlights the characteristics of products, and continuously expands product portfolio.

In 2018, the sales revenue of the Group's products was basically the same as that of the previous year. The number of products achieved a sales amount of more than RMB5 million increased from 51 to 53 and the product portfolio expanded further. At the same time, in order to cope with the changes in various factors such as market fluctuations of different series of products, we further optimized our product mix, highlighted the products with traditional advantages and ensured stable business performance. Among our major products, the sales amount of Liuwei Dihuang Pills (六味地黄丸) series, Niuhuang Jiedu Tablets (牛黄解毒片) series, Ejiao (阿膠) series and Xihuang Pills (西黄丸) series decreased by 12.63%, 11.10%, 55.69% and 11.58%, respectively, as compared with the corresponding period last year. Despite the decrease in the sales amount of our major products as compared with the corresponding period last year, the sales amount of Jinkui Shenqi Pills (金匱腎氣丸) series and Ganmao Qingre Granules (感冒清熱顆粒) series stably increased by 29.91%, 14.65%, respectively, as compared with the corresponding period last year. In addition, other products including Shugan Hewei Pills (舒肝和胃丸) series and Qiguanyan Pills (氣管炎丸) series increased significantly by 6.04% and 37.85% respectively, as compared with the corresponding period last year.

During the Reporting Period, in a dynamic product market, the Company gave full play to the key role of production scheduling, took into consideration market demand, seasonal impact, supply of the previous process and production capacity of each production unit, constantly strengthened communication and coordination with sales units, according to the market demand of its core products and products for cultivation, refined and split production plans, set priorities, and timely adjusted the pace of production. In the meantime, the Company coordinated and arranged production staff and effectively deployed the production capacity of each production unit to enable rational allocation of resources and orderly allocation of production.

Management Discussion and Analysis (Cont'd) 管理層討論與分析(續)

本集團以生產中成藥為主，涉及丸劑、片劑、顆粒劑、口服液和膠劑等多種劑型。由於本公司大部分產品並非獨家品種，對於同一產品，不同生產廠家之間的競爭不斷加劇，以搶奪或穩固市場。為此，本公司充分發揮產品多門類、多劑型、多規格的品種群競爭優勢，並綜合考量其他廠家競品情況及市場容量等因素，梳理、分析現有產品結構，突出單品品種特色，不斷擴大品種群規模。

二零一八年，本集團產品銷售收入規模與上年基本持平，銷售額超過人民幣五百萬元的產品由五十一個增加至五十三個，品種群規模進一步擴大。同時，為應對不同系列產品市場波動等多方面因素的變化，我們進一步優化了產品組合，突出傳統優勢品種，確保了經營業績穩定。主導產品中，六味地黃系列、牛黃解毒系列、阿膠系列、西黃丸系列的銷售額分別較上年同期下降12.63%、11.10%、55.69%及11.58%。儘管部分主導產品銷售額較上年同期有所下降，但金匱腎氣丸系列、感冒清熱顆粒系列依然實現穩定增長，其銷售額分別較上年同期增長29.91%及14.65%。此外，增幅明顯的品種有舒肝和胃丸系列、氣管炎丸系列，其銷售額分別較上年同期增長6.04%及37.85%。

報告期內，面對銷售市場的動態調整，充分發揮生產調度核心作用，結合市場需求、季節影響、前道工序供應情況及各生產單位產能等綜合因素，不斷加強與銷售單位間的溝通協調，按本公司聚焦品種、培育品種等市場需求，細化分解生產計劃，劃分輕重緩急，適時調整生產節奏；同時，統籌安排生產人員，充分調動各生產單位產能，合理調配資源，有序調配生產。



Management Discussion and Analysis (Cont'd)

管理層討論與分析(續)

During the year, the Company continued to promote the constructions in progress in a steady and orderly manner. The Daxing Production Base ("**Daxing Base**") of the Company located in Da Xing Bio-Pharma Industrial Base of Zhongguancun Technology Park District, Beijing primarily consists of three standalone buildings, namely the research and development centre, solid dosage production workshop, and pills production workshop. Upon its completion, the Daxing Base will become comprehensive production base which focuses on the manufacture and research of water-honeyed pills, condensed pills, big honeyed pills, and other pills. In 2018, construction of elevators fire-fighting equipment and low voltage electric system and interior decoration works were carried out at the research and development centre, solid dosage production workshop, and pills production workshop of Daxing Base. The installation and commissioning of production equipment and related supporting facilities have also been carried out in an orderly manner. As at the end of 2018, the total investment in the Daxing Base has reached RMB598 million. The construction of research and development center, solid dosage production workshop, and honey pills production workshop were all completed.

Tong Ren Tang Technologies Tangshan located in Yutian County, Tangshan City, Hebei Province primarily engages in the core businesses of storage of basic materials and net materials, processing and extraction of certain raw materials, and manufacturing of liquid dosage. It is constructing Chinese medicine extraction workshop and liquid dosage workshop in local area and will be another production base of the Company for Chinese medicine products upon completion. Construction of the production base is a result of the proactive implementation of Beijing municipal government's requirements concerning relieving functions nonessential to its role as the capital. In addition, it will further enhance production efficiency by building high-standard workshops and adopting advanced automatic and mechanical equipment. As of 31 December 2018, RMB610 million had been invested in the aforesaid base. Currently, the construction of the extraction workshop and liquid dosage workshop have been completed. The workshops are in the process of GMP certification.

The Company has abundant products and is mainly committed to conducting secondary scientific research on existing product, taking into consideration of the curative effects of existing products and tapping the potential of technological improvement and upgrading. During the year, the Company continuously upgraded the essence of quality of its products and exercised stricter internal quality control standardization system for water-soluble extracts, microbial limit and water content requirements of major raw materials of the leading product Liuwei Dihuang Pills (六味地黃丸), such as Cortex Moutan, Cornel and Tuckahoe, raw materials, so as to improve the product quality of Liuwei Dihuang Pills (六味地黃丸) series. Meanwhile, taking into consideration the characteristics of curative effects of Xihuang Pills (西黃丸), the Company conducted systematic study of its inhibitory effect on esophageal cancer cells so as to broaden the clinical value of products. Moreover, during the Reporting Period, the prescription of the Company's exclusive Ertong Qingre Liquid (兒童清熱口服液) was granted the national invention patent, which provides protection for the product.

The Company has over 40 domestic and overseas substantial subsidiaries who are engaged in manufacturing and distribution of traditional Chinese medicine products, food and daily chemical products, production of Chinese medical raw materials, medical services, distribution of medicine, etc..

Based in Hong Kong, our principal subsidiary Tong Ren Tang Chinese Medicine, as our overseas development platform, primarily engaged in manufacturing, retail and wholesale of Chinese medicine products outside Mainland China. The Company adopts a strategy of driving medicine demand by providing medical services and promoting culture at first. It based itself in Hong Kong to build a global layout, with the aim of continuously accelerating the internationalization of traditional Chinese medicine. During the Reporting Period, Tong Ren Tang Chinese Medicine continued to explore the overseas market and set up new retail terminals in America. It's business has expanded into 21 countries and regions outside of Mainland China. The number of retail terminals has increased from 80 in 2017 to 81 in 2018. The Company achieving the global strategy of "Anchor in Hong Kong and Asia and march to overseas". As of 31 December 2018, the sales revenue of Tong Ren Tang Chinese Medicine and its subsidiaries was RMB1,284,474,000, representing an increase of 17.04% as compared with the corresponding period of last year; net profit attributable to owners of the Company amounted to RMB187,068,000, representing an increase of 16.00% as compared with the corresponding period of last year.

Management Discussion and Analysis (Cont'd) 管理層討論與分析(續)

年內，本公司穩步、有序推進在建工程項目建設。位於北京市中關村科技園區大興生物醫藥產業基地的本公司大興生產基地(「大興基地」)，主要包含研發樓、固體制劑車間和丸劑車間三個單體建築，其建成後將成為以水蜜丸、濃縮丸、大蜜丸等丸劑生產以及科研為核心的綜合型生產基地。二零一八年，大興基地研發樓、固體制劑車間及蜜丸車間陸續進行了電梯、消防、弱電等工程施工及內裝修施工，並已有序開展生產設備及相關配套設施的安裝調試工作。截至二零一八年末，大興基地已投入資金人民幣5.98億元，其研發樓、固體制劑車間及蜜丸車間已全部完成施工。

位於河北省唐山市玉田縣的同仁堂科技唐山，主要以原、淨料存儲、部分原料加工、提取和液體制劑為核心，正在當地建設提取生產車間和液體制劑生產車間，建成後將成為本公司另一中藥產品生產基地。該基地建設項目是積極貫徹北京市政府疏解非首都核心功能產業要求的體現，也有助於促進北京生物醫藥產業結構的調整。同時，通過實施建設高標準的車間廠房，採用先進的自動化、機械化工裝設備，以進一步提高生產效率。截至二零一八年十二月三十一日止，該基地已投入資金人民幣6.10億元。目前，該基地提取車間、液體制劑車間已全部完成施工，正在進行GMP認證工作。

本公司產品充足，在產品科研方面主要致力於現有產品的二次科研，結合現有產品的藥效特點，在工藝的改進與提升方面進行深入挖潛。年內，本公司不斷提升產品的質量內涵，選取主導產品六味地黃丸，從牡丹皮、山茱萸、茯苓等主要原材料著手，對原材料中的水溶性浸出物、微生物限度、水分含量要求等建立更嚴格的質量內控標準化體系，進而提升六味地黃丸系列產品品質；同時，結合西黃丸的藥效作用特點，系統研究其對食道癌細胞的抑制作用，以期拓寬產品的臨床價值。此外，於報告期內，本公司獨家品種兒童清熱口服液的組方工藝順利獲得國家發明專利，為該產品形成了良好的保護。

本公司於境內外現有主要子公司四十餘家，涉及中藥產品、食品、日化類產品的生產銷售，中藥材原料生產，醫療服務，藥品分銷等業務領域。

本公司主要子公司 – 位於香港的同仁堂國藥，作為本集團的海外發展平台，主要於海外從事中藥產品的生產、零售及批發業務，採用以醫帶藥、文化先行的傳播模式，立足香港，布局全球，不斷加快推進中醫藥的國際化進程。報告期內，同仁堂國藥繼續開拓海外市場，於美國新設零售終端，其業務已覆蓋中國內地之外的二十一個國家及地區，旗下零售終端由二零一七年的八十家增至二零一八年的八十一家，逐步實現「立足香港，站穩亞洲，深耕主流」的全球戰略。截至二零一八年十二月三十一日止，同仁堂國藥及其子公司實現銷售收入人民幣128,447.4萬元，同比增長17.04%，歸屬於本公司所有者淨利潤人民幣18,706.8萬元，同比增長16.00%。

Management Discussion and Analysis (Cont'd)

管理層討論與分析(續)

Founded in 2001, Tong Ren Tang WM has been devoted to the combination of natural herbal plants and modernization of Chinese medicines and the application thereof, whose main products are masks, creams and daily chemical products. During the year, Tong Ren Tang WM focused on marketing of “Ginseng Vitamin E Emulsion (人參維生素E乳)” and “Tong Ren Tang Freckle-Removing and Moisturizing Cream (同仁堂祛斑潤膚霜)” series through a variety of promotional activities and order-placing meeting, which effectively enhanced the reputation and recognition of the products. Furthermore, in respect of the existing moisturizing products and Ganoderma lucidum series, Hancao (漢草) series mask and other products, with upgraded formulation and improved production process, product quality and user experience were both enhanced. During the year, Tong Ren Tang WM obtained a patent certificate for invention of traditional Chinese toothpaste from the State Intellectual Property Office, which further protected the intellectual property rights of the Group. Meanwhile, Tong Ren Tang WM passed the re-certification of high-tech enterprises, which ensured Tong Ren Tang WM can enjoy preferential tax rates in the next three years. As of 31 December 2018, the sales revenue of Tong Ren Tang WM was RMB133,370,000, representing a year-on-year increase of 10.41%; net profit amounted to RMB15,071,000, representing a year-on-year increase of 17.16%.

Tong Ren Tang Second Traditional Chinese Medicine Hospital and Nansanhuan Zhonglu Drugstore are wholly-owned medical institution and retail pharmacy of the Company. The two companies adhere to Tong Ren Tang’s service principle of “Benefiting the Mankind”, and serve customers with kindness. Tong Ren Tang Second Traditional Chinese Medicine Hospital has persisted with the treatment principle of using traditional Chinese medicine as the primary cure while combing it with western medicine. It combined Chinese and Western patent medicines with Chinese herbal medicine, and used physical therapy, acupuncture and other unique Chinese medicine treatments as the complementary methods to provide treatment based on specific disease case. Due to these efforts, the hospital received warm response from the public. During the year, Tong Ren Tang Second Traditional Chinese Medicine Hospital further satisfied the needs of patients. New diagnostic and therapeutic examinations, including 4 test items of blood coagulation and small dense low-density lipoprotein, were added. Through upgrading inspection equipment, comprehensive medical service capacity and service quality were continuously improved, highlighting the unique diagnostic and therapeutic methods of integration of traditional Chinese and Western medicine. As of 31 December 2018, the two companies jointly achieved sales revenue of RMB231,043,000, representing a year-on-year increase of 11.59%. Net profit reached RMB17,129,000, representing a year-on-year increase 76.10%.

Six subsidiaries that engage in planting continued to capitalize on their geographical advantages, based on the local geographical and climatic characteristics, followed the planting principle of “planting and harvesting specific to places of origin and seasons” and adopted the partnership planting model, which ensured the stability of quality and quantity of major medicinal materials including Cornel, Tuckahoe, catnip, Corydalis Bungeanae and Cortex Moutan. Meanwhile, the subsidiaries continued to explore the advantages of native medicinal materials in Hebei Province, Anhui Province and Jilin Province, carried out experimental planting of native medicinal materials such as Bupleurum Chinense, Paeonia lactiflora, Siler Root, Schisandra chinensis during the year, widened the planted strains and enriched experience in planting. As at 31 December 2018, six subsidiaries engaging in production of Chinese medicinal raw materials recorded an aggregate sales revenue of RMB207,250,000, representing a year-on-year increase of 14.26%, and net profit of RMB16,412,000, representing a year-on-year increase of 15.90%.



Management Discussion and Analysis (Cont'd) 管理層討論與分析(續)

同仁堂麥爾海成立於二零零一年，自成立以來始終致力於天然草本植物與中藥現代化的結合與應用，其產品以膏霜類、面眼貼膜類以及日化類產品為主。年內，同仁堂麥爾海選取「人參維生素E乳」及「同仁堂祛斑潤膚霜」系列產品作為重點聚焦品種，透過豐富的產品推廣方式，輔以訂貨會等多種促銷形式，有效提高產品的認知度與認可度。此外，針對現有保濕系列產品及靈芝系列、漢草系列面貼膜等多款產品，開展配方升級及工藝改進工作，不斷提升產品內在品質，增強用戶體驗感。年內，同仁堂麥爾海取得了國家知識產權局頒發的一項牙膏中藥發明專利證書，進一步保障了本集團的知識產權。同時，順利通過高新技術企業再認證，為同仁堂麥爾海在未來三年享有優惠稅率提供了良好保障。截至二零一八年十二月三十一日，同仁堂麥爾海實現銷售收入人民幣13,337.0萬元，同比增長10.41%，淨利潤人民幣1,507.1萬元，同比增長17.16%。

同仁堂第二中醫醫院及南三環中路藥店分別為本公司全資持有的醫療機構及零售藥店，兩家公司始終踐行同仁堂「濟世為懷」的服務宗旨，以仁德之心服務於顧客。其中，同仁堂第二中醫醫院遵循中醫為主、中西醫結合的診療原則，將中西成藥與中草藥相互結合，輔以診療、針灸等中醫特色治療方式，因病施治，取得了較好的社會反響。年內，同仁堂第二中醫醫院進一步滿足廣大患者需求，新增凝血四項、小而密低密度脂蛋白等診療檢查項目，並通過升級檢查設備等方式，不斷提升綜合醫療服務能力與服務質量，凸顯中西醫結合的特色診療方式。截至二零一八年十二月三十一日，兩家公司合計實現銷售收入人民幣23,104.3萬元，同比增長11.59%，淨利潤人民幣1,712.9萬元，同比增長76.10%。

六家種植型子公司繼續發揮地緣優勢，結合地域、氣候特點，依從「採其地、用其時」的種植採收原則，採取合作種植的方式，在保障山茱萸、茯苓、荊芥、苦地丁、牡丹皮等主要藥材種植質量及規模穩定的同時，在河北省、安徽省及吉林省繼續挖掘地產藥材優勢，於年內開展柴胡、白芍、防風、北五味子等道地藥材的試驗性種植，不斷豐富種植品種，探索種植經驗。截至二零一八年十二月三十一日，六家種植型子公司實現銷售收入人民幣20,725.0萬元，同比增長14.26%，淨利潤人民幣1,641.2萬元，同比增長15.90%。



Management Discussion and Analysis (Cont'd)

管理層討論與分析(續)

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group has maintained a sound financial position. During the year of 2018, the Group's primary source of funds was cash generated from daily operating activities and borrowings.

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

As at 31 December 2018, the Group's cash and cash equivalents amounted to RMB1,904,036,000 in total (31 December 2017: RMB2,023,561,000).

As at 31 December 2018, the Group's short-term borrowings amounted to RMB195,000,000 (31 December 2017: RMB207,300,000), carrying an interest rate of 4.501% per annum (2017: 4.354%), and current portion of non-current unsecured bank borrowing amounted to RMB5,146,000 (31 December 2017: RMB2,500,000), total accounting for 8.03% of the total liabilities (31 December 2017: 8.68%). Long-term borrowings amounted to RMB911,331,000 (31 December 2017: RMB915,480,000), bearing annual interest rate of long-term borrowings at 1.202% (2017: 1.216%), and the actual annual interest rate of bonds was 3.008% (2017: 3.008%), long-term borrowings representing 36.56% of the total liabilities (31 December 2017: 37.89%). Of all the borrowings of the Group as at 31 December 2018, RMB200,146,000 will mature within one year and RMB911,331,000 will mature beyond one year.

Capital Structure

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

As at 31 December 2018, the total assets of the Group amounted to RMB9,769,866,000 (31 December 2017: RMB8,875,657,000). The funds comprised non-current liabilities of the Group amounted to RMB1,000,690,000 (31 December 2017: RMB1,014,569,000), current liabilities amounted to RMB1,492,327,000 (31 December 2017: RMB1,401,546,000), equity attributable to owners of the Company amounted to RMB5,316,652,000 (31 December 2017: RMB4,816,620,000) and non-controlling interests amounted to RMB1,960,197,000 (31 December 2017: RMB1,642,922,000).

In 2018, the Group's funds were mainly used for production and operation activities, construction of engineering projects, purchase of property, plant and equipment, repayment of borrowings and payment of cash dividends, etc..

Liquidity

As at 31 December 2018, the Group's liquidity ratio (the ratio of current assets to current liabilities) was 4.95 (31 December 2017: 4.88), reflecting that the Group had sufficient financial resources. The Group's quick ratio (the ratio of liquid assets to current liabilities) was 3.30 (31 December 2017: 3.17), reflecting that the Group remained liquid. The Group's trade receivables turnover ratio (the ratio of revenue to the average of trade receivables balance) was 11.43 (31 December 2017: 13.74), reflecting that the Group's trade receivables were liquid. The Group's trade payables turnover ratio (the ratio of cost of sales to the average of trade payables balance) was 3.98 (31 December 2017: 4.08), reflecting that the Group had a relatively strong ability to use funding from suppliers at nil consideration. The Group's inventory turnover ratio (the ratio of revenue to the average of inventory balance) was 2.17 (31 December 2017: 2.23), reflecting that the inventory had a high turnover rate.

財務回顧

流動資金及財務資源

本集團維持良好之財務狀況。二零一八年內，本集團之資金主要來自日常業務所得之資金及借款。

本集團主要以人民幣及港幣進行借貸及持有現金及現金等價物。

於二零一八年十二月三十一日，本集團之現金及現金等價物結餘合共為人民幣190,403.6萬元(二零一七年十二月三十一日：人民幣202,356.1萬元)。

於二零一八年十二月三十一日，本集團之短期借款為人民幣19,500.0萬元(二零一七年十二月三十一日：人民幣20,730.0萬元)，借款年利率為4.501%(二零一七年：4.354%)，無抵押非流動銀行借款的即期部分為人民幣514.6萬元(二零一七年十二月三十一日：人民幣250.0萬元)，合計占總負債比例為8.03%(二零一七年十二月三十一日：8.68%)，長期借款為人民幣91,133.1萬元(二零一七年十二月三十一日：人民幣91,548.0萬元)，其中長期銀行借款年利率為1.202%(二零一七年：1.216%)，債券實際年利率為3.008%(二零一七年：3.008%)，長期借款佔總負債比例為36.56%(二零一七年十二月三十一日：37.89%)。本集團於二零一八年十二月三十一日全部借貸中，人民幣20,014.6萬元會於一年內到期，人民幣91,133.1萬元則會於一年以後到期。

資本架構

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

於二零一八年十二月三十一日，本集團之資產總值為人民幣976,986.6萬元(二零一七年十二月三十一日：人民幣887,565.7萬元)，資金來源為非流動負債人民幣100,069.0萬元(二零一七年十二月三十一日：人民幣101,456.9萬元)，流動負債人民幣149,232.7萬元(二零一七年十二月三十一日：人民幣140,154.6萬元)，歸屬於本公司所有者的權益人民幣531,665.2萬元(二零一七年十二月三十一日：人民幣481,662.0萬元)及非控制性權益人民幣196,019.7萬元(二零一七年十二月三十一日：人民幣164,292.2萬元)。

二零一八年內，本集團之資金主要用於生產經營活動、建設工程項目、購置固定資產、償還借款及支付現金股息等。

資金流動性

於二零一八年十二月三十一日，本集團之流動資金比率，即流動資產與流動負債比率，為4.95(二零一七年十二月三十一日：4.88)，反映財務資源充裕；速動比率，即速動資產與流動負債比率，為3.30(二零一七年十二月三十一日：3.17)，反映本集團變現能力良好；應收賬款周轉率，即收入與應收賬款平均餘額比率，為11.43(二零一七年十二月三十一日：13.74)，反映應收賬款流動性強；應付賬款周轉率，即成本與應付賬款平均餘額比率，為3.98(二零一七年十二月三十一日：4.08)，反映無償使用供貨企業資金的能力較強；存貨周轉率，即收入與存貨平均餘額比率，為2.17(二零一七年十二月三十一日：2.23)，反映存貨周轉速度良好。

Management Discussion and Analysis (Cont'd)

管理層討論與分析(續)

Gearing Ratios

The Group monitors its capital on the basis of the gearing ratio. As at 31 December 2018, the Group's gearing ratio (the ratio of total borrowings to equity attributable to owners of the Company) was 0.21 (31 December 2017: 0.23).

Expenses and Expense Ratio

As of 31 December 2018, the Group's distribution expenses amounted to RMB866,651,000 (2017: RMB994,455,000) and the distribution expense ratio, i.e. the ratio of distribution expenses to revenue, was 0.17 (2017: 0.20). The decrease in distribution expenses was mainly due to the decrease in business promotion and marketing expenses incurred by advertising, exhibition promotion, etc.

As of 31 December 2018, the Group's administrative expenses amounted to RMB364,248,000 (2017: RMB364,651,000) and the administrative expense ratio, i.e. the ratio of administrative expenses to revenue, was 0.07 (2017: 0.07). Compared with previous year, the Group's administrative expenses remained almost the same.

As of 31 December 2018, the Group's finance income amounted to RMB17,067,000 (2017 finance costs: RMB1,855,000) and the financial costs ratio, i.e. the ratio of financial income to revenue, was 0.0034 (the 2017 ratio of finance costs to revenue: 0.0004). The increase in financial income was mainly due to the increase in interest income.

Gross Margin and Net Profit Margin

As of 31 December 2018, the gross margin of the Group was 47.99 % (2017: 50.26%), while the net profit margin was 19.88% (2017: 19.30%).

資本負債比率

本集團利用負債比率監察其資本。於二零一八年十二月三十一日，本集團之資本負債比率，即借款總額與歸屬於本公司所有者的權益比率，為0.21(二零一七年十二月三十一日：0.23)。

費用及費用比率

截至二零一八年十二月三十一日，本集團之銷售費用為人民幣86,665.1萬元(二零一七年：人民幣99,445.5萬元)，銷售費用率，即銷售費用與收入比率，為0.17(二零一七年：0.20)，銷售費用的下降主要是由於廣告宣傳、展覽促銷等產生的業務宣傳費及市場推廣費縮減所致。

截至二零一八年十二月三十一日，本集團之管理費用為人民幣36,424.8萬元(二零一七年：人民幣36,465.1萬元)，管理費用率，即管理費用與收入的比率，為0.07(二零一七年：0.07)，管理費用與上年基本持平。

截至二零一八年十二月三十一日，本集團之財務收益為人民幣1,706.7萬元(二零一七年：財務費用人民幣185.5萬元)，財務收益率，即財務收益與收入的比率，為0.0034(二零一七年財務費用率：0.0004)，財務收益的增加主要是由於利息收入的增加。

毛利率及淨利潤率

截至二零一八年十二月三十一日，本集團之毛利率為47.99%(二零一七年：50.26%)；淨利潤率19.88%(二零一七年：19.30%)。



Management Discussion and Analysis (Cont'd)

管理層討論與分析(續)

Research and Development Expenses

As of 31 December 2018, the research and development expenses (excluding employee benefit expense, depreciation and amortisation expense) of the Group were RMB27,835,000 (2017: RMB27,585,000), accounting for 0.38% of net assets (2017: 0.43%) and 0.55% of revenue (2017: 0.55%), respectively. The research and development expenses including employee benefit expense, depreciation and amortisation expense were RMB55,889,000 (2017: RMB54,740,000), accounting for 0.77% of net assets (2017: 0.85%) and 1.10% of revenue (2017: 1.09%), respectively.

Capital Expenditure

As of 31 December 2018, the Group's capital expenditure incurred amounted to RMB379 million (2017: RMB430 million), primarily used for the construction of production base.

Pledges over Assets of the Group

As at 31 December 2018, RMB9,562,000 (31 December 2017: RMB10,318,000) of the Group's assets was pledged as security for long-term borrowing of RMB48,000 (31 December 2017: RMB506,000).

Contingent Liabilities

The Group had no contingent liabilities as at 31 December 2018 (31 December 2017: Nil).

Foreign Currency Risk

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

Capital Commitments

As at 31 December 2018, the capital commitments of the Group relating to the constructions of production facilities, which had been contracted for but had not been reflected in the consolidated financial statements of the Group, amounted to approximately RMB245,914,000 (31 December 2017: RMB395,855,000).

Significant Investment

During the year of 2018, the Group did not have any significant investment. As of the date of this report, the Group does not have any plan for material investments or purchase of capital assets.

Material Acquisition and Disposal of Subsidiaries, Joint Ventures and Associates

During the year of 2018, the Group did not have any material acquisition and disposal in relation to subsidiaries, joint ventures and associates.

研發支出

截至二零一八年十二月三十一日，本集團之研究開發支出(不包括員工福利開支、折舊及攤銷費用)為人民幣2,783.5萬元(二零一七年：人民幣2,758.5萬元)，佔淨資產比例為0.38%(二零一七年：0.43%)，佔收入比例為0.55%(二零一七年：0.55%)。包括員工福利開支、折舊及攤銷費用的研究開發支出為人民幣5,588.9萬元(二零一七年：人民幣5,474.0萬元)，佔淨資產比例為0.77%(二零一七年：0.85%)，佔收入比例為1.10%(二零一七年：1.09%)。

資本開支

截至二零一八年十二月三十一日，本集團的資本開支為人民幣3.79億元(二零一七年：人民幣4.30億元)，主要用於生產基地建設。

集團資產抵押

於二零一八年十二月三十一日，本集團資產人民幣956.2萬元(二零一七年十二月三十一日：人民幣1,031.8萬元)用作長期借款人民幣4.8萬元(二零一七年十二月三十一日：人民幣50.6萬元)之抵押品。

或有負債

於二零一八年十二月三十一日，本集團並無或有負債(二零一七年十二月三十一日：無)。

外匯風險

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

資本承諾

於二零一八年十二月三十一日，本集團尚未反映在合併財務報表內但已簽約的與生產設施建設有關之資本承諾約人民幣24,591.4萬元(二零一七年十二月三十一日：人民幣39,585.5萬元)。

持有重大投資

本集團在二零一八年度無重大投資。截至本報告日期，本集團概無任何重大投資或購入資本資產的計劃。

子公司、合營企業及聯營企業的重大收購及出售

本集團在二零一八年度概無重大收購及出售有關子公司、合營企業及聯營企業的事項。

Management Discussion and Analysis (Cont'd)

管理層討論與分析(續)

PROSPECTS

In 2019, the Group will closely focus on the main idea of “quality management enhancement”, constantly improve quality management, safety production and operational risk prevention and control system, consolidate the foundation of development, enhance brand image, and ensure healthy, sustainable and stable high-quality development of the Group.

The Company will identify risks from the aspects of quality management, brand maintenance, safety, environmental protection and construction projects, constantly improve the internal management system, strengthen internal control and risk prevention, achieve timely supervision, all-around inspection, comprehensive coordination and communication, and continuously improve the level of standardized management. The Company will organize production and operation in strict accordance with the requirements of supervision under the new situation, strictly enforce the relevant state regulations from the aspects of raw materials procurement, staffing, equipment management, production process, quality control, packaging and transportation, marketing and promotion, sales and operation, and continuously strengthen self-inspection of product quality as well as monitoring of raw materials, complementary materials, packaging materials, intermediary products and finished products throughout the production process. The Company will strengthen the standard execution of process and on-site management, boost initiative and technical level of quality risk prevention and control, and ensure product quality and safety. In the whole sales process, the Company will constantly enhance the level of marketing management and control, start with financial management, business management and distributor management to improve management awareness, consolidate system foundation, improve internal synergistic feedback mechanism, optimize management process, strengthen risk control, carry out risk prevention regularly, and continuously improve brand quality.

With further adjustment of industry layout, coordination between industry and commerce is still the primary task in this period. The Company will adjust production scientifically and rationally based on market demand, and comprehensively allocate the production capacity of each industrial unit on the principle of resource sharing to meet product supply. At the same time, the Company will finish the construction of key projects, speed up the establishment and improvement of management systems such as production, quality, finance, function and responsibility, process and regime and personnel team, shorten the transition time from project construction to independent operation of production branches, and facilitate the utilization of production capacity and product supply as soon as possible.

The Company will, based on the development orientation of its subsidiaries, further standardize operation, constantly strengthen corporate governance structure, strengthen the supervision role of quality dispatch and financial dispatch, and ensure the overall improvement of quality, scale, efficiency and internal control management. Subsidiaries that engage in planting will, based on local Chinese medicinal materials, continuously expand planting scale, enrich planting varieties, speed up the construction of traceability system of Chinese medicinal materials, and achieve the quality traceability in the whole process. Subsidiaries that engages in production will focus on improving product quality, strengthen the ability of product updating and upgrading, and promote the professional development of operation and management.

In the future, the Group will continue to improve its quality control, production and operation, compliance and integrity, and risk management with a pragmatic and honest attitude, so as to lay a solid foundation for high-quality development of the Group.

展望

二零一九年，本集團將緊緊圍繞「質量管理提升」的工作主綫，不斷完善質量管理、安全生產和經營風險防控體系，夯實發展基礎、提升品牌形象，確保本集團健康、持續、穩定的高質量發展。

本公司將從質量管理、品牌維護、安全環保與工程項目等方面全面梳理風險點，不斷完善內部管治體系，強化內控、防範風險，做到時時監督、處處檢查、事事協調溝通，持續提升規範化管理水平。本公司將嚴格按照新形勢下的監管要求組織生產、經營工作，從原料採購、人員配置、設備管理、生產過程、質量控制、包裝運輸、營銷推廣、銷售運營等方面，嚴格執行國家相關規定，在產品的整個生產過程中，持續加強產品質量自查自檢，對原料、輔料、包裝材料、中間產品、成品進行全程檢測及監控，強化工藝標準執行與現場管理，提高質量風險防控的主動性和技術水平，確保產品質量安全；在整個銷售過程中，不斷強化營銷管控水平，從財務管理、業務管理及經銷商管理等多方面入手，提高管理意識，夯實制度基礎，健全內部協同反饋機制，優化管理流程，強化風險控制，實現風險防範的常態化，持續提升品牌質量。

隨著工業布局調整的進一步深入，工商匹配仍然是這一時期的首要任務，本公司將圍繞市場需求科學合理調整生產，以資源共享為原則，對各工業單位的產能進行綜合調配，滿足品種供應。同時，做好重點工程項目建設的收尾工作，加快建立健全生產、質量、財務、職能職責、流程制度、人員隊伍等管理體系，縮短由項目建設向生產分廠獨立運行的過渡時間，儘快實現產能利用與品種供應。

本公司將圍繞各子公司發展定位，進一步規範經營，不斷強化法人治理結構，強化質量派出和財務派出的監管作用，確保實現質量、規模、效益和內控管理的全面提升。對於種植型子公司，以地道中藥材為基礎，持續擴大種植規模、豐富種植品種，加快建設中藥材溯源系統，實現全過程的質量可追溯。對於產品型子公司，要以提升產品內在品質為核心，強化產品更新升級能力，推動運營與管理專業化發展。

未來，本集團將以務實誠信的態度，在質量控制、生產經營、合規廉政、風險管理等方面持續提升，為本集團實現高質量發展奠定堅實的基礎。

Report of the Board of Directors

董事會報告

The Board is pleased to present the 2018 annual report together with the audited financial statements of the Group for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group is principally engaged in the manufacturing and sale of Chinese medicine products. Further discussion and analysis of these activities, including a discussion of using of key financial performance indicators for a fair review of the Group's business and an indication of likely future developments in the group's business, can be found in the Management Discussion and Analysis set out on pages 14 to 31 of this report. This discussion forms part of this Report of the Board of Directors.

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



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

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

Subtotal 小計

Advertising services 廣告服務收入

- Mainland China 於中國內地

Service income 服務收入

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

Subtotal 小計

Royalty fee income 品牌使用權收入

- Outside Mainland China 於其他國家及地區

Total 合計

Report of the Board of Directors (Cont'd)

董事會報告(續)

董事會欣然提呈二零一八年年報及本集團截至二零一八年十二月三十一日止年度經審核財務報表。

主要活動及業務回顧

本集團主要從事生產及銷售中藥產品業務。對業務的進一步的討論(包括運用財務關鍵表現指標對本集團業務的審視及本集團業務在未來可能的發展的討論)載於本報告14頁至31頁的管理層討論與分析中。該討論是本董事會報告的一部分。

本集團收入分佈如下：

	2018	2018	2017	2017
	RMB'000 人民幣千元	The total Income ratio 佔總收入比	RMB'000 人民幣千元	The total Income ratio 佔總收入比
	4,041,543	79.88%	4,169,434	82.97%
	923,834	18.26%	776,548	15.45%
	4,965,377	98.14%	4,945,982	98.42%
	43,018	0.85%	37,606	0.75%
	7,244	0.14%	–	–
	43,618	0.86%	41,129	0.82%
	50,862	1.00%	41,129	0.82%
	381	0.01%	466	0.01%
	5,059,638	100.00%	5,025,183	100.00%

Report of the Board of Directors (Cont'd)

董事會報告 (續)

RESULTS

The results and financial position of the Group for the year ended 31 December 2018 are set out on pages 112 to 232 of this report.

FINAL DIVIDEND AND TAX

The Board proposed a final dividend for the year ended 31 December 2018 (the **"Final Dividend"**) of RMB0.18 (tax inclusive) per share based on the total number of the Company's issued and fully paid-up shares of 1,280,784,000 as at the end of 2018, totaling RMB230,541,120 (2017: a final dividend for the year ended 31 December 2017 of RMB0.17 (tax inclusive) per share based on the total number of the Company's issued and fully paid-up shares of 1,280,784,000, totaling RMB217,733,280). The profit distribution proposal is subject to the approval by the shareholders at the annual general meeting (the **"AGM"**) for the year 2018. The Company is expected to complete the dividend distribution on or before 31 August 2019.

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

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

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

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

Report of the Board of Directors (Cont'd)

董事會報告(續)

業績

本集團截至二零一八年十二月三十一日止年度的業績及財務狀況載於本報告第112頁至232頁。

末期股息及稅項

董事會建議以二零一八年末本公司已發行並繳足之總股數1,280,784,000股為基數，派發截至二零一八年十二月三十一日止年度的末期股息(「末期股息」)每股人民幣0.18元(含稅)，總計款項為人民幣230,541,120元(二零一七年：以本公司已發行並繳足之總股數1,280,784,000股為基數，派發截至二零一七年十二月三十一日止年度的末期股息每股人民幣0.17元(含稅)，總計款項為人民幣217,733,280元)。此利潤分配預案有待於本公司二零一八年度股東週年大會(「股東週年大會」)上經股東批准。本公司預計將於二零一九年八月三十一日或之前完成派付。

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

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

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

截至本報告日期，概無股東放棄或同意放棄任何股息之安排。

Report of the Board of Directors (Cont'd)

董事會報告 (續)

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, revenue from the five largest customers and the largest customer of the Group accounted for 47.68% and 22.13% (2017: 48.42% and 19.15%) of the Group's total revenue, respectively.

Tong Ren Tang Holdings and its subsidiaries, joint ventures and associates (excluding the Group) (the "Tong Ren Tang Group") was the largest customer of the Group. During the Reporting Period, the revenue from this customer was RMB1,119,901,000 accounting for 22.13% of the Group's total revenue of this year. Besides, Tong Ren Tang Holdings has interest in Client C Group as listed in the table below. During the Reporting Period, details of the revenue from the five largest customers of the Group are set out below:

Customer Name 客戶名稱	Major products or service provided 銷售的主要產品／勞務
Entities under control of ultimate holding company 同仁堂集團	Chinese medicine products 中藥產品
Client A Group 客戶A集團	Chinese medicine products 中藥產品
Client B Group 客戶B集團	Chinese medicine products 中藥產品
Client C Group 客戶C集團	Chinese medicine products 中藥產品
Client D Group 客戶D集團	Chinese medicine products 中藥產品

During the Reporting Period, purchases from the five largest suppliers and the largest supplier of the Group accounted for 26.27% and 11.60% (2017: 47.21% and 14.08%) of the total purchases of the Group, respectively.

Tong Ren Tang Group was the largest supplier of the Group. During the Reporting Period, the amount of purchase by the Group from this supplier was RMB206,590,000, accounting for 11.60% of the Group's total amount of purchase in this year.

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

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

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

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

主要客戶及供貨商

報告期內，本集團來自前五大客戶及第一大客戶的收入佔本年度本集團收入總額的百分比分別為47.68%及22.13%(二零一七年：48.42%及19.15%)。

集團公司及其子公司、合營企業及聯營企業(本集團除外)(「同仁堂集團」)為本集團第一大客戶；報告期內，本集團來自該等客戶的收入為人民幣1,119,901,000元，佔本年度本集團收入總額的百分比為22.13%。此外，集團公司還於下面表格所列示之客戶C集團中持有權益。報告期內，本集團來自前五大客戶的銷售收入詳情如下：

Revenue
銷售收入
RMB'000
人民幣千元

1,119,901
583,586
353,839
218,992
135,905

報告期內，本集團向前五大供貨商及第一大供貨商的購貨額佔本年度本集團購貨總額的百分比分別為26.27%及11.60%(二零一七年：47.21%及14.08%)。

同仁堂集團為本集團第一大供貨商；報告期內，本集團向該等供貨商購貨額為人民幣206,590,000元，佔本年度本集團購貨總額的百分比為11.60%。

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

與僱員、供貨商及客戶之關係

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

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

Report of the Board of Directors (Cont'd)

董事會報告(續)

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

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

DISTRIBUTABLE RESERVES

As at 31 December 2018, the reserves of the Company available for distribution amounted to approximately RMB2,044,635,000 (31 December 2017: approximately RMB1,801,804,000).

PROPERTY, PLANT AND EQUIPMENT

Details of changes in property, plant and equipment of the Group for the year of 2018 are set out in Note 7 to the Consolidated Financial Statements.

DONATIONS

Cash charitable donations made by the Group during the Reporting Period amounted to RMB1,915,000 (2017: RMB107,000).

SHARE CAPITAL

There was no change in the share capital of the Company during the year of 2018. The details are set out in Note 17 to the Consolidated Financial Statements.

PUBLIC FLOAT

During the year of 2018 and as at the date of this report, based on the public information available to the Company and as far as the Directors are aware, the Company has satisfied the public float requirement under Rule 8.08 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Report of the Board of Directors (Cont'd) 董事會報告(續)

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

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

可供分派儲備

於二零一八年十二月三十一日，本公司的可供分派儲備約為人民幣2,044,635,000元(二零一七年十二月三十一日：約人民幣1,801,804,000元)。

房屋及建築物、廠房及設備

本集團房屋及建築物、廠房及設備於二零一八年內之變動詳情載於合併財務報表附註7。

捐款

報告期內，本集團慈善現金捐款為人民幣1,915,000元(二零一七年：人民幣107,000元)。

股本

本公司股本於二零一八年內無變動。詳情載於合併財務報表附註17。

公眾持股量

於二零一八年內及截至本報告日期，基於本公司已有的公開資料及就董事所知，本公司已滿足《香港聯合交易所有限公司證券上市規則》(「上市規則」)第8.08條的公眾持股量要求。

Report of the Board of Directors (Cont'd)

董事會報告 (續)

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2018, the following persons (other than the Directors, the supervisors of the Company (the “**Supervisor**”) and the chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong, the “**SFO**”):

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

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

Notes:

- (1) (L) — Long position, (S) — Short position, (P) — Lending pool
- (2) 600,000,000 shares held by Tong Ren Tang Holdings were held through Tong Ren Tang Ltd.. As at 31 December 2018, Tong Ren Tang Ltd. was owned as to 52.45% by Tong Ren Tang Holdings. Upon completion of the capitalisation issue of shares of the Company on 3 July 2014 and as at 31 December 2018, Tong Ren Tang Holdings was deemed to be interested in the 600,000,000 shares held by Tong Ren Tang Ltd.. Besides, upon completion of the capitalisation issue of shares of the Company on 3 July 2014 and as at 31 December 2018, Tong Ren Tang Holdings also directly held 9,480,000 shares.
- (3) As was known to the Directors, on 23 June 2014, Hillhouse Capital Management, Ltd., as investment manager, was indirectly interested in 23,091,000 H shares of the Company in long position held by Gaoling Fund, L.P. and 777,000 H shares of the Company in long position held by YHG Investment, L.P.. Upon completion of the capitalisation issue of the Company on 3 July 2014 and as at 31 December 2018, this shareholder was indirectly interested in 46,182,000 H shares of the Company in long position held by Gaoling Fund, L.P. and 1,554,000 H shares of the Company in long position held by YHG Investment, L.P..

Report of the Board of Directors (Cont'd)
董事會報告(續)

主要股東

於二零一八年十二月三十一日，根據香港法例第571章證券及期貨條例(「證券及期貨條例」)第336條須予備存的登記冊所記錄，以下人士(董事、本公司監事(「監事」)及本公司最高行政人員除外)於本公司之股份及相關股份中擁有之權益及淡倉如下：

Number of shares 股份數目	Percentage of domestic shares 內資股百分比	Percentage of H shares H股百分比	Percentage of total issued voting shares 佔已發行有投票權股份
600,000,000	92.01%	—	46.85%
600,000,000	92.01%	—	46.85%
9,480,000	1.45%	—	0.74%
609,480,000	93.46%	—	47.59%
35,732,000 (L) (Note/附註1)	—	5.68%	2.79%
68,446,000 (L) (Note/附註1)	—	10.89%	5.34%
47,736,000 (L) (Note/附註1)	—	7.59%	3.73%
46,182,000 (L) (Note/附註1)	—	7.35%	3.61%
39,143,906 (L) (Note/附註1)	—	6.22%(L)	3.06%(L)
4,000 (S) (Note/附註1)	—	0.00%(S)	0.00%(S)
21,685,906 (P) (Note/附註1)	—	3.44%(P)	1.69%(P)

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

附註：

- (1) (L) — 好倉、(S) — 淡倉、(P) — 可供借出的股份
- (2) 集團公司持有的600,000,000股股份乃透過同仁堂股份持有。於二零一八年十二月三十一日，集團公司擁有同仁堂股份52.45%權益。於二零一四年七月三日本公司資本化發行完成後及於二零一八年十二月三十一日，集團公司被視為擁有同仁堂股份所持有之600,000,000股股份之權益。另外，於二零一四年七月三日本公司資本化發行完成後及於二零一八年十二月三十一日，集團公司還直接持有9,480,000股股份。
- (3) 據董事所知，於二零一四年六月二十三日，Hillhouse Capital Management, Ltd.以投資經理身份間接擁有Gaoling Fund, L.P.持有的本公司23,091,000股H股好倉之股份權益及YHG Investment, L.P.持有的本公司777,000股H股好倉之股份權益。於二零一四年七月三日本公司資本化發行完成後及於二零一八年十二月三十一日，該股東通過Gaoling Fund, L.P.間接持有本公司46,182,000股H股好倉之股份權益及YHG Investment, L.P.持有的本公司1,554,000股H股好倉之股份權益。

Report of the Board of Directors (Cont'd)

董事會報告 (續)

- (4) As was known to the Directors, on 23 June 2014, Gaoling Fund, L.P., as investment manager, held 23,091,000 H shares of the Company in long position. Upon completion of the capitalisation issue of the Company on 3 July 2014 and as at 31 December 2018, this shareholder held 46,182,000 H shares of the Company in long position.
- (5) As was known to the Directors, as at 31 December 2018, Citigroup Inc. held 490,000 H shares of the Company in long position and 4,000 H shares of the Company in short position through interest of corporation under its control, held 16,968,000 H shares of the Company in long position as a person holding security interest in shares, and held 21,685,906 H shares in long position of the Company as custodian corporation/approved lending agent (available for lending).

Save as disclosed above, as at 31 December 2018, the Directors were not aware of any other person (other than the Directors, Supervisors and the chief executive of the Company) who had any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

MAJOR RISKS AND UNCERTAINTIES

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

Policy Risk

The production layout of the Group is affected by national policies and regulatory requirements on the industry, for example, policies such as environmental protection and positioning of the region may lead to adjustments on the production layout of the Group, increased pressure on the supply of products that used to support the rapid development of the Group, increase in the amount of investment and financing. Meanwhile, with increasing costs including depreciation after the projects have been put into operation, it is difficult to connect old and new production capacity, bringing uncertainty risks in terms of inadequate product supply and increased cost.

Adjustments in industry policies, such as the medical system reform, two-invoice system, proportion of medicine sales, policy on medical-related tender indicating a cost reduction trend, and reform of value-added taxes, may have uncertainty effects on the product sale of the Group; and adjustments in the prices and packaging of certain products may pose uncertainty risks affecting the sales volume in the short run.

Increasingly stringent standards in the laws and regulations of the state on safe production and fire safety impose higher requirements on safety management for enterprises. As the Group has many production units, it is faced with the uncertainty risk of increasing investment cost for safe production and management.

Report of the Board of Directors (Cont'd)

董事會報告(續)

- (4) 據董事所知，於二零一四年六月二十三日，Gaoling Fund, L.P.以投資經理身份持有本公司23,091,000股H股好倉。於二零一四年七月三日本公司資本化發行完成後及於二零一八年十二月三十一日，該股東持有本公司46,182,000股H股好倉。
- (5) 據董事所知，於二零一八年十二月三十一日，Citigroup Inc.通過其所控制的法團的權益持有本公司490,000股H股好倉，4,000股H股淡倉，作為對股份持有保證權益的人士持有本公司16,968,000股H股好倉，並作為保管人—法團/核准借出代理人持有本公司21,685,906股H股好倉(為可供借出的股份)。

除以上披露外，於二零一八年十二月三十一日，董事概不知悉有任何其他人士(董事、監事及本公司最高行政人員除外)於本公司之股份及相關股份中，擁有任何根據證券及期貨條例第336條須予備存的登記冊所記錄之權益及淡倉。

購買、出售或贖回本公司之上市證券

報告期內，本公司或其子公司概無購買、出售或贖回本公司之任何上市證券。

主要風險及不確定因素

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

政策風險

本集團生產布局受國家產業政策及監管要求的影響，如環保、地區定位等政策可能造成本集團生產布局調整，支撐本集團快速發展的產品供應壓力加大，投資及融資規模加大。同時，項目投產後折舊等成本將有所提高，新舊產能銜接難度大，存在產品供應不足、成本增加等不確定性風險。

醫藥體制改革、兩票制、藥佔比、醫療招標政策趨向降費、增值稅改革等政策調整，對本集團產品銷售產生不確定性影響；部分品種價格及包裝調整，短期存在影響銷量的不確定性風險。

隨著國家安全生產、消防安全等法規標準的日趨嚴格，給企業安全管理提出更高的要求，本集團所屬生產單位較多，存在增加安全生產管理投資成本的不確定性風險。

Report of the Board of Directors (Cont'd)

董事會報告 (續)

Operational Risk

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

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

Financial Risk

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

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

Fluctuation of market price of raw materials for main products and shortage of raw materials and complementary materials may have a significant impact on the production, supply and procurement costs of the Group.

COMPLIANCE OF LAWS AND REGULATIONS

In 2018, as far as the Directors are aware, there was no significant impact on the Group resulting from non-compliance with any relevant laws and regulations.

The Group needs to comply with many laws and regulations, which primarily include the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Contract Law of the People's Republic of China, the Property Law of the People's Republic of China, Law of the People's Republic of China on Traditional Chinese Medicine, the Pharmacopoeia of the People's Republic of China (2015 Edition), Good Manufacturing Practice for Drugs, Good Supply Practice for Drugs, etc., or other laws and regulations, policies or standardization legal documents promulgated according to or in connection to the abovementioned laws and regulations. The Group has compliance procedures and systems to ensure its compliance with applicable laws, regulations and standardization legal documents (especially those with significant impact on principal activities). In case of any changes in laws, regulations and standardization legal documents applicable to principle activities, the Group will timely formulate relevant procedures and systems.

In addition, provisions under other relevant laws and regulations also apply to the Group (for instance, Labour Law of the People's Republic of China, Labour Contract Law of the People's Republic of China, Companies Ordinance (Cap. 622), the Listing Rules and others). The Group is committed to ensuring its compliance with such provisions through internal control and approval procedures, training, as well as supervision over each business unit.

經營風險

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

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

財務風險

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

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

本集團主要產品所需原材料的市場價格波動、原輔料市場供應短缺，可能對本集團生產供應及採購成本造成較大影響。

遵守法律及法規

於二零一八年，據本公司董事所知，本集團並無因不遵守任何相關法律及法規而有重大影響之事項。

本集團業務須遵守多項法律法規規定，主要包括《中華人民共和國公司法》、《中華人民共和國證券法》、《中華人民共和國合同法》、《中華人民共和國物權法》、《中華人民共和國中醫藥法》、《中華人民共和國藥典》(2015年版)、《藥品生產質量管理規範》、《藥品經營質量管理規範》等以及根據或有關該等法律法規頒布的其他適用法規、政策和規範性法律文件。本集團制訂有合規程序及制度，確保遵守適用(尤其是對主營業務具有重大影響)的法律、法規和規範性法律文件；若關於主營業務的適用法律、法規和規範性法律文件有任何變動，本集團會及時修訂相關程序及制度。

此外，其他相關法律法規下的規定亦適用於本集團(例如，《中華人民共和國勞動法》、《中華人民共和國勞動合同法》、《公司條例》(第622章)、上市規則等)。本集團致力於通過內部監控及審批程序、培訓及監督各業務部門等多項措施，確保遵守該等規定。

Report of the Board of Directors (Cont'd)

董事會報告 (續)

ENVIRONMENTAL POLICY AND PERFORMANCE

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

In daily production and operation, the Group has been constantly committed to the philosophy of placing equal emphasis on development and environmental protection. Through rational utilization of various resources in strict accordance with relevant national laws and regulations in production and operation, the Group sought to minimize the impact on the surrounding environment. In the course of daily operation, the Group was dedicated to maintaining and consolidating a healthy business environment in order to ensure the legitimacy of business conducts and thus steady and orderly development of the Group. The Group also strived to improve the working environment of employees by promoting the concept of green office and green production, with a view to providing a comfortable workplace for all employees. The environmental policy and performance of the Group are set out in the "Environmental, Social and Governance Report" of the Company for year 2018.

PRE-EMPTIVE RIGHT

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

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Continuing Connected Transactions with Tong Ren Tang Holdings

(i) Property Lease Framework Agreement

On 25 January 2017, the Company and Tong Ren Tang Holdings entered into a property leasing framework agreement, pursuant to which, Tong Ren Tang Holdings has agreed to lease and procure any members of the Tong Ren Tang Group to lease certain premises to the Group for its productions and operations, including but not limited to office premises, warehouses and staff quarter. The property leasing framework agreement is for a term of three years commencing from 1 January 2017 to 31 December 2019.

The continuing connected transactions under the Property Leasing Framework Agreement was entered into in accordance with the pricing policies below: (i) The relevant market price. The relevant market price is determined by reference to the rental information gathered by the Group of certain premises of similar specification and size in similar locations based on such market terms to make sure that the terms offered by the Tong Ren Tang Group would not be less favorable than those offered by third parties on the market. (ii) Where the market price is not available, then the contracted price, which shall be determined after arm's length negotiation based by both parties of the agreement based on the principle of cost plus a fair and reasonable profit rate and by reference to the historical rentals. The reasonable cost shall be determined by reference to the size of the premises provided by the Tong Ren Tang Group, and the cost of premises management.

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

In 2018, the rental fee paid by the Group to the Tong Ren Tang Group amounted to RMB8,682,000, which did not exceed the relevant annual cap.

環境政策及表現

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

於日常生產經營中，本集團始終堅持發展與環境保護並重的理念，嚴格依照國家相關法律法規合理利用各類資源，最大限度降低對周邊環境的影響。本集團在日常運營中，致力於維護及鞏固一個健康的經營環境，確保經營行為的合法性，以使本集團能夠穩健、有序發展。本集團亦盡全力改善僱員的工作環境，倡導綠色辦公及綠色生產理念，致力於為全體僱員提供舒適的工作環境。有關本集團的環境政策及表現已載列於本公司二零一八年度「環境、社會及管治報告」。

優先購買權

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

非獲豁免持續關連交易

與集團公司的持續關連交易

(i) 物業租賃框架協議

二零一七年一月二十五日，本公司與集團公司訂立物業租賃框架協議，據此，集團公司已同意出租並促使同仁堂集團之任何成員公司出租若干物業予本集團用作生產及營運，包括但不限於辦公室物業、倉庫及員工宿舍。物業租賃框架協議為期三年，自二零一七年一月一日起至二零一九年十二月三十一日止。

物業租賃框架協議項下持續關連交易根據以下定價政策訂立：(1)相關市價。相關市價乃經參考本集團所搜集的類似地區具同類規格及規模的若干物業的租賃資料(基於有關市場條款)而釐定，以確保同仁堂集團提供的條款不遜於市場上第三方所提供的條款。(2)倘不能獲取市價，則訂約價應由協議雙方根據成本加公平合理利潤比率原則並參考歷史租約，經公平磋商後釐定。合理成本應根據同仁堂集團提供的物業規模，以及物業管理成本而釐定。

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

二零一八年本集團向同仁堂集團支付物業租賃費金額為人民幣8,682,000元，介於相關年度上限之內。

Report of the Board of Directors (Cont'd)

董事會報告 (續)

(ii) Distribution Framework Agreement

On 29 September 2016, the Company renewed the distribution framework agreement with Tong Ren Tang Holdings for a term of three years from 1 January 2017 to 31 December 2019. During the term of the agreement, the Company has the right to terminate the agreement by giving six months' prior notice in writing to Tong Ren Tang Holdings. Pursuant to the renewed Distribution Framework Agreement, the Company agreed that it or any of its subsidiaries may, from time to time, sell its products to members of Tong Ren Tang Group. The annual caps for the continuing connected transactions contemplated under the renewed distribution framework agreement for the three years ending 31 December 2019 is RMB1,300,000,000, RMB1,550,000,000 and RMB1,850,000,000, respectively. The renewal of the distribution framework agreement has been approved by the independent shareholders of the Company on 16 December 2016. Please refer to the announcements dated 29 September 2016 and 16 December 2016 and the circular of the Company dated 31 October 2016 published by the Company on the websites of the Hong Kong Stock Exchange and the Company for details.

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

In 2018, sales amount of the Group to the Tong Ren Tang Group amounted to RMB1,078,396,000, which did not exceed the relevant annual cap.

(iii) Master Procurement Agreement

On 29 September 2016, the Company and Tong Ren Tang Holdings renewed the master procurement agreement for a term of three years from 1 January 2017 to 31 December 2019. During the term of the agreement, the Company has the right to terminate the agreement by giving six months' prior notice in writing to Tong Ren Tang Holdings. Pursuant to the renewed Master Procurement Agreement, the Group may purchase the raw materials and semi-finished products and finished products ("**Relevant Products**") for manufacturing and distribution from the Tong Ren Tang Group. The price to be paid for the Relevant Products procured by the Group from the Tong Ren Tang Group shall be determined in accordance with the following principle: (1) the price shall be negotiated and agreed by the parties within the range of the then prevailing market price for the similar products ("**Market Price**"), which shall be determined with reference to the prevailing market price of comparable service negotiated and provided by at least two independent suppliers in the same or surrounding areas; (2) if there is no comparable market price available for the Relevant Products, the price shall be determined based on the integrated cost plus not more than 15% surcharge (the related cost shall be determined with reference to the cost of raw materials, labour cost and production expenses, etc.); and (3) in any event, the price to be paid by the Group for the procurement of the Relevant Products shall not be higher than that available from independent third parties for similar products, or higher than the Market Price, whichever is the lower. For the three years ending 31 December 2019, the annual caps for the continuing connected transactions contemplated under the renewed master procurement agreement shall be RMB240,000,000, RMB270,000,000 and RMB300,000,000, respectively. The renewal of the master procurement agreement has been approved by the independent shareholders of the Company on 16 December 2016. Please refer to the announcements dated 29 September 2016 and 16 December 2016 and the circular of the Company dated 31 October 2016 published by the Company on the websites of the Hong Kong Stock Exchange and the Company for details.

In 2018, purchase of the Relevant Products by the Group from the Tong Ren Tang Group amounted to RMB146,224,000, which did not exceed the relevant annual cap.

(ii) 銷售框架性協議

二零一六年九月二十九日，本公司與集團公司續訂銷售框架性協議，其期限為自二零一七年一月一日起至二零一九年十二月三十一日止，為期三年；協議有效期內，本公司有權提前六個月向集團公司發出書面通知終止該協議。根據續訂之銷售框架性協議，本公司同意本公司或其任何子公司可以不時地向同仁堂集團出售其產品。續訂的銷售框架性協議項下擬進行之持續關連交易於截至二零一九年十二月三十一日止三個年度之年度上限分別為人民幣1,300,000,000元、人民幣1,550,000,000元和人民幣1,850,000,000元。續訂的銷售框架性協議已於二零一六年十二月十六日獲本公司獨立股東批准。詳情請參閱本公司刊發於香港聯交所及本公司網站的日期為二零一六年九月二十九日及二零一六年十二月十六日之公告，以及日期為二零一六年十月三十一日之通函。

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

二零一八年本集團通過同仁堂集團銷售產品金額為人民幣1,078,396,000元，介於相關年度上限之內。

(iii) 採購框架性協議

二零一六年九月二十九日，本公司與集團公司續訂採購框架性協議，期限為自二零一七年一月一日起至二零一九年十二月三十一日止，為期三年。於協議有效期內，本公司有權提前六個月向集團公司發出書面通知終止該協議。根據協議本集團可向同仁堂集團採購生產或銷售所需的原材料、半成品及成品（「**相關產品**」）。本集團向同仁堂集團採購相關產品的定價參照以下原則：(1) 由訂約方在不超過市場同類產品之價格（「**市場價格**」）的範圍內協商確定。有關市場價格乃參考在同一或周邊地區至少兩名獨立商品供應商提供的經公平磋商的可資比較商品的現行市場價格釐定；(2) 如相關產品沒有可比市場價格，則定價應不高於其統一整合成本後的價格加上不高於15%的費用。有關成本為參照原材料成本、人工成本及生產開支等釐定；及(3) 在任何情況下，本集團因採購相關產品支付的價格，不得高於任何獨立第三方向本公司供應同類產品的價格或市場價格（以兩者較低為準）。續訂的採購框架性協議項下擬進行之持續關連交易於截至二零一九年十二月三十一日止三個年度之年度上限分別為人民幣240,000,000元、人民幣270,000,000元和人民幣300,000,000元。續訂的採購框架性協議已於二零一六年十二月十六日獲本公司獨立股東批准。詳情請參閱本公司刊發於香港聯交所及本公司網站的日期為二零一六年九月二十九日及二零一六年十二月十六日之公告，以及日期為二零一六年十月三十一日之通函。

二零一八年本集團向同仁堂集團採購相關產品金額為人民幣146,224,000元，介於相關年度上限之內。

Report of the Board of Directors (Cont'd)

董事會報告 (續)

(iv) Advertising Agency Framework Agreement

On 29 September 2016, Tong Ren Tang Century Advertising, a wholly-owned subsidiary of the Company, renewed the advertising agency framework agreement with Tong Ren Tang Holdings for the purpose of the provision of advertising agency services by Tong Ren Tang Century Advertising to the Tong Ren Tang Group for a term of three years from 1 January 2017 to 31 December 2019. Pursuant to the advertising agency framework agreement, Tong Ren Tang Holdings entrusted Tong Ren Tang Century Advertising as a non-exclusive advertising agent, to provide advertising agency services to the Tong Ren Tang Group. The fees for the provision of specific services by Tong Ren Tang Century Advertising to the Tong Ren Tang Group under individual implementation agreement shall be negotiated and determined by the parties with reference to the actual quotation offered by the advertiser, which is at discount on the basis of its published price list, plus a reasonable fee for the advertising agency service of Tong Ren Tang Century Advertising, which is generally not higher than 15% of the quotation offered by the advertiser. For the three years ending 31 December 2019, the annual caps for the continuing connected transactions contemplated under the renewed advertising agency framework agreement shall be RMB50,000,000, RMB52,000,000 and RMB54,000,000, respectively. Please refer to the announcement published by the Company on 29 September 2016 on the websites of the Hong Kong Stock Exchange and the Company for details.

In 2018, total amount paid by the Tong Ren Tang Group to Tong Ren Tang Century Advertising for the continuing connected transactions contemplated under the advertising agency framework agreement was RMB41,505,000, which did not exceed the relevant annual cap.

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

Continuing Connected Transactions with Tong Ren Tang Chinese Medicine

Exclusive Distributorship Framework Agreements

On 8 November 2017, the Company renewed the exclusive distributorship framework agreement with Tong Ren Tang Chinese Medicine, for a term of three years from 1 January 2018 to 31 December 2020. Pursuant to the agreement, the Company appoints International Pharm, a wholly-owned subsidiary of Tong Ren Tang Chinese Medicine, as its sole overseas distributor for the purpose of the distribution of the relevant products of the Group (for the purpose of the exclusive distributorship framework agreement, refers to the Company and its subsidiaries and associates, excluding Tong Ren Tang Chinese Medicine and its subsidiaries and associates) outside the PRC. Within the term of the agreement and for the purpose of the overseas distribution of the relevant products of the Group, International Pharm will procure from the Group, and the Group shall supply to International Pharm, the relevant products as agreed by the parties. The price of the relevant products supplied by the Group to International Pharm shall not be higher than the wholesale price of the relevant products sold by the Group to its wholesale customers in the PRC. The annual caps for the continuing connected transactions contemplated under the renewed exclusive distributorship framework agreements for the three years ending 31 December 2020 shall be RMB49,600,000, RMB64,900,000 and RMB84,200,000, respectively.

(iv) 廣告代理框架協議

二零一六年九月二十九日，本公司之全資子公司同仁堂世紀廣告與集團公司就同仁堂世紀廣告向同仁堂集團提供廣告代理服務續訂廣告代理框架協議，有效期自二零一七年一月一日至二零一九年十二月三十一日止，為期三年。根據廣告代理框架協議，集團公司委託同仁堂世紀廣告作為非獨家廣告代理，向同仁堂集團提供廣告代理服務。同仁堂世紀廣告向同仁堂集團就具體執行協議項下所提供的具體服務之費用乃經參考廣告提供商在其廣告刊例價的基礎上給予一定折扣後的實際報價並加上同仁堂世紀廣告的合理服務費用(一般不高於廣告提供商報價的15%)釐定。續訂的廣告代理框架協議項下擬進行之持續關連交易於截至二零一九年十二月三十一日止三個年度之年度上限分別為人民幣50,000,000元、人民幣52,000,000元及人民幣54,000,000元。詳情請參閱本公司刊發於香港聯交所及本公司網站的日期為二零一六年九月二十九日之公告。

二零一八年同仁堂集團於廣告代理框架協議項下進行之持續關連交易支付予同仁堂世紀廣告之總額為人民幣41,505,000元，介於相關年度上限之內。

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

與同仁堂國藥的持續關連交易

獨家經銷框架協議

二零一七年十一月八日，本公司與同仁堂國藥續訂獨家經銷框架協議，其期限為自二零一八年一月一日起至二零二零年十二月三十一日止，為期三年。根據協議，本公司委任國際藥業(同仁堂國藥之全資子公司)作為獨家海外經銷商，以於中國以外銷售本集團(就獨家經銷框架協議而言，本集團指本公司及其子公司及聯繫人，不包括同仁堂國藥及其子公司及聯繫人)相關產品。於協議有效期內及就於中國以外銷售本集團相關產品而言，國際藥業將向本集團採購而本集團將向國際藥業供應相關產品。本集團向國際藥業供應之相關產品之價格將不高於本集團向其中國批發客戶銷售相關產品之批發價格。續訂之獨家經銷框架協議項下擬進行之持續關連交易於截至二零二零年十二月三十一日止三個年度之年度上限分別為人民幣49,600,000元、人民幣64,900,000元及人民幣84,200,000元。

Report of the Board of Directors (Cont'd)

董事會報告 (續)

On the same day, Tong Ren Tang Ltd. renewed the Tong Ren Tang exclusive distributorship framework agreement with Tong Ren Tang Chinese Medicine, for a term of three years from 1 January 2018 to 31 December 2020. Pursuant to the agreement, Tong Ren Tang Ltd. appoints International Pharm as its sole overseas distributor for the purpose of the distribution of the relevant products of Tong Ren Tang Ltd. and its subsidiaries and associates, excluding the Company and its subsidiaries and associates (the **"Tong Ren Tang Ltd. Group"**) outside the PRC. Within the term of the agreement and for the purpose of the overseas distribution of the relevant products of Tong Ren Tang Ltd. Group, International Pharm will procure from Tong Ren Tang Ltd. Group, and Tong Ren Tang Ltd. Group shall supply to International Pharm, the relevant products as agreed by the parties. The price of the relevant products supplied by Tong Ren Tang Ltd. Group to International Pharm shall not be higher than the wholesale price of the relevant products sold by Tong Ren Tang Ltd. Group to the wholesale customers in the PRC. The annual caps for the continuing connected transactions contemplated under the renewed Tong Ren Tang exclusive distributorship framework agreements for the three years ending 31 December 2020 shall be RMB74,400,000, RMB97,300,000, and RMB126,300,000, respectively.

In 2018, total amount paid to the Group and Tong Ren Tang Ltd. Group by International Pharm for the continuing connected transactions under the exclusive distributorship framework agreement and Tong Ren Tang exclusive distributorship framework agreement amounted to RMB30,348,000 and RMB60,367,000 respectively, neither of which exceeds the relevant annual caps.

As at 31 December 2018, Tong Ren Tang Ltd. is the intermediate controlling shareholder of the Company, which holds 46.85% direct interest in the Company, and 33.62% direct interest in Tong Ren Tang Chinese Medicine which is a non-wholly-owned subsidiary of the Company. According to the Listing Rules, Tong Ren Tang Chinese Medicine and Tong Ren Tang Ltd. are both connected persons of the Company. As such, all the transactions between Tong Ren Tang Chinese Medicine and the Company and all the transactions between Tong Ren Tang Chinese Medicine and Tong Ren Tang Ltd., under the above-mentioned agreements constitute continuing connected transactions of the Company. For details about the above-mentioned transactions, please refer to the relevant announcements of the Company dated 8 November 2017.

The Company has confirmed that the execution and enforcement of the implementation agreements under the continuing connected transactions set out above in the year of 2018 has followed the pricing policies of such continuing connected transactions.

Annual Review of Continuing Connected Transactions

The Company's overseas auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The overseas auditor has issued unqualified letter in accordance with paragraph 14A.56 and 14A.57 of the Listing Rules, containing the findings and conclusions in respect of the above non-exempt continuing connected transactions for the year of 2018 as disclosed by the Company:

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

同日，同仁堂股份與同仁堂國藥續訂同仁堂獨家經銷框架協議，其期限為自二零一八年一月一日起至二零二零年十二月三十一日止，為期三年。根據協議，同仁堂股份委任國際藥業作為獨家海外經銷商，以於中國以外銷售同仁堂股份及其子公司及聯營企業(就同仁堂獨家經銷框架協議而言，不包括本公司及其子公司及聯營企業)(「同仁堂股份集團」)相關產品。於協議有效期內及就於中國以外銷售同仁堂股份集團相關產品而言，國際藥業將向同仁堂股份集團採購而同仁堂股份集團將向國際藥業供應相關產品。同仁堂股份集團向國際藥業供應之相關產品之價格將不高於同仁堂股份集團向其中國批發客戶銷售相關產品之批發價格。續訂之獨家經銷框架協議項下擬進行之持續關連交易於截至二零二零年十二月三十一日止三個年度之年度上限分別為人民幣74,400,000元、人民幣97,300,000元及人民幣126,300,000元。

二零一八年國際藥業就獨家經銷框架協議及同仁堂獨家經銷框架協議項下之持續關連交易支付予本集團及同仁堂股份集團之總金額分別為人民幣30,348,000元和人民幣60,367,000元，均未超過相關年度上限。

於二零一八年十二月三十一日，同仁堂股份直接持有本公司46.85%股權，為本公司的直接控股股東，其亦直接持有本公司之非全資子公司同仁堂國藥33.62%股權。根據上市規則，同仁堂股份及同仁堂國藥為本公司之關連人士。因此，本公司與同仁堂國藥及同仁堂股份與同仁堂國藥於上述協議下進行的交易均構成本公司的持續關連交易。上述交易詳情請參閱本公司日期為二零一七年十一月八日之相關公告。

本公司確認上述二零一八年度的持續關連交易項下具體協議的簽訂及執行均已遵循該等持續關連交易的定價原則。

持續關連交易之年度審閱

根據香港會計師公會所頒布的香港鑒證業務準則第3000號(修訂)《歷史財務資料審核或審閱以外之鑒證業務》及參考實務說明第740號《香港上市規則規定的持續關連交易的核數師函件》，本公司境外核數師已受聘對本集團持續關連交易作出報告。根據上市規則第十四A.56條及第十四A.57條，境外核數師已就上述本公司披露的二零一八年度非獲豁免持續關連交易，發出無保留意見的函件，就該等已披露的持續關連交易而言：

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

Report of the Board of Directors (Cont'd)

董事會報告 (續)

- (iv) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to their attention that causes them to believe that the amount of each of the continuing connected transactions has exceeded the annual cap set by the Company.

The independent non-executive Directors has reviewed the above-mentioned continuing connected transactions and confirmed that in the year of 2018:

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

Save as disclosed above, there is no related party transaction or continuing related party transaction set out in Note 33 to the financial statements that falls into the category of connected transaction or continuing connected transaction that needs to be disclosed under the Listing Rules. The Company has fully complied with the disclosure requirements under Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions of the Company.

COMPETING INTERESTS

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

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

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

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

Report of the Board of Directors (Cont'd) 董事會報告(續)

(iv) 就每項持續關連交易的總金額而言，他們並無注意到任何事項令他們相信該等持續關連交易的金額超逾本公司訂立的全年上限。

本公司獨立非執行董事已對上述持續關連交易進行了審核並已確認，於二零一八年度：

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

除上述披露外，概無其他載列於財務報表附註33的任何關聯方交易或持續關聯方交易屬於上市規則項下須予披露的關連交易或持續關連交易。本公司關連交易和持續關連交易已符合上市規則第十四A章的披露規定。

競爭利益

與同仁堂股份和集團公司之競爭

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

為確保本公司、集團公司及同仁堂股份之業務劃分獲妥善記錄及制訂，根據集團公司及同仁堂股份於二零零零年十月十九日向本公司作出之承諾(「十月承諾」)，除安宮牛黃丸外，集團公司、同仁堂股份及彼等各自之子公司未來不會生產任何與本公司所生產的藥品名稱相同或同名而劑型不同並會直接與本公司藥品競爭之產品。

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

Report of the Board of Directors (Cont'd)

董事會報告 (續)

Right of First Refusal

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

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

The Company and the independent non-executive Directors have confirmed upon the review: during the year of 2018, Tong Ren Tang Ltd. and Tong Ren Tang Holdings have provided all information necessary to the independent non-executive Directors for their annual review and report on their fulfillment on the October Undertaking. Tong Ren Tang Ltd. and Tong Ren Tang Holdings have fulfilled their undertakings on the relevant right of first refusal granted to the Company on their existing or future competing businesses. The details of the annual declarations in compliance with the non-competition undertaking which have been made by Tong Ren Tang Ltd. and Tong Ren Tang Holdings are set out below.

優先選擇權

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

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

本公司及獨立非執行董事經審查確認：二零一八年度，同仁堂股份和集團公司已向獨立非執行董事提供對十月承諾之履行進行年度審查以及報告所需的一切資料；同仁堂股份和集團公司已遵從其提供有關現有或未來競爭業務的優先選擇權的承諾；同仁堂股份和集團公司已作出有關遵守不競爭承諾的年度聲明的詳情如下。

Report of the Board of Directors (Cont'd)
董事會報告 (續)

DECLARATION

To: TONG REN TANG TECHNOLOGIES CO. LTD.

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

Dear Sir or Madam,

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

1. On 19 October 2000, the Company and Beijing Tong Ren Tang Company Limited entered into an agreement with us to regulate the non-competition undertaking ("**Non-competition Undertaking**"), which include but not limited to the options, pre-emptive rights or right of first refusal provided by us on our existing or future competing businesses;
2. We have provided to the independent non-executive directors of the Company with all the necessary information in order for them to conduct review on the enforcement of the Non-competition Undertaking;
3. We confirm that we have fully complied with the Non-competition Undertaking for the year 2018;
4. We also agree this confirmation to be disclosed in the Company's 2018 annual report.

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

China Beijing Tong Ren Tang Group Co., Ltd.
19 March 2019

Report of the Board of Directors (Cont'd)
董事會報告(續)

聲明書

致：北京同仁堂科技發展股份有限公司
中國北京豐台區南三環中路20號

敬啟者：

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

1. 於二零零零年十月十九日，貴公司和本公司以及北京同仁堂股份有限公司簽訂不競爭承諾(「不競爭承諾」)，包括但不限於本公司就現有或日後的競爭性業務將為貴公司提供選擇權、優先權或優先購買權；
2. 本公司已向貴公司的獨立非執行董事提供一切所需資料，以供獨立非執行董事對不競爭承諾的執行情況進行審查；
3. 本公司確認，於二零一八年內，本公司已完全遵守不競爭承諾；
4. 本公司同意將本聲明刊載於貴公司的二零一八年年報中。

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

中國北京同仁堂(集團)有限責任公司
二零一九年三月十九日

Report of the Board of Directors (Cont'd)
董事會報告 (續)

DECLARATION

To: **TONG REN TANG TECHNOLOGIES CO. LTD.**

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

Dear Sir or Madam,

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

1. On 19 October 2000, the Company and China Beijing Tong Ren Tang Group Co., Ltd. entered into an agreement with us to regulate the non-competition undertaking ("**Non-competition Undertaking**"), which include but not limited to the options, pre-emptive rights or right of first refusal provided by us on our existing or future competing businesses;
2. We have provided to the independent non-executive directors of the Company with all the necessary information in order for them to conduct review on the enforcement of the Non-competition Undertaking;
3. We confirm that we have fully complied with the Non-competition Undertaking for the year 2018;
4. We also agree that this confirmation to be disclosed in the Company's 2018 annual report.

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

Beijing Tong Ren Tang Company Limited
19 March 2019

Report of the Board of Directors (Cont'd)
董事會報告(續)

聲明書

致：北京同仁堂科技發展股份有限公司
中國北京豐台區南三環中路20號

敬啟者：

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

1. 於二零零零年十月十九日，貴公司和本公司以及中國北京同仁堂(集團)有限責任公司簽訂不競爭承諾(「不競爭承諾」)，包括但不限於本公司就現有或日後的競爭性業務將為貴公司提供選擇權、優先權或優先購買權；
2. 本公司已向貴公司的獨立非執行董事提供一切所需資料，以供獨立非執行董事對不競爭承諾的執行情況進行審查；
3. 本公司確認，於二零一八年內，本公司已完全遵守不競爭承諾；
4. 本公司同意將本聲明刊載於貴公司的二零一八年年報中。

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

北京同仁堂股份有限公司
二零一九年三月十九日

Report of the Board of Directors (Cont'd)

董事會報告 (續)

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

CHANGE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

At the 2017 AGM held on 12 June 2018, Mr. Gu Hai Ou, Mr. Rao Zu Hai and Mr. Li Bin retired from their positions as the executive Director; Miss Tam Wai Chu, Maria and Mr. Jin Shi Yuan retired from their positions as the independent non-executive Director; Ms. Ma Bao Jian retired from her position as the Supervisor and the chief Supervisor; and Ms. Ding Guo Ping retired from her position as the Supervisor, each with effect from conclusion of the 2017 AGM.

At the 2017 AGM, Mr. Gao Zhen Kun, Mr Wang Yu Wei and Ms. Fang Jia Zhi were re-elected as the executive Directors of the seventh session of the Board; Mr. Huang Ning, Mr. Wu Le Jun and Ms. Wu Qian were appointed as the executive Directors of the seventh session of the Board; Mr. Ting Leung Huel, Stephen was re-elected as the independent non-executive Directors of the seventh session of the Board; Ms. Chan Ching Har, Eliza and Mr. Zhan Yuan Jing were appointed as the independent non-executive Directors of the seventh session of the Board; Mr. Wu Yi Gang was re-elected as the Supervisor of the seventh session of the Supervisory Committee; Ms. Su Li were appointed as the Supervisor of the seventh session of the Supervisory Committee, each with a term commencing from the conclusion of the 2017 AGM to the date of the AGM to be convened in 2021. Mr. Dong Ke Man was elected as the Supervisor of the seventh session of the Supervisory Committee at the employee representative congress meeting of the Company held on 12 March 2018, with a term commencing from the conclusion of the 2017 AGM to the date of the AGM to be convened in 2021.

The Board resolved on 12 June 2018 to elect Mr. Gao Zhen Kun, an executive Director, as the Chairman of the Board and the Supervisory Committee also resolved on the same day to elect Ms. Su Li as the chief Supervisor, each with immediate effect. On 19 March 2019, Mr. Gao Zhen Kun has tendered his resignation from the positions as an executive Director, the chairman of the Board, the chairman of the Nomination Committee and the member of the Remuneration Committee due to work changes. The resignation of Mr. Gao Zhen Kun will take effect upon the new executive Director being appointed at the 2018 AGM. On the same day, the Board proposed to appoint Mr. Gu Hai Ou as an executive Director, subject to the approval by the shareholders of the Company at the 2018 AGM. For details of the aforesaid changes, please refer to the circular of the Company dated 25 April 2018 and the announcements of the Company dated 12 June 2018 and 19 March 2019.

Mr. Li Da Ming and Ms. Liu Cun Ying, the former deputy general managers of the Company, retired on 1 May 2018 and 1 February 2019, respectively.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors and the Supervisors has entered into a service contract with the Company for a term commencing on their respective appointment dates to the date of the AGM to be convened by the Company in 2021.

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

董事、監事及高級管理人員簡介

董事、監事及高級管理人員簡介載於本報告中第98頁至第103頁。

董事、監事及高級管理人員變更

於二零一八年六月十二日召開之二零一七年度股東週年大會上，顧海鷗先生、饒祖海先生及李續先生退任執行董事；譚惠珠小姐及金世元先生退任獨立非執行董事；馬保健女士退任監事及監事長；丁國萍女士退任監事，均自二零一七年度股東週年大會結束時起生效。

於二零一七年度股東週年大會上，高振坤先生、王煜煒先生及房家志女士獲重選為第七屆董事會之執行董事；黃寧先生、吳樂軍先生及吳倩女士獲委任為第七屆董事會之執行董事；丁良輝先生獲重選為第七屆董事會之獨立非執行董事；陳清霞女士及詹原競先生獲委任為第七屆董事會之獨立非執行董事；吳以鋼先生獲重選為第七屆監事會監事；蘇莉女士獲委任為第七屆監事會監事，任期均自二零一七年度股東週年大會結束時起至二零二一年召開之股東週年大會之日為止。董克滿先生於二零一八年三月十二日舉行的職工代表大會上獲選舉為第七屆監事會監事，任期自二零一七年度股東週年大會結束時起至二零二一年召開之股東週年大會之日為止。

二零一八年六月十二日，董事會選舉執行董事高振坤先生為董事長；同日，監事會選舉監事蘇莉女士為監事長，均自該日起生效。於二零一九年三月十九日，由於工作變動原因，高振坤先生申請辭任執行董事、董事長、提名委員會主席以及薪酬委員會委員。高振坤先生之辭任將於二零一八年度股東週年大會上選出新任執行董事起生效。同日，董事會建議委任顧海鷗先生為執行董事，該建議委任須待本公司股東於二零一八年度股東週年大會上批准後方可落實。上述變更詳情請見本公司日期為二零一八年四月二十五日之通函及二零一八年六月十二日及二零一九年三月十九日之公告。

本公司原副總經理李大鳴先生及劉存英女士分別於二零一八年五月一日及二零一九年二月一日退休。

董事及監事的服務合約

董事及監事均已與本公司訂立服務合約，分別由其就任之日起至本公司於二零二一年召開之股東週年大會之日為止。

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

Report of the Board of Directors (Cont'd)

董事會報告 (續)

REMUNERATION OF DIRECTORS AND SUPERVISORS

Directors and Supervisors are subject to the election at the general meeting or the election by employees. The Board is authorized by the general meeting to fix the remuneration of every Director or Supervisor when the general meeting appoints Directors and Supervisors. The remuneration of Directors or Supervisors includes four parts, namely director's or supervisor's fees, basic salaries and allowance, employer's contribution to pension scheme and bonuses. Except for the independent non-executive Directors and the external Supervisors, the Directors or Supervisors who do not hold any management position in the Group will not receive any remuneration from the Group. The Directors or Supervisors who also hold management positions in the Group will receive salaries corresponding to such management functions. In accordance with the Listing Rules, the independent non-executive Directors shall not be financially dependent on the listed company. Therefore, the independent non-executive Directors and external Supervisors are paid in line with the prevailing local market rate by the Company.

In 2018, all executive Directors did not receive any remuneration as the Directors. In particular, Mr. Wang Yu Wei and Ms. Fang Jia Zhi, each as an executive Director, received remuneration for the management positions they held in the Company. In addition, Mr. Ting Leung Huel, Stephen, Ms. Chan Ching Har, Eliza, Mr. Zhan Yuan Jing, Miss Tam Wai Chu, Maria and Mr. Jin Shi Yuan received directors' fees (based on their respective terms of office) at the amount of HKD240,000 (tax inclusive), HKD120,000 (tax inclusive), RMB50,000 (tax inclusive), HKD120,000 (tax inclusive) and RMB50,000 (tax inclusive), respectively.

In 2018, Ms. Su Li, Mr. Dong Ke Man, Ms. Ma Bao Jian and Ms. Ding Guo Ping, each as a Supervisor, did not receive any remuneration as the Supervisor. In particular, Mr. Dong Ke Man and Ms. Ding Guo Ping, each as a Supervisor, received remunerations for the management positions they held in the Company. In addition, Mr. Wu Yi Gang, as the Supervisor, received supervisor's fee at the amount of RMB100,000 (tax inclusive).

Details of the Directors' and Supervisors' salaries or salaries received corresponding to their management positions in the Group for the years of 2018 and 2017 are set out in Note 30 to the Consolidated Financial Statements.

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

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

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

As at 31 December 2018, none of the Directors, Supervisors and chief executive of the Company had any interests or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the requirements in the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 to the Listing Rules.

MANAGEMENT CONTRACT

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

董事及監事薪酬

所有董事及監事均由股東大會或職工民主選舉產生，股東大會在委任董事及監事時，授權董事會釐定每位董事或監事的薪酬。董事或監事薪酬包括袍金、基本酬金及津貼、退休金供款、獎金四部分。除獨立非執行董事及外部監事外，董事或監事如不擔任本集團管理職務，均不在本集團領取薪酬，如擔任本集團管理職務，則依照其在本集團擔任的管理職位領取薪酬。根據上市規則，獨立非執行董事在財政上不可依賴有關上市公司。因此，本公司為獨立非執行董事及外部監事提供切合其所在地市場水平的袍金。

二零一八年，所有執行董事擔任董事的薪酬均為零。其中，執行董事王煜煒先生、房家志女士依照其在本公司擔任的管理職位領取薪酬。此外，本公司獨立非執行董事丁良輝先生、陳清霞女士、詹原競先生、譚惠珠小姐及金世元先生領取的董事袍金(按各自任期)分別為港幣240,000元(含稅)、港幣120,000元(含稅)、人民幣50,000元(含稅)、港幣120,000元(含稅)及人民幣50,000元(含稅)。

二零一八年，監事蘇莉女士、董克滿先生、馬保健女士及丁國萍女士擔任監事的薪酬均為零。其中，監事董克滿先生及丁國萍女士依照其在本公司擔任的管理職位領取薪酬。此外，本公司監事吳以鋼先生領取的監事袍金為人民幣100,000元(含稅)。

二零一八年及二零一七年董事、監事薪酬或依照其在本集團擔任的管理職位領取薪酬詳情載於合併財務報表附註30。

董事及監事於重要交易、安排或合約中的權益

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

董事、監事及最高行政人員於股份、相關股份及債權證之權益及淡倉

於二零一八年十二月三十一日，董事、監事及本公司最高行政人員概無於本公司及其相聯法團(證券及期貨條例第XV部所界定者)之股份、相關股份及債權證中，擁有根據證券及期貨條例第352條須予備存的登記冊所記錄，或根據上市規則附錄十《上市發行人董事進行證券交易的標準守則》(「標準守則」)須知會本公司及香港聯交所的權益及淡倉。

管理合約

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

Report of the Board of Directors (Cont'd)

董事會報告 (續)

PERMITTED INDEMNITY PROVISION

Subject to the applicable laws and the coverage of the director liability insurance the Company placed for the Directors, every Director shall be entitled to be indemnified against all costs, charges, losses, expenses and liabilities incurred by him or her in the execution and discharge of his or her duties or in relation thereto. Such provisions were in force during the course of the year ended 31 December 2018 and remained in force as of the date of this report.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2018, the Group had a total of 3,879 employees (31 December 2017: 3,873 employees), of which 1,957 are employees of the Company (31 December 2017: 2,005 employees). Remunerations of the employees of the Company are determined with reference to the prevailing market level as well as the performance, qualification and experience of individual employee. Discretionary bonuses based on individual performance will be paid to the employees as a recognition of and a reward for their contributions to the Company. Other employee welfares include contributions by the Company to the endowment insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance and housing fund.

EMOLUMENTS OF SENIOR MANAGEMENT

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

Emoluments Grade

薪酬等級

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

STAFF RETIREMENT SCHEME

Details of staff retirement scheme of the Group are set out in Note 31 to the Consolidated Financial Statements.

STAFF QUARTERS

For the year ended 31 December 2018:

1. the Company did not provide quarters to any of its staff (2017: nil);
2. the Company made annual contributions to the housing fund based on certain percentages of the salaries for employees in compliance with relevant regulations; and
3. the Company provided housing allowance to its staff at an average of RMB80 per person per month (2017: RMB80 per person per month) in compliance with relevant regulations.

獲準許的彌償條文

在適用法律的規限下及在本公司為董事投保的董事責任保險範圍內，本公司董事有權獲彌償其在執行及履行職責時引致或與此有關的所有成本、收費、損失、費用及債務。此等條文於截至二零一八年十二月三十一日止年度期間有效，並於本報告日期亦維持有效。

僱員及薪酬政策

於二零一八年十二月三十一日，本集團共有 3,879 名僱員(二零一七年十二月三十一日：3,873 名僱員)，其中本公司有 1,957 名僱員(二零一七年十二月三十一日：2,005 名僱員)。本公司僱員之薪金參照市場水平及有關僱員之表現、資歷和經驗而釐定，亦會按年內個人表現發放酌情獎金，以獎勵僱員對本公司作出之貢獻，其他僱員福利包括養老保險、醫療保險、失業保險、工傷保險、生育保險及住房公積金。

高級管理人員薪酬

載列於本報告中的本公司高級管理人員稅前薪酬按等級劃分的情況如下：

	2018	2017
	number of senior management 人數	number of senior management 人數
	-	-
	5	5
	2	2
	-	-
	1	1

退休金計劃

本集團退休金計劃詳情載於合併財務報表附註 31。

員工宿舍

本公司於截至二零一八年十二月三十一日止年度：

- 1、並無向員工提供任何員工宿舍(二零一七年：無)；
- 2、按規定每年為員工按工資的一定比例向住房公積金計劃供款；及
- 3、按規定向員工提供住房補貼每人每月平均為人民幣 80 元(二零一七年：每人每月平均人民幣 80 元)。

Report of the Board of Directors (Cont'd)

董事會報告 (續)

INDEPENDENT AUDITORS

The accompanying financial statements of this report were audited by PricewaterhouseCoopers. The Company did not change its independent auditors in any of the past three years. The Audit Committee was satisfied with the work of the independent auditors, their independence and objectivity. PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP were proposed by the Board to be respectively re-appointed as the overseas auditor and domestic auditor of the Company for the year of 2019 which is subject to approval at the 2018 AGM.

By the Order of the Board
Tong Ren Tang Technologies Co. Ltd.
Gao Zhen Kun
Chairman

Beijing, the PRC
19 March 2019

Report of the Board of Directors (Cont'd)
董事會報告(續)

獨立核數師

本報告隨附的財務報表是由羅兵咸永道會計師事務所審核。本公司於過去三年內任何一年均未更換獨立核數師。審核委員會對獨立核數師的工作、其獨立性及客觀性均感滿意。董事會建議分別續聘羅兵咸永道會計師事務所及普華永道中天會計師事務所(特殊普通合伙)為本公司二零一九年度之境外核數師和境內核數師(待二零一八年度股東週年大會批准)。

承董事會命
北京同仁堂科技發展股份有限公司
高振坤
董事長

中國北京，
二零一九年三月十九日

Report of the Supervisory Committee

監事會報告

To the shareholders:

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

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

The Supervisory Committee have reviewed earnestly and approved the report of the Board, audited financial statements and the dividend payment proposal to be presented by the Board at the forthcoming 2018 AGM. We are of the opinion that the Directors, general manager and other senior management of the Company have strictly complied with the principle of good faith, and have worked diligently, exercised their authority faithfully in the best interests of the Company, and executed various tasks pursuant to the Articles of Association so that the Company is operated within the regulatory framework, and the internal control regime is increasingly improving. The transactions between the Company and associated companies were executed on terms in the interests of the shareholders of the Company as a whole and at fair and reasonable prices. Up till now, none of the Directors, general manager or senior management of the Company has been found to have abused their authority, damaged the interests of the Company or infringed upon the interests of the shareholders and employees of the Company, or to have been in breach of any laws or regulations or the Articles of Association.

The Supervisory Committee is satisfied with the various tasks carried out by the Company in 2018 and the economic benefits generated therefrom. It has full confidence in the future development outlook of the Company.

By Order of the Supervisory Committee
Tong Ren Tang Technologies Co. Ltd.
Su Li
Chairman

Beijing, the PRC
19 March 2019

Report of the Supervisory Committee (Cont'd) 監事會報告(續)

各位股東：

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

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

監事會認真審閱並同意董事會擬提呈予二零一八年度股東週年大會的董事會報告、經審核的財務報告以及股息派發方案，認為董事會成員、本公司總經理及其他高級管理人員，嚴格遵守誠信原則，工作克勤盡職，真誠地以公司最大利益為出發點行使職權，能夠按照公司章程開展各項工作，運作較為規範，內部控制制度日趨完善。本公司與關連企業交易嚴格按符合本公司股東整體利益之條款及公平合理之價格執行。至今未發現董事、總經理及高級管理人員濫用職權、損害本公司利益及侵犯本公司股東和本公司員工權益之行為，亦未違反法例、規則或公司章程。

監事會對本公司二零一八年度各項工作和取得的經濟效益表示滿意，對公司未來的發展前景充滿信心。

承監事會命
北京同仁堂科技發展股份有限公司
蘇莉
監事長

中國北京，
二零一九年三月十九日

Corporate Governance Report

企業管治報告

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

BOARD OF DIRECTORS

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

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

The Board convenes meetings regularly and when significant decision has to be made. The Board convened seven meetings in 2018 to discuss and decide development strategies, major operational matters, financial matters and other matters of the Company as stipulated under the Articles of Association. Unless specifically noted, all of the Directors have attended the Board meetings, committee meetings, general meetings, and conferences between the Chairman and independent non-executive Directors during their tenures of office in the year of 2018. The attendance of Directors to the relevant meetings is set out as below:

Directors

董事

Executive Directors

Gao Zhen Kun (*Chairman*)
Huang Ning
Wu Le Jun
Wu Qian
Wang Yu Wei
Fang Jia Zhi
Gu Hai Ou
Rao Zu Hai
Li Bin

執行董事

高振坤 (*董事長*)
黃寧
吳樂軍
吳倩
王煜煒
房家志
顧海鷗
饒祖海
李繽

Independent non-executive Directors

Ting Leung Huel, Stephen
Chan Ching Har, Eliza
Zhan Yuan Jing
Tam Wai Chu, Maria
Jin Shi Yuan

獨立非執行董事

丁良輝
陳清霞
詹原競
譚惠珠
金世元

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

Note 2: Jin Shi Yuan did not attend the general meeting held by the Company in the year of 2018 due to physical conditions.

Corporate Governance Report (Cont'd)

企業管治報告(續)

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

董事會

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

董事會已成立三個專門委員會，分別為審核委員會、薪酬委員會及提名委員會，以監察本公司特定方面之事務。按照上市規則規定及其他有關法律規定，董事會及專門委員會須根據妥善訂立之書面職權範圍工作。

董事會定期及於需要作出重大決策時召開全體會議。董事會於二零一八年共舉行了七次會議，討論和決定本公司的發展戰略、重大經營事項、財務事項及公司章程規定的其他事項。除特別註明外，各董事於二零一八年內均已出席在其任期內本公司舉行的全部董事會、專門委員會及股東大會，以及董事長與獨立非執行董事會議。各董事參與有關會議的詳情列載如下：

Board meeting 董事會會議	The number of times of attendance ^(Note 1) /meeting 出席次數(註1)/舉行會議次數				General meeting ^(Note 2) 股東大會(註2)	Conference between the Chairman and independent non-executive Directors 董事長與獨立非執行董事會議
	Audit Committee meeting 審核委員會會議	Remuneration Committee meeting 薪酬委員會會議	Nomination Committee meeting 提名委員會會議			
	7/7	-	2/2	1/1	1/1	1/1
	4/4	-	-	-	-	-
	4/4	-	-	-	-	-
	4/4	-	-	-	-	-
	7/7	-	-	-	1/1	-
	7/7	-	-	-	1/1	-
	3/3	-	-	-	1/1	-
	3/3	-	-	-	1/1	-
	3/3	-	-	-	1/1	-
	7/7	2/2	2/2	-	1/1	1/1
	4/4	1/1	-	-	-	-
	4/4	1/1	1/1	-	-	-
	3/3	1/1	-	1/1	1/1	1/1
	3/3	1/1	1/1	1/1	0/1	1/1

註1：每位董事均為親自出席其任期內之會議，未有委託出席會議之情況。

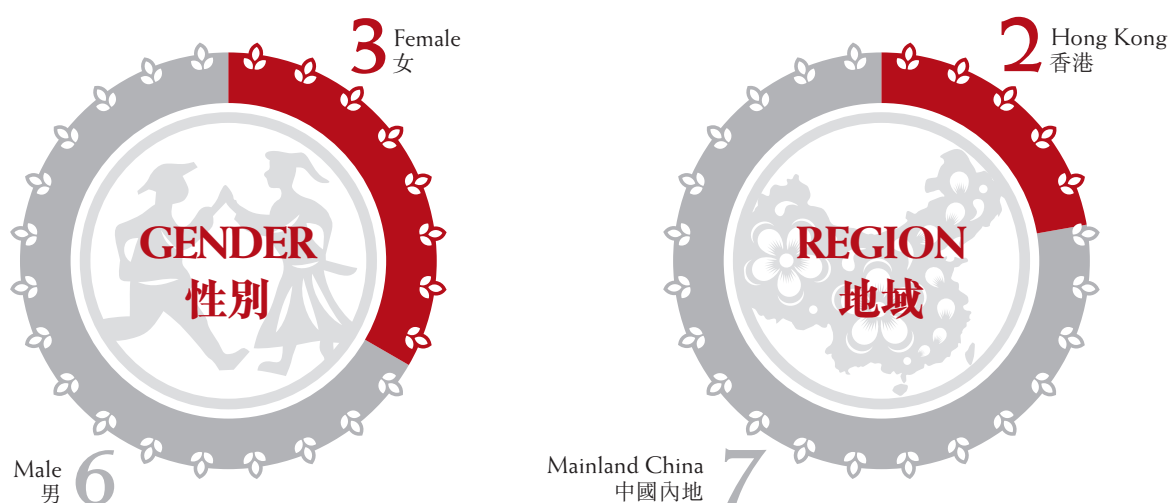
註2：金世元先生由於身體原因，未能出席本公司於二零一八年內舉行的股東大會。

Corporate Governance Report (Cont'd)

企業管治報告 (續)

Composition of the Board of Directors

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



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

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

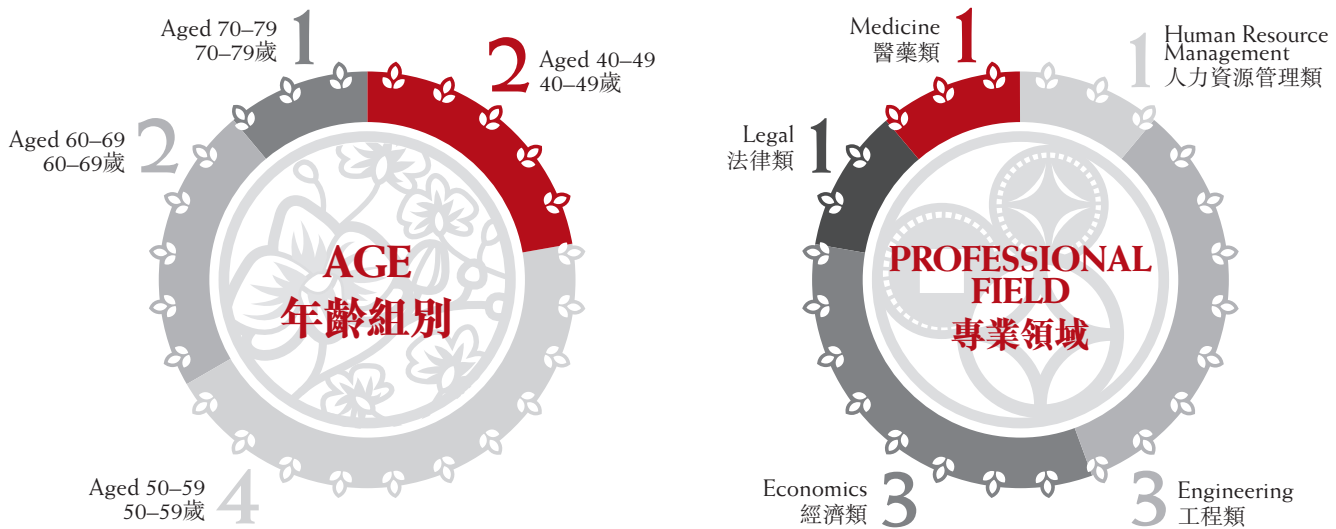
All of the one independent non-executive Director has been serving for more than nine years. In a circular dispatched to the shareholders on 25 April 2018 regarding the re-election of the independent non-executive Director, the Company has confirmed the independence of the one person and set out the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

According to the requirements of the Listing Rules, the Company has received a written confirmation of the independence from each of such independent non-executive Directors for the year of 2018. The Company considers that all independent non-executive Directors are independent from the Company.

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

董事會組成

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



董事的履歷詳情請參見本報告第98頁至第101頁。

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

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

根據上市規則規定，本公司已獲得該等獨立非執行董事各自以書面確認其於二零一八年度相對於本公司的獨立性。本公司認為所有獨立非執行董事均獨立於本公司。

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

Corporate Governance Report (Cont'd)

企業管治報告 (續)

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

Board Diversity

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

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

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

Responsibilities of the Board and the Management

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

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

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

董事會成員多元化

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

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

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

董事會與管理層職責

根據公司章程的規定，董事會對股東大會負責，具有下列職權：

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

Corporate Governance Report (Cont'd)

企業管治報告 (續)

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

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

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

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

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

根據企業管治守則的規定，董事會在企業管治方面具有下列職權：

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

根據公司章程的規定，管理層是本公司的執行層，對董事會負責，具有下列職責：

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

Corporate Governance Report (Cont'd)

企業管治報告 (續)

Chairman of the Board and General Manager

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

Continuous Professional Development of Directors

The Directors should participate in continuous professional development to develop and update their knowledge and skills in order to ensure that they continue making contributions to the Board in an informed and appropriate manner. The Company is responsible for arranging appropriate training and providing relevant funding with appropriate emphasis on the roles, functions and duties of a director of the Company. During the Reporting Period, training in relation to directors' duties, corporate governance, inside information disclosure, Directors' securities transactions and the latest amendments of the Listing Rules were arranged for all Directors, thus enabling them to further understand and grasp the regulations and standardized operations of listing companies. The Company also published appointment rules and memorandum of duties to all Directors of the new session so as to ensure continuous compliance in their performance of duties. In addition, the Directors also participated in relevant training or studied reading materials according to their actual needs for performance of duties. These materials included information in respect of laws and regulations, confidentiality management and risk prevention, which effectively facilitated the improvement of duty performance.

Directors' Training 董事培訓情況

Directors	董事
Executive Directors	執行董事
Gao Zhen Kun (<i>Chairman</i>)	高振坤 (<i>董事長</i>)
Huang Ning	黃寧
Wu Le Jun	吳樂軍
Wu Qian	吳倩
Wang Yu Wei	王煜煒
Fang Jia Zhi	房家志
Gu Hai Ou	顧海鷗
Rao Zu Hai	饒祖海
Li Bin	李繽
Independent non-executive Directors	獨立非執行董事
Ting Leung Huel, Stephen	丁良輝
Chan Ching Har, Eliza	陳清霞
Zhan Yuan Jing	詹原競
Tam Wai Chu, Maria	譚惠珠
Jin Shi Yuan	金世元

Corporate Governance Report (Cont'd)

企業管治報告 (續)

FINANCIAL REPORTING

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

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

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

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

財務匯報

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

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

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

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

風險管理及內部監控

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

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

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

Corporate Governance Report (Cont'd)

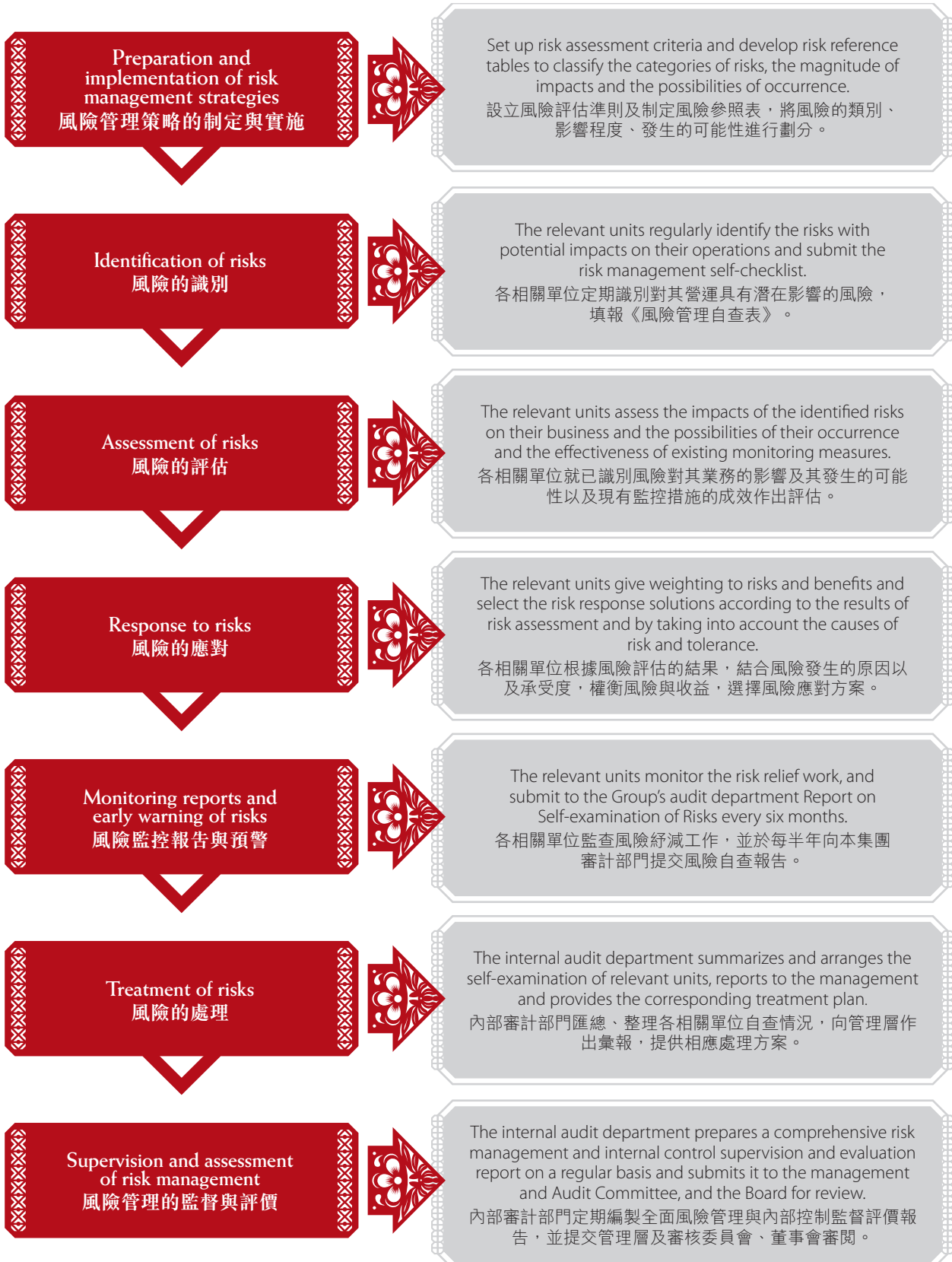
企業管治報告 (續)

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

The Group has formulated a series of risk management and internal monitoring systems and relevant supporting operation guidelines. For instance, the Company has promulgated the Information Disclosure Management System to regulate the disclosure procedure of inside information and other types of information. During the year, the Company enacted the Risk Management System, which institutionalized the operation of risk management system, and regulated and standardized the risk management. With the aforesaid monitoring systems and guidelines, the Group has established a standard and effective risk management and internal monitoring systems so as to safeguard the assets of the Group and interests of shareholders.

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

本集團訂有一系列風險管理及內部監控制度及相關配套操作指引，例如，本公司已制定《信息披露管理制度》以規範發布包括內幕消息在內之各類信息之程序；於年內頒布了《風險管理制度》，從制度層面規範了風險管理體系的運行，使風險管理工作規範化、常態化。借助上述監控制度及指引，本集團得以建立規範、有效的風險管理及內部監控體系，保障本集團資產及股東利益。



Corporate Governance Report (Cont'd)

企業管治報告 (續)

MAJOR RISKS AND RESPONSE MEASURES

In 2018, the material risks listed by the Group included policy risk, operational risk and financial risk. For the identified material risks, the Group has taken proactive measures to cope with various risks.

For the risks of economic and reputation loss caused by possible quality issues, the Group identified and sorted out potential hazards in the production and operation fields, conducted analysis and research on the identified hazards, and formulated rectification plan, which laid the foundation for the continuous improvement of the quality control level of the Group and minimized quality risk.

For the contingent risks from the emergencies in relation to “Tong Ren Tang” brand, the Group established a good brand protection emergency mechanism, in which the brand management department will cooperate with all relevant departments in collecting information about the emergencies in relation to the “Tong Ren Tang” brand in a timely manner and set up counter-measures. Meanwhile, the Group constantly strengthened its management of its subsidiaries to maintain the image of the “Tong Ren Tang” brand.

For the risks caused by the large inventory amount, the Group has timely grasped the quantity and costs of various raw material inventories to reasonably arrange the use of funds to prevent tie-up of funds arising from the purchase of raw materials to the extent possible. In the meanwhile, the Group has sorted out inventory varieties and rationally arranged sales and procurement plan in accordance with the production and sales plans to maintain a reasonable inventory and optimise the inventory structure, so as to ensure supply while reducing the tie-up of funds.

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

For the increase in investment cost arising from safe production management and uncertainty risks due to potential safety hazards and safety accidents, the Group stepped up its efforts in safety training and elimination of potential hazards, ensured explicit division of labor and improved the effectiveness of potential hazards management.

The Board has reviewed the risk management and internal control system for the period from 1 January 2018 to 31 December 2018 at the Board meeting held on 19 March 2019. The chief auditor, special internal audit department and Audit Committee have reviewed the effectiveness of internal control systems of the Company and its subsidiaries covering financial, operational, compliance and risk management procedures.

In addition, the review of the Directors also took into account the adequacy of resources, staff qualification and experience, and training programs and the relevant budgets of the Group’s accounting and financial reporting function. For the year end of 31 December 2018, the Group had no material monitoring error or monitoring weakness, and the Board is satisfied that the risk management and internal control system of the Group are working effectively, adequate and implemented on an ongoing basis. The Group will continue to improve the internal control system and strengthen the risk management function as necessary, so as to continuously optimize the risk management and internal control system.

主要風險及應對措施

二零一八年，本集團所列示的主要風險包括政策風險、經營風險、財務風險。針對已識別出的主要風險，本集團已採取積極措施以應對各類風險。

針對可能出現的質量問題而給本集團造成經濟及聲譽損失的風險，梳理和排查生產經營領域存在的風險隱患，針對梳理出的問題，進行逐項分析和研究，制定整改方案，為本集團持續提升質量管控水平奠定基礎，以最大限度降低質量風險。

針對有關「同仁堂」品牌的突發事件而給本集團帶來之不確定風險，本集團制定有品牌保護應急機制，由品牌管理部門聯合各相關部門，及時收集有關「同仁堂」品牌的突發事件，並制定應對措施；同時，持續強化對子公司的管理，維護「同仁堂」品牌形象。

針對存貨庫存數額較大所帶來之風險，本集團及時掌握各種原料庫存的數量及成本以合理安排資金使用，儘量避免因購入原料而帶來的庫存資金佔壓。同時，本集團依據生產計劃和銷售計劃，梳理庫存品種，合理安排銷售及採購計劃，保持合理庫存水平並優化庫存結構，確保供應的同時減少資金佔壓。

針對應收賬款數額增大之風險，本集團繼續強化信用管理和客戶管控，加強對經銷商回款的管理；同時，從制度層面上對銷售政策、經銷商管理、合同協議管理、發貨退貨管理、回款管理等方面進行規定，持續加強應收賬款管理。

針對安全生產管理投資成本增加及可能存在的安全隱患、安全事故而帶來的不確定性風險，本集團加大安全培訓、隱患排查力度，確實保障責任落實到人，分工明確，提高隱患治理成效。

董事會於二零一九年三月十九日舉行的董事會會議上檢討了涵蓋二零一八年一月一日至二零一八年十二月三十一日止期間之風險管理及內部監控系統事宜，透過總審計師、專門的內部審計部門和審核委員會檢討本公司及其子公司內部監控制度之效能，包括財務、營運、合規以及風險管理程序。

此外，董事之審閱亦會考慮本集團會計及財務匯報職能方面的資源、員工資歷及經驗是否足夠，以及培訓課程及有關預算是否充足。於截至二零一八年十二月三十一日止年度，本集團未發生重大監控失誤，亦未發現重大監控弱項，董事會確信本集團風險管理及內部監控系統是有效、足夠而且持續進行，本集團將持續於必要時改善其內部監控制度及強化風險管理功能，以不斷完善風險管理及內部監控系統。

Corporate Governance Report (Cont'd)

企業管治報告 (續)

AUDIT COMMITTEE

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

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

During the year of 2018, the Audit Committee convened two meetings. The first meeting was held on 19 March 2018 to review and discuss the operating results, financial position and major accounting policies contained in the audited financial statements of the Group for the year ended 31 December 2017 as well as matters in relation to risk management, legal compliance and internal audit, and to listen to the result of audit reported by the auditors. The Audit Committee concluded the meeting with agreement to the contents of the 2017 annual report. The second meeting was held on 16 August 2018 to review and discuss the operating results, financial position and major accounting policies contained in the unaudited financial statements of the Group for the six months ended 30 June 2018 as well as matters in relation to risk management, legal compliance and internal audit. The Audit Committee concluded the meeting with agreement to the contents of the 2018 interim report.

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

At the meeting held on 18 March 2019, the Audit Committee reviewed and discussed the operating results, financial position and major accounting policies contained in the audited financial statements of the Group for the year ended 31 December 2018, as well as matters in relation to risk management, legal compliance and internal audit, and reviewed the effectiveness of risk management and internal control systems as well as internal audit, and to listened to the results of audit reported by the auditors. The Audit Committee concurred in the contents of the 2018 annual result and annual report.

審核委員會

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

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

於二零一八年內，審核委員會已舉行了兩次會議。於二零一八年三月十九日舉行的審核委員會第一次會議上審閱及討論本集團截至二零一七年十二月三十一日止年度之經審核財務報表的經營業績及財務狀況、主要會計政策，及有關風險管理、合法合規和內部審計事項，並聽取審計師對本公司審計結果之意見。審核委員會同意二零一七年年報的內容。於二零一八年八月十六日舉行的審核委員會第二次會議上審閱及討論本集團截至二零一八年六月三十日止六個月之未經審核財務報表的經營業績及財務狀況、主要會計政策及有關風險管理、合法合規和內部審計事項，審核委員會同意二零一八年中報的內容。

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

於二零一九年三月十八日舉行的審核委員會會議上審閱及討論了本集團截至二零一八年十二月三十一日止年度之經審核財務報表的經營業績及財務狀況、主要會計政策，及有關風險管理、合法合規和內部審計事項，同時，檢討了風險管理及內部監控系統以及內部審核功能的有效性，並聽取審計師對本公司審計結果之意見。審核委員會同意二零一八年度業績及年報的內容。

Corporate Governance Report (Cont'd)

企業管治報告 (續)

REMUNERATION COMMITTEE

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

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

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

During the year of 2018, two meetings have been held by the Remuneration Committee. At the meeting held on 19 March 2018, the Remuneration Committee reviewed and discussed the matters including the Directors', Supervisors' and senior management's emoluments for the year ended 31 December 2017 as well as the Directors' and Supervisors' relevant service contracts. At the meeting held on 12 June 2018, the Remuneration Committee discussed matters including the remuneration and related services contracts of newly appointed Directors and Supervisors, and made recommendations to the Board.

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

薪酬委員會

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

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

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

於二零一八年內，薪酬委員會舉行了兩次會議。於二零一八年三月十九日舉行的薪酬委員會會議上，審閱及討論本公司截至二零一七年十二月三十一日止年度之董事、監事及高級管理人員薪酬狀況以及審閱及討論本公司董事及監事的相關服務合約等事宜。於二零一八年六月十二日舉行的薪酬委員會會議上，討論本公司新一屆董事及監事之薪酬，及相關服務合約等事宜，並向董事會提出建議。

Corporate Governance Report (Cont'd)

企業管治報告 (續)

NOMINATION COMMITTEE

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

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

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

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

During the year of 2018, one meeting was held by the Nomination Committee. At the meeting held on 19 March 2018, the Nomination Committee reviewed and discussed the structure, size and composition of the Board. The committee also nominated candidates for the seventh session of the Board to the Board and proposed the re-election of Mr. Gao Zhen kun, Mr. Wang Yu Wei and Ms. Fang Jia Zhi as executive Directors of the Company, election of Mr. Huang Ning, Mr. Wu Le Jun and Ms. Wu Qian as executive Directors of the Company, re-election of Mr. Ting Leung Huel as an independent non-executive Director of the Company, election of Ms. Chan Ching Har, Eliza and Mr. Zhan Yuan Jing as independent non-executive Directors of the Company. The nominations were made on an objective basis and with due regard to the benefits to diversity of the Board.

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

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

提名委員會

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

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

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

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

於二零一八年內，提名委員會舉行了一次會議。於二零一八年三月十九日舉行的提名委員會會議上，審閱及討論本公司董事會的架構、人數及組成等事宜，並向董事會提名第七屆董事會成員候選人，建議重選高振坤先生、王煜煒先生、房家志女士出任本公司執行董事候選人，選舉黃寧先生、吳樂軍先生及吳倩女士出任本公司執行董事候選人，重選丁良輝先生出任本公司獨立非執行董事候選人，選舉陳清霞女士及詹原競先生出任本公司獨立非執行董事候選人。有關提名乃按客觀條件並適度顧及董事會成員多元化的裨益而作出。

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

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

Corporate Governance Report (Cont'd)

企業管治報告 (續)

COMPLIANCE WITH THE CODE

For the year ended 31 December 2018, the Company had always strictly complied with the code provisions contained in the Code.

During the year of 2018, the Board reviewed the Company's compliance with the Code and other rules related, formulated and revised the rules in respect of the corporate governance, and approved the Company's annual corporate governance report and its publication on the websites of the Hong Kong Stock Exchange and the Company.

DIRECTORS' AND SUPERVISORS' DEALINGS IN SECURITIES

The Company has adopted a Code of Conduct formulated on the basis of the Model Code regarding securities transactions by the Directors and Supervisors on terms no less exacting than the required standards contained in the Model Code. Having made specific enquiry to all the Directors and Supervisors, all of them confirmed that they had strictly complied with the required standards set out in the Model Code and the Code of Conduct of the Company in the year ended 31 December 2018.

INDEPENDENT AUDITOR'S REMUNERATION

PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP were the overseas auditor and domestic auditor of the Company respectively for the year ended 31 December 2018. Other than annual auditing services, they also provided non-audit services for the Company and other members of the Group.

The independent auditors' remuneration in respect of its audit and non-audit services for the year ended 31 December 2018 is set out in Note 25 to the Consolidated Financial Statements.

SHAREHOLDER'S RIGHTS AND INVESTOR RELATIONS

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

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

遵守企業管治守則

截至二零一八年十二月三十一日止年度，本公司一直嚴格遵守企業管治守則之守則條文。

於二零一八年度，董事會根據企業管治守則的規定檢討本公司遵守企業管治守則及其他相關規則的情況；制定及修訂了有關企業管治規定；批准本公司年度企業管治報告並同意在香港聯交所網站和本公司網站披露。

董事及監事的證券交易

本公司已就董事及監事進行的證券交易，採納了一套根據標準守則而制定的操守守則。本公司現時採納的守則所載條款不低於標準守則的規定。經對全體董事及監事做出詳盡查詢後，彼等確認於截至二零一八年十二月三十一日止年度期間均嚴格遵守標準守則及本公司操守守則的規定。

獨立核數師酬金

羅兵咸永道會計師事務所及普華永道中天會計師事務所(特殊普通合伙)分別為本公司截至二零一八年十二月三十一日止年度之境外核數師和境內核數師。除年度核數外，其亦為本公司及本集團內其他公司提供非核數服務。

截至二零一八年十二月三十一日止年度之獨立核數師核數及非核數酬金載於合併財務報表附註25。

股東權利及投資者關係

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

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

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

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

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

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

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

Sticking to the principle of sustainable returns to the shareholders, the Company has been distributing cash dividends each year since its listing. As at 31 December 2018, the Company has distributed cash dividends totaling over RMB2 billion. Set out below are the net profits attributable to owners of the Company (As previously stated) and the total amount of cash dividends since the Company's listing.

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

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

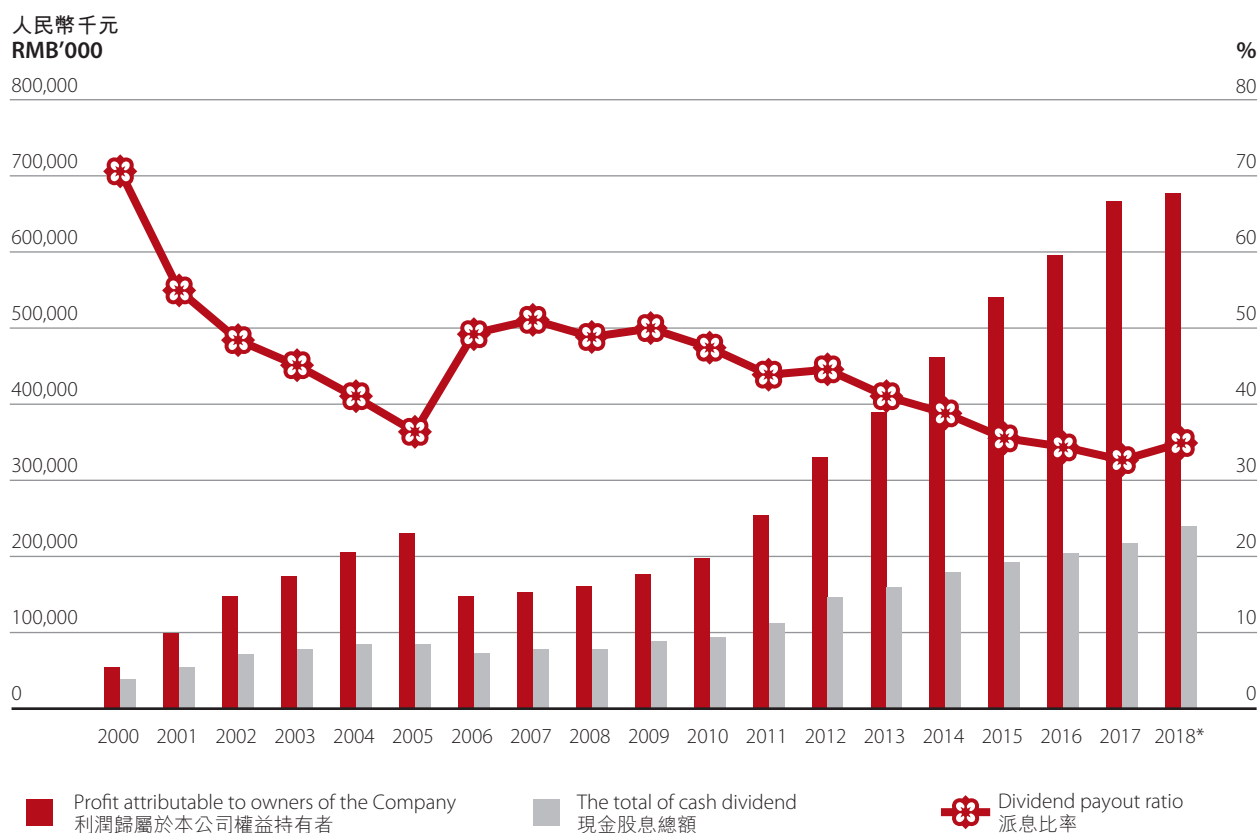
本公司召開股東週年大會，持有本公司有表決權的股份總數百分之五以上(含百分之五)的股東，有權以書面形式向公司提出新的議案，本公司應當將提案中屬於股東大會職責範圍內的事項，列入該次會議的議程。

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

自上市以來，本著持續回報股東的原則，本公司每年均派發現金股息，截至二零一八年十二月三十一日止，本公司累計已派發現金股息超過人民幣20億元。下表列示了本公司自上市以來歷年的歸屬於本公司所有者的淨利潤(原呈列)以及現金股息總額。

Corporate Governance Report (Cont'd)

企業管治報告(續)



* The cash dividend for the year 2018 is subject to the shareholders' approval at the 2018 AGM.

* 二零一八年度現金股息尚待二零一八年度股東週年大會批准。

ARTICLES OF ASSOCIATION 公司章程

During the Reporting Period, the Board of the Company, in accordance with relevant requirements and the actual situation of the Company, proposed amendments to the Articles of Association of the Company to include the requirements of Construction of the Communist Party China of the Company (among others). The amendments to the Articles of Association of the Company were reviewed and approved at the 2017 AGM. For details, please refer to the announcement dated 24 May 2018 and the Articles of Association of the Company dated 12 June 2018 on the websites of the Hong Kong Stock Exchange and the Company.

報告期內，本公司董事會根據相關規定以及本公司實際情況，建議對公司章程作出修訂，主要涉及增加本公司黨建工作要求等內容。本公司於二零一七年度股東週年大會審議通過了公司章程的修訂。具體修訂詳情請參閱本公司刊發於香港聯交所及本公司網站的日期為二零一八年五月二十四日之公告及二零一八年六月十二日之公司章程。

Directors, Supervisors and Senior Management

董事、監事及高級管理人員

EXECUTIVE DIRECTORS

Mr. Gao Zhen Kun, aged 55, the chairman of the Company, is a senior accountant with a postgraduate qualification. He previously served in Beijing Tong Ren Tang Medicinal Materials Co., Ltd. as the general manager and the Party Branch secretary, and in Tong Ren Tang Ltd. as the chief accountant, the deputy general manager, the Party Committee secretary, a director and the general manager, the chairman of Beijing Tong Ren Tang Commercial Investment Group Co., Ltd., and a director of each of Beijing Tong Ren Tang Investment Development Co., Ltd. and Beijing Tong Ren Tang Chinese Medicine (Hong Kong) Group Co., Ltd.. Mr. Gao is currently a director, the general manager and the vice secretary of the Party Committee of Tong Ren Tang Holdings, the chairman of Tong Ren Tang Ltd.. He is also a member of each of the 15th National People's Congress ("NPC") of Beijing and the 16th NPC of Dongcheng District, Beijing. Mr. Gao was appointed as a Director at the 2014 AGM of the Company.

Mr. Huang Ning, aged 58, is a senior engineer with a bachelor's degree. Mr. Huang formerly served as a deputy director of the technology and quality department, a deputy director of quality and technology development department, a deputy director (leading) of technology and quality department, and the deputy head of the department for management of drugstores in other cities of Tong Ren Tang Ltd., a deputy head of the quality and technology development department and a deputy head (leading) of the quality and technology department of Tong Ren Tang Holdings, a deputy manager of Beijing Tong Ren Tang Commercial Company (Preparation Group), and a deputy minister level position of the marketing and commodity price department, a deputy minister of the market management department, the director of information center, the deputy chief TCM pharmacist and the head of the technology and quality department of Tong Ren Tang Holdings. Mr. Huang was appointed as a Director at the 2017 AGM of the Company.

Mr. Wu Le Jun, aged 43, is a senior political worker with a master's degree. Mr. Wu formerly served as the secretary of the Youth League committee of Tong Ren Tang Ltd., the deputy secretary of the Party branch, deputy head and chairman of the labour union of Tongzhou Branch of Tong Ren Tang Pharma of Tong Ren Tang Ltd., the deputy secretary of the general Party branch, deputy head, chairman of the labour union of the North Branch of Tong Ren Tang Pharma of Tong Ren Tang Ltd., the deputy director of the Party Committee office, deputy head of publicity department, secretary of the Youth League committee and deputy head of the medical management department of Tong Ren Tang Holdings, the secretary of the general Party branch, deputy head and chairman of labour union of the North Branch of Tong Ren Tang Pharma of Tong Ren Tang Ltd., and head of Tongzhou Branch of Tong Ren Tang Pharma of Tong Ren Tang Ltd.. Mr. Wu currently serves as the head of the department of organisation, personnel and cadres of Tong Ren Tang Holdings. Mr. Wu was appointed as a Director at the 2017 AGM of the Company.

Ms. Wu Qian, aged 45, is a pharmacist-in-charge with a bachelor's degree. Ms. Wu formerly served as a deputy office director of Beijing Tong Ren Tang Medicinal Materials Co., Ltd., a deputy director of the general office of the Party Committee and a deputy head of the publicity department, a deputy director of the office of labour union of Tong Ren Tang Holdings, the office director, deputy secretary of the general Party Branch at the head office, the secretary of the general Party Branch at the head office of Tong Ren Tang Ltd.. Ms. Wu currently serves as the director of the general office of Tong Ren Tang Holdings. Ms. Wu was appointed as a Director at the 2017 AGM of the Company.

Mr. Wang Yu Wei, aged 51, is a senior engineer with a postgraduate qualification. He formerly served as the deputy officer of the new technology development center and the deputy factory manager of Factory 2 of Beijing Tong Ren Tang Pharma, the assistant to the general manager and the deputy general manager of the Company, the chairman of Tong Ren Tang Second Traditional Chinese Medicine Hospital and Nanshuan Zhonglu Drugstore. He is currently the general manager of the Company, the director of Beijing Tong Ren Tang (Tangshan) Nutrition and Healthcare Co., Ltd., Beijing Tong Ren Tang Technologies Tangshan. and Chinese Medicine Group. He is also a member of the 14th, 15th and 16th NPC of Fengtai District, Beijing. Mr. Wang was appointed as a Director at the 2008 AGM of the Company.

Directors, Supervisors and Senior Management (Cont'd) 董事、監事及高級管理人員(續)

執行董事

高振坤先生，55歲，本公司董事長，研究生學歷，高級會計師。歷任北京同仁堂藥材有限責任公司黨支部書記、總經理，同仁堂股份總會計師、副總經理、黨委書記、董事、總經理，北京同仁堂商業投資集團有限公司董事長，北京同仁堂投資發展有限責任公司董事及北京同仁堂國藥(香港)集團有限責任公司董事。現任同仁堂集團董事、總經理、黨委副書記，同仁堂股份董事長。彼亦為北京市第十五屆人大代表，北京市東城區第十六屆人大代表。高先生於本公司二零一四年度股東週年大會上獲委任為董事。

黃寧先生，58歲，本科學歷，高級工程師。歷任同仁堂股份技術質量部副主任、質技開發部副主任、技術質量部副主任(牽頭)、外埠藥店管理部副部長，同仁堂集團質技開發處副處長、質量技術處副處長(牽頭)，北京同仁堂商業公司(籌備組)副經理，同仁堂集團市場物價部副部級崗、市場管理部副部長、信息中心主任、副總中藥師、科技質量部部長。黃先生於本公司二零一七年度股東週年大會上獲委任為董事。

吳樂軍先生，43歲，研究生學歷，高級政工師。歷任同仁堂股份團委書記，同仁堂股份同仁堂製藥廠通州分廠黨支部副書記、副廠長、工會主席，同仁堂股份同仁堂製藥廠北分廠黨總支副書記、副廠長、工會主席，同仁堂集團黨委辦公室副主任、宣傳部副部長、團委書記、醫療管理部副部長，同仁堂股份同仁堂製藥廠北分廠黨總支書記、副廠長、工會主席，同仁堂股份同仁堂製藥廠通州分廠廠長。現任同仁堂集團組織人事幹部部部長。吳先生於本公司二零一七年度股東週年大會上獲委任為董事。

吳倩女士，45歲，本科學歷，主管藥師。歷任北京同仁堂藥材有限責任公司辦公室副主任，同仁堂集團黨委綜合辦公室副主任兼宣傳部副部長、工會辦公室副主任，同仁堂股份辦公室主任、本部黨總支副書記、本部黨總支書記。現任同仁堂集團綜合辦公室主任。吳女士於本公司二零一七年度股東週年大會上獲委任為董事。

王煜煒先生，51歲，研究生學歷，高級工程師。歷任北京同仁堂製藥二廠新技術開發中心副主任、副廠長，本公司總經理助理、副總經理，同仁堂第二中醫醫院及南三環中路藥店董事長。現任本公司總經理、同仁堂唐山保健品、同仁堂科技唐山、國藥集團董事。彼亦為北京市豐台區第十四屆、十五屆及十六屆人大代表。王先生於本公司二零零八年度股東週年大會上獲委任為董事。

Directors, Supervisors and Senior Management (Cont'd)

董事、監事及高級管理人員(續)

Ms. Fang Jia Zhi, aged 52, is a senior auditor with a university qualification. She formerly served as the deputy head and head of audit department of Tong Ren Tang Holdings, the deputy chief accountant of the Company and the director of Nansanhuan Zhonglu Drugstore and Tong Ren Tang Second Traditional Chinese Medicine Hospital. She is currently the chief accountant of the Company, the director of Tong Ren Tang Yanbian, Tong Ren Tang Anhui, Tong Ren Tang Zhejiang, Tong Ren Tang Hebei, Tong Ren Tang Hubei, Tong Ren Tang Henan, Tong Ren Tang Tongke, Tong Ren Tang WM, Tong Ren Tang Xing An Healthcare, Tong Ren Tang Tangshan Healthcare, Tong Ren Tang Technologies Tangshan, Tong Ren Tang Chengdu, Tong Ren Tang Liaoning, Tong Ren Tang Sichuan and Tong Ren Tang Bencao. Ms. Fang was appointed as a Director at the 2008 AGM of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ting Leung Huel, Stephen, aged 65, MH, FCCA, FCPA (Practising), ACA, CTA (HK), FHKIoD. He is a non-executive director of Chow Sang Sang Holdings International Limited and an independent non-executive director of other six listed companies namely Tongda Group Holdings Limited, New Silkroad Culturaltainment Limited Company Limited, Computer and Technologies Holdings Limited, Texhong Textile Group Limited, Dongyue Group Limited and China SCE Group Holdings Limited, respectively. Mr. Ting is an accountant in public practice and a partner of Messrs. Ting Ho Kwan & Chan, Certified Public Accountants (Practising). Mr. Ting has been appointed as an independent non-executive Director since 11 October 2000.

Ms. Chan Ching Har, Eliza, aged 62, JP, BBS, LL.D. (Hon), holds the qualifications of Barrister & Solicitor of British Columbia Supreme Court, Canada, Solicitor of the Supreme Court of England and Wales and Solicitor of the High Court of Hong Kong. Ms. Chan previously served as a member of the Selection Committee for the selection of the First Chief Executive of Hong Kong SAR, and member of the Election Committee for the selections of the Chief Executive of Hong Kong SAR and the Hong Kong SAR delegates to the National People's Congress. She was the Chairman of the Hong Kong CPPCC (Provincial) Members Association and the Chairman of the Hong Kong CPPCC (Provincial) Members Association Foundation. She also served at a number of Hong Kong Government appointed positions, notably as a member of the Hong Kong Hospital Authority, member of Hong Kong Public Service Commission, member of the Hong Kong Board of Education, member of Hong Kong Examinations and Assessment Authority, member of the Medical Council of Hong Kong, Chairman of Pensions Appeal Panel and member of Administration Appeals Board. She was a Council Member of The Hong Kong University of Science and Technology and Board member of the Hong Kong Science and Technology Park Corporation. Ms. Chan is a member of the National Committee of the Chinese People's Political Consultative Conference ("CPPCC"), a standing member of the CPPCC Tianjin Committee, Foreign Economic Affairs Legal Counsel to the Tianjin Municipal People's Government, an arbitrator of China International Economic and Trade Arbitration Commission (CIETAC), China-Appointed Attesting Officer appointed by the Ministry of Justice, Honorary President of Hong Kong China Chamber of Commerce and Senior Consultant of Zhong Lun Law Firm. Ms. Chan currently serves as an independent non-executive director of Cathay International Holdings Ltd and a non-executive director of Tianjin Development Holdings Limited. Ms. Chan was appointed as a Director at the 2017 AGM of the Company.

Mr. Zhan Yuan Jing, aged 74, is a senior engineer. Mr. Zhan previously served as the chairman, general manager, deputy Party Committee of Tianjin Zhongxin Pharmaceutical Group Co., Ltd., vice president of China Association of Traditional Chinese Medicine, vice president of Tianjin Medical Association, vice president of Tianjin Association of Traditional Chinese Medicine; and a visiting professor of Tianjin University. From June 2009 to May 2015, Mr. Zhan served as an independent director of Tong Ren Tang Ltd.. Mr. Zhan was appointed as a Director at the 2017 AGM of the Company.

Directors, Supervisors and Senior Management (Cont'd) 董事、監事及高級管理人員(續)

房家志女士，52歲，大學學歷，高級審計師。歷任同仁堂集團審計部副部長、部長，本公司副總會計師，南三環中路藥店及同仁堂第二中醫醫院董事。現任本公司總會計師、同仁堂延邊、同仁堂安徽、同仁堂浙江、同仁堂河北、同仁堂湖北、同仁堂河南、同仁堂通科、同仁堂麥爾海、同仁堂興安保健、同仁堂唐山保健品、同仁堂科技唐山、同仁堂成都、同仁堂遼寧、同仁堂四川及同仁堂本草董事。房女士於本公司二零零八年度股東週年大會上獲委任為董事。

獨立非執行董事

丁良輝先生，65歲，MH, FCCA, FCPA (Practising), ACA, CTA (HK), FHKIoD。現任周生生集團國際有限公司之非執行董事，以及其他六間上市公司之獨立非執行董事，分別為通達集團控股有限公司、新絲路文旅有限公司、科聯繫統集團有限公司、天虹紡織集團有限公司、東岳集團有限公司及中駿集團控股有限公司。丁先生為執業會計師，彼為丁何關陳會計師行合夥人。彼自二零零零年十月十一日獲委任為獨立非執行董事。

陳清霞女士，62歲，香港太平紳士、銀紫荊星章、榮譽法學博士，持有加拿大英屬哥倫比亞高等法院大律師及律師資格，以及英國及威爾士高等法院律師和香港高等法院律師資格。陳女士曾任香港特別行政區第一屆政府推選委員會委員、香港特別行政區行政長官選舉委員會委員及全國人民代表大會香港特別行政區代表選舉會議成員。其亦曾擔任港區省級政協委員聯誼會主席、港區省級政協委員基金會主席及香港特區政府委任的多項公職，主要包括香港醫院管理局成員、香港公務員敘用委員會成員、教育委員會成員、香港考試及評核局成員、香港醫務委員會成員、退休金上訴委員會主席、香港行政上訴委員會委員等。其亦曾擔任香港科技大學校董及香港科技園公司董事。陳女士現擔任中國人民政治協商會議全國委員會委員、天津市人民政治協商會議常務委員、天津市人民政府對外經濟事務法律顧問、中國國際經濟貿易仲裁委員會仲裁員、中國司法部委託公證人、香港中國商會榮譽會長、中倫律師事務所高級法律顧問等。其亦擔任Cathay International Holdings Ltd獨立非執行董事及天津發展控股有限公司非執行董事。陳女士於本公司二零一七年度股東週年大會上獲委任為董事。

詹原競先生，74歲，正高級工程師。曾任天津中新藥業集團股份有限公司董事長、總經理、黨委副書記，中國中藥協會副會長、天津市醫藥協會副會長、天津市中醫藥協會副會長、天津大學客座教授。二零零九年六月至二零一五年五月，曾任同仁堂股份獨立董事。詹先生於本公司二零一七年度股東週年大會上獲委任為董事。

Directors, Supervisors and Senior Management (Cont'd)

董事、監事及高級管理人員(續)

SUPERVISORS

Ms. Su Li, aged 38, chief supervisor, is an accountant with a bachelor's degree. Ms. Su previously served as the finance supervisor of Tong Ren Tang Holdings. She currently serves as the deputy head of financial operation department of Tong Ren Tang Holdings. Ms. Su was appointed as a Supervisor at the 2017 AGM of the Company.

Mr. Wu Yi Gang, aged 60, holding a bachelor degree of law, was admitted as a solicitor in 1984 and started practice in the same year. Mr. Wu founded Wu Luan Zhao Yan Law Firm in Beijing in 1994 and has been the managing partner of the firm since then. He served as one of the arbitrators of the first session of the Beijing Arbitration Commission in 1995. He currently serves as the deputy director of Dedicated Working Committee for Reexamination of Disciplinary Actions Against Members of Beijing Lawyers Association, and member of the First Council of Beijing Club of Non-Party Senior Intellectuals. He was appointed as a Supervisor at the extraordinary general meeting of the Company on 22 October 2003.

Mr. Dong Ke Man, aged 41, is an auditor with a bachelor's degree. Mr. Dong previously served as the financial manager of Zhongtie Jisheng Logistics Co., Ltd. and an externally assigned chief financial officer of China Automobile Trading Co., Ltd. He joined the Company in July 2011 and currently serves as the deputy chief accountant and head of audit department of the Company, the supervisor of Tong Ren Tang Tangshan Healthcare, Tong Ren Tang Second Traditional Chinese Medicine Hospital and Nansanhuan Zhonglu Drugstore. Mr. Dong was elected as a Supervisor in 2018.

SENIOR MANAGEMENT

Mr. Bai Jian, aged 59, is a deputy chief pharmacist with a university qualification. He formerly served as the head of the foreign economic relations and trade section, the assistant to the factory manager, the deputy factory manager of Factory 2 of Tong Ren Tang Pharma, the deputy factory manager of pharmaceuticals factory of Tong Ren Tang Ltd. and the factory manager of southern pharmaceuticals branch factory of Tong Ren Tang Ltd. and the deputy general manager of the Company. He joined the Company since 2002 and is currently the secretary to the Party Committee and the general auditor of the Company.

Ms. Liu Cun Ying, aged 54, is a senior accountant with a university qualification. She formerly served as the chief of the finance section of supply station of Tong Ren Tang Holdings, the deputy manager of the sale branch of the Company, the assistant to the general manager and the deputy general manager of the Company. She has retired on 1 February 2019.

Ms. Guo Gui Qin, aged 54, is a senior engineer and a licensed pharmacist with a postgraduate qualification. She formerly served as the deputy manager of the import and export branch of the Company, and the assistant to the general manager of the Company. She joined the Company since 2004 and is currently the deputy general manager of the Company.

Mr. Yang De Chun, aged 55, is a Pharmacist-in-charge with a postgraduate qualification. He formerly served as the assistant to the factory manager and the deputy factory manager of Beijing Tong Ren Tang Pharma, the deputy factory manager in charge of production and the deputy manager of southern branch factory, the deputy factory manager, the factory manager and the secretary to the Party Committee of northern branch factory of Tong Ren Tang Ltd, the deputy secretary to the Party Committee, the secretary to the Disciplinary Inspection Committee and the chairman of the labour committee of the Company. He joined the Company since 2011 and is currently the deputy general manager of the Company.

Ms. Zhang Jing Yan, aged 45, is a licensed pharmacist with a master degree in economics. She formerly served as a securities representative of Tong Ren Tang Ltd.. She joined the Company since 2002 and is currently the secretary to the Board and the Company secretary.

Directors, Supervisors and Senior Management (Cont'd) 董事、監事及高級管理人員(續)

監事

蘇莉女士，38歲，本公司監事長，本科學歷，會計師。歷任同仁堂集團財務主管。現任同仁堂集團財務運行部副部長。蘇女士於本公司二零一七年度股東週年大會上獲委任為監事。

吳以綱先生，60歲，法律學士，一九八四年取得律師資格，同年開始執業。一九九四年創建北京市吳樂趙閻律師事務所並擔任主任至今，一九九五年擔任首屆北京仲裁委員會仲裁員。現任北京市律師協會會員處分複查專門工作委員會副主任、北京市黨外高級知識分子聯誼會第一屆理事會理事。吳先生於二零零三年十月二十二日召開的本公司臨時股東大會獲委任為監事。

董克滿先生，41歲，本科學歷，審計師。歷任中鐵吉盛物流有限公司財務經理、中國進口汽車貿易有限公司外派財務總監。於二零一一年七月加入本公司，現任本公司副總會計師兼審計部部長，同仁堂唐山保健品、同仁堂第二中醫醫院及南三環中路藥店監事。董先生於二零一八年獲委任為本公司監事。

高級管理人員

白建先生，59歲，大學學歷，副主任藥師。歷任同仁堂製藥二廠外經外貿科科長、廠長助理、副廠長，同仁堂股份製藥廠副廠長，同仁堂股份製藥廠南分廠廠長，本公司副總經理。自二零零二年起加入本公司，現任本公司黨委書記、總審計師。

劉存英女士，54歲，大學學歷，高級會計師。歷任同仁堂集團供應站財務科科長，本公司經營分公司副經理，本公司總經理助理及副總經理。劉存英女士已於二零一九年二月一日退休。

郭桂芹女士，54歲，研究生學歷，高級工程師，執業藥師。歷任本公司進出口分公司副經理，本公司總經理助理。自二零零四年起加入本公司，現任本公司副總經理。

楊德春先生，55歲，研究生學歷，主管藥師。歷任同仁堂製藥廠廠長助理、副廠長，同仁堂股份南分廠生產副廠長、副廠長，北分廠副廠長、廠長、黨總支書記，本公司黨委副書記、紀委書記、工會主席。自二零一一年起加入本公司，現任本公司副總經理。

張京彥女士，45歲，經濟學碩士，執業藥師。曾任同仁堂股份證券事務代表。自二零零二年起加入本公司，現任本公司董事會秘書及公司秘書。

Independent Auditor's Report

獨立核數師報告



羅兵咸永道

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

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

OPINION

What we have audited

The consolidated financial statements of Tong Ren Tang Technologies Co. Ltd. (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 112 to 232, which comprise:

- the consolidated balance sheet as at 31 December 2018;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 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**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

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



羅兵咸永道

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

意見

我們已審計的內容

北京同仁堂科技發展股份有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)列載於第112至232頁的合併財務報表，包括：

- 於二零一八年十二月三十一日的合併資產負債表；
- 截至該日止年度的合併利潤表；
- 截至該日止年度的合併綜合收益表；
- 截至該日止年度的合併權益變動表；
- 截至該日止年度的合併現金流量表；及
- 合併財務報表附註，包括主要會計政策概要。

我們的意見

我們認為，該等合併財務報表已根據《國際財務報告準則》真實而中肯地反映了貴集團於二零一八年十二月三十一日的合併財務狀況及其截至該日止年度的合併財務表現及合併現金流量，並已遵照香港《公司條例》的披露規定妥為擬備。

意見的基礎

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

我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

Independent Auditor's Report (Cont'd)

獨立核數師報告(續)

BASIS FOR OPINION (CONT'D)

Independence

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

KEY AUDIT MATTERS

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

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

Key Audit Matter

How our audit addressed the Key Audit Matter

Realisability of Inventories

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

At 31 December 2018, the Group held inventories of RMB2,361,161,000. Inventories are stated at the lower of cost and net realisable value, and the latter is the estimated selling price in the ordinary course of business less estimated costs to completion and those necessary to make the sale.

We focused on this area given the significance of inventories at 31 December 2018 and that management applies judgements in determining the appropriate level of provisions for inventories based on inspections and analyses of degree of obsolescence on various categories and types of inventories, pricing plans for different products, etc.

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

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

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

Independent Auditor's Report (Cont'd)

獨立核數師報告(續)

意見的基礎(續)

獨立性

根據國際會計師專業操守理事會頒布的《專業會計師道德守則》(以下簡稱「道德守則」)，我們獨立於貴集團，並已履行道德守則中的其他專業道德責任。

關鍵審計事項

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

我們在審計中識別的關鍵審計事項與存貨可變現能力有關：

關鍵審計事項

我們的審計如何處理關鍵審計事項

存貨可變現能力

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

於二零一八年十二月三十一日，貴集團存貨賬面價值人民幣2,361,161千元。存貨按成本及可變現淨值兩者的較低者列賬，後者乃按其於日常業務過程中的估計售價，抵減估計至完成及銷售的必要成本。

我們關注此領域是由於在二零一八年十二月三十一日存貨金額重大，且管理層運用基於檢查和分析各種類別和類型存貨的過時程度、不同產品的定價計劃等判斷來決定存貨計價準備的適當水平。

我們通過以下程序獲取管理層決定存貨可變現淨值所採用假設適當性的證據：

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

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

Independent Auditor's Report (Cont'd)

獨立核數師報告(續)

OTHER INFORMATION

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

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

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

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

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

其他信息

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

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

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

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

董事及審核委員會就合併財務報表須承擔的責任

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

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

審核委員會須負責監督貴集團的財務報告過程。

核數師就審計合併財務報表承擔的責任

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

Independent Auditor's Report (Cont'd)

獨立核數師報告(續)

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

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

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

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

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

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

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 March 2019

核數師就審計合併財務報表承擔的責任(續)

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

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

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

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

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

出具本獨立核數師報告的審計項目合夥人是吳曉彤。

羅兵咸永道會計師事務所
執業會計師

香港，二零一九年三月十九日

Consolidated Balance Sheet

合併資產負債表

As at 31 December 2018 於二零一八年十二月三十一日

		As at 31 December 於十二月三十一日	
		2018	2017
	Note 附註	RMB'000 人民幣千元	RMB'000 人民幣千元
Assets 資產			
Non-current assets 非流動資產			
Leasehold land and land use rights 租賃土地及土地使用權	6	164,370	152,193
Property, plant and equipment 房屋及建築物、廠房及設備	7	2,029,183	1,674,297
Intangible assets 無形資產	8	73,990	75,469
Investments accounted for using the equity method 按權益法入賬的投資	10	26,469	27,839
Financial assets at fair value through other comprehensive income 以公允價值計量且其變動計入其他綜合收益的金融資產	12	13,553	–
Available-for-sale financial assets 可供出售金融資產	12	–	12,804
Prepayments for purchase of non-current assets 非流動資產預付款		33,038	58,977
Deferred income tax assets 遞延所得稅資產	16	37,585	30,702
		2,378,188	2,032,281
Current assets 流動資產			
Inventories 存貨	15	2,361,161	2,302,890
Trade and bills receivables 應收賬款及票據	14	1,048,988	1,147,894
Amounts due from related parties 應收關聯公司款項	34(e)	214,778	203,329
Other financial assets at amortised cost 以攤餘成本計量的其他金融資產		53,273	–
Prepayments and other current assets 預付款及其他流動資產		100,490	117,274
Financial assets at fair value through profit or loss 以公允價值計量且其變動計入損益的金融資產	13	29,000	–
Financial assets at fair value through other comprehensive income 以公允價值計量且其變動計入其他綜合收益的金融資產	12	141,827	–
Short-term bank deposits 短期銀行存款	33(b)	1,538,125	1,048,428
Cash and cash equivalents 現金及現金等價物	33(b)	1,904,036	2,023,561
		7,391,678	6,843,376
Total assets 資產總計		9,769,866	8,875,657
Equity and liabilities 權益及負債			
Equity attributable to owners of the Company 歸屬於本公司所有者			
Share capital 股本	17	1,280,784	1,280,784
Reserves 儲備	18	4,035,868	3,535,836
		5,316,652	4,816,620
Non-controlling interests 非控制性權益	9	1,960,197	1,642,922
Total equity 權益合計		7,276,849	6,459,542

Consolidated Balance Sheet (Cont'd)

合併資產負債表(續)

As at 31 December 2018 於二零一八年十二月三十一日

		As at 31 December 於十二月三十一日	
		2018	2017
	Note 附註	RMB'000 人民幣千元	RMB'000 人民幣千元
Liabilities 負債			
Non-current liabilities 非流動負債			
Borrowings 借款	20	911,331	915,480
Deferred income tax liabilities 遞延所得稅負債	16	5,679	5,302
Deferred income – government grants 遞延收入 — 政府補助	19	83,680	93,787
		1,000,690	1,014,569
Current liabilities 流動負債			
Trade and bills payables 應付賬款及票據	21	665,038	698,415
Salary and welfare payables 應付工資及福利費	22	92,970	89,900
Advances from customers 預收款項		51,297	57,131
Contract liabilities 合同負債	23	4,324	–
Amounts due to related parties 應付關聯公司款項	34(e)	154,678	69,150
Current income tax liabilities 當期所得稅負債		50,282	49,509
Other payables 其他應付款		273,592	227,641
Borrowings 借款	20	200,146	209,800
		1,492,327	1,401,546
Total liabilities 負債合計		2,493,017	2,416,115
Total equity and liabilities 權益及負債總計		9,769,866	8,875,657

The notes on pages 120 to 232 are an integral part of these financial statements.

第 120 至 232 頁的附註為合併財務報表的整體部分。

The financial statements on pages 112 to 232 were approved by the Board of Directors on 19 March 2019 and were signed on its behalf.

第 112 至 232 頁的財務報表已由董事會於二零一九年三月十九日批准，並代表董事會簽署。

Gao Zhen Kun
高振坤
Chairman
董事長

Fang Jia Zhi
房家志
Director
董事

Consolidated Income Statement

合併利潤表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

	Note 附註	2018	2017
		RMB'000 人民幣千元	RMB'000 人民幣千元
Revenue 收入	23	5,059,638	5,025,183
Cost of sales 銷售成本	25	(2,631,659)	(2,499,641)
Gross profit 毛利		2,427,979	2,525,542
Distribution expenses 銷售費用	25	(866,651)	(994,455)
Administrative expenses 管理費用	25	(364,248)	(364,651)
Net impairment (losses)/gains on financial assets 金融資產淨減值(損失)/利得	25	(6,055)	1,427
Operating profit 營業利潤		1,191,025	1,167,863
Finance income 財務收益	24	32,031	19,830
Finance costs 財務費用	24	(14,964)	(21,685)
Finance income/(costs), net 財務收益/(費用)·淨額	24	17,067	(1,855)
Share of (losses)/income of investments accounted for using the equity method 享有按權益法入賬的投資的(虧損)/收益份額	10	(138)	96
Other (losses)/gains 其他(損失)/利得		(884)	120
Profit before income tax 除所得稅前利潤		1,207,070	1,166,224
Income tax expense 所得稅費用	27	(201,217)	(196,332)
Profit for the year 年度利潤		1,005,853	969,892
Profit attributable to: 利潤歸屬於:			
Owners of the Company 本公司所有者		677,815	666,666
Non-controlling interests 非控制性權益		328,038	303,226
		1,005,853	969,892
Earnings per share for profit attributable to owners of the Company during the year 年內的每股收益歸屬於本公司所有者			
— Basic and diluted 基本及攤薄每股收益	28	RMB0.53	RMB0.52

The notes on pages 120 to 232 are an integral part of these consolidated financial statements.

第120至232頁的附註為合併財務報表的整體部分。

Consolidated Statement of Comprehensive Income

合併綜合收益表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Profit for the year 年度利潤	1,005,853	969,892
Other comprehensive income/(losses) 其他綜合收益/(損失)		
<i>Items that may be reclassified to profit or loss 其後可能被重分類至損益的項目</i>		
Change in fair value of available-for-sale financial assets 可供出售金融資產的公允價值變動	-	1,734
Foreign currency translation differences 外幣折算差額		
— Group 集團	104,859	(130,778)
— Joint ventures and associates 合營及聯營企業	2,179	(325)
<i>Items that will not be reclassified to profit or loss 其後不能被重分類至損益的項目</i>		
Change in fair value of financial assets at fair value through other comprehensive income 以公允價值計量且其變動計入其他綜合收益的金融資產的價值變動	127	-
Other comprehensive income/(losses) for the year, net of tax 本年度其他綜合收益/(損失)，扣除稅項	107,165	(129,369)
Total comprehensive income for the year 本年度總綜合收益	1,113,018	840,523
Attributable to: 歸屬於:		
Owners of the Company 本公司所有者	717,121	618,361
Non-controlling interests 非控制性權益	395,897	222,162
Total comprehensive income for the year 本年度總綜合收益	1,113,018	840,523

The notes on pages 120 to 232 are an integral part of these consolidated financial statements.

第120至232頁的附註為合併財務報表的整體部分。

Consolidated Statement of Changes in Equity

合併權益變動表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

	Attributable to owners of the Company 歸屬於本公司所有者										Non- controlling interests 非控制性 權益	Total Equity 權益合計
	Share Capital 股本 (Note 17) RMB'000 人民幣千元	Capital Reserve 資本儲備 (Note 18(a)) RMB'000 人民幣千元	Statutory surplus reserve fund 法定盈餘 公積金 (Note 18(b)) RMB'000 人民幣千元	Statutory public welfare fund 法定公益金 (Note 18(b)) RMB'000 人民幣千元	Tax reserve 免稅基金 (Note 18(c)) RMB'000 人民幣千元	Foreign currency translation differences 外幣折算差額 (Note 18(d)) RMB'000 人民幣千元	Available-for-sale financial assets reserve 可供出售投資 重估準備 (Note 18(e)) RMB'000 人民幣千元	Other reserve 其他儲備 (Note 18(e)) RMB'000 人民幣千元	Retained earnings 未分配利潤 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元		
Balance as at 1 January 2017 於二零一七年一月一日餘額	1,280,784	411,601	387,703	45,455	102,043	42,397	(162)	156,851	1,976,512	4,403,184	1,481,924	5,885,108
Comprehensive income 綜合收益												
Profit for the year 年度利潤	-	-	-	-	-	-	-	666,666	666,666	303,226	969,892	
Change in fair value of available-for-sale financial assets 可供出售金融資產的公允價值變動	-	-	-	-	-	660	-	-	660	1,074	1,734	
Foreign currency translation differences 外幣折算差額												
— Group 集團	-	-	-	-	-	(48,640)	-	-	(48,640)	(82,138)	(130,778)	
— Joint ventures and associates 合營及聯營企業	-	-	-	-	-	(325)	-	-	(325)	-	(325)	
Transactions with owners in their capacity as owners 與權益所有者以其所有者的身份進行的交易												
Appropriation from retained earnings 提取盈餘公積	-	-	53,201	-	-	-	-	(53,201)	-	-	-	
2016 dividends paid to shareholders of the Company 支付本公司股東二零一六年度股息	-	-	-	-	-	-	-	(204,925)	(204,925)	-	(204,925)	
2016 dividends paid to non-controlling interests 支付非控制性權益二零一六年度股息	-	-	-	-	-	-	-	-	-	(104,655)	(104,655)	
Capital injection from non-controlling interests 非控制性權益出資	-	-	-	-	-	-	-	-	-	43,491	43,491	
Balance as at 31 December 2017 於二零一七年十二月三十一日餘額	1,280,784	411,601	440,904	45,455	102,043	(6,568)	498	156,851	2,385,052	4,816,620	1,642,922	6,459,542

Consolidated Statement of Changes in Equity (Cont'd)

合併權益變動表(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

	Attributable to owners of the Company 歸屬於本公司所有者										Non-controlling interests 非控制性權益	Total Equity 權益合計
	Share Capital	Capital Reserve	Statutory surplus reserve fund 法定盈餘公積金	Statutory public welfare fund 法定公益金	Tax reserve 免稅基金	Foreign currency translation differences 外幣折算差額	Financial assets at FVOCI reserve 金融資產重估儲備	Other reserve 其他儲備	Retained earnings 未分配利潤	Total		
	(Note 17) (附註 17)	(Note 18(a)) (附註 18(a))	(Note 18(b)) (附註 18(b))	(Note 18(b)) (附註 18(b))	(Note 18(c)) (附註 18(c))	(Note 18(d)) (附註 18(d))	(Note 18(e)) (附註 18(e))	(Note 18(e)) (附註 18(e))				
RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Balance as at 1 January 2018 於二零一八年一月一日餘額	1,280,784	411,601	440,904	45,455	102,043	(6,568)	498	156,851	2,385,052	4,816,620	1,642,922	6,459,542
Comprehensive income 綜合收益												
Profit for the year 年度利潤	-	-	-	-	-	-	-	-	677,815	677,815	328,038	1,005,853
Change in fair value of financial assets at fair value through other comprehensive income ("FVOCI") 以公允價值計量且其變動計入其他綜合收益的金融資產的公允價值變動	-	-	-	-	-	-	48	-	-	48	79	127
Foreign currency translation differences 外幣折算差額												
— Group 集團	-	-	-	-	-	38,429	-	-	-	38,429	66,430	104,859
— Joint ventures and associates 合營及聯營企業	-	-	-	-	-	829	-	-	-	829	1,350	2,179
Transactions with owners in their capacity as owners 與權益所有者以其所有者的身份進行的交易												
Appropriation from retained earnings 提取盈餘公積	-	-	51,208	-	-	-	-	-	(51,208)	-	-	-
2017 dividends paid to shareholders of the Company 支付本公司股東二零一七年度股息	-	-	-	-	-	-	-	-	(217,733)	(217,733)	-	(217,733)
2017 dividends paid to non-controlling interests 支付非控制性權益二零一七年度股息	-	-	-	-	-	-	-	-	-	-	(103,219)	(103,219)
Purchase of non-controlling interests of a subsidiary 購買子公司非控制性權益	-	644	-	-	-	-	-	-	-	644	(2,592)	(1,948)
Capital injection from non-controlling interests 非控制性權益出資	-	-	-	-	-	-	-	-	-	-	27,548	27,548
Others 其他	-	-	-	-	-	-	-	-	-	-	(359)	(359)
Balance as at 31 December 2018 於二零一八年十二月三十一日餘額	1,280,784	412,245	492,112	45,455	102,043	32,690	546	156,851	2,793,926	5,316,652	1,960,197	7,276,849

The notes on pages 120 to 232 are an integral part of these consolidated financial statements.

第120至232頁的附註為合併財務報表的整體部分。

Consolidated Statement of Cash Flows

合併現金流量表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

	Note 附註	2018	2017
		RMB'000 人民幣千元	RMB'000 人民幣千元
Cash flows from operating activities: 經營活動產生的現金流量：			
Cash generated from operations 經營活動收到的現金	33(a)	1,229,906	900,956
Interest paid 支付的利息		(34,431)	(34,719)
Income tax paid 支付的所得稅		(210,239)	(186,430)
Net cash generated from operating activities 經營活動收到的現金流量淨額		985,236	679,807
Cash flows from investing activities: 投資活動產生的現金流量：			
Purchase of property, plant and equipment 購買房屋及建築物、廠房及設備		(356,787)	(411,567)
Purchase of land use rights 購買土地使用權		(15,803)	(13,508)
Purchase of other long-term assets 購買其他長期資產		(6,842)	(4,720)
Proceeds from government grants relating to property, plant and equipment 收到與房屋及建築物、廠房及設備相關的政府補助		6,972	21,848
Proceeds from disposals of property, plant and equipment 處置房屋及建築物、廠房及設備所收到的現金		201	235
Proceeds from disposals of land use rights 處置土地使用權所收到的現金		460	-
Net increase in short-term bank deposits 短期銀行存款淨增加所支付的現金		(524,079)	(196,685)
Proceeds from wealth management products 銀行理財產品現金流入		152,800	222,000
Increase in wealth management products 銀行理財產品現金流出		(181,800)	(222,000)
Dividends received 收到的股息		140	117
Interest received 收到的利息		26,919	21,008
Proceeds from disposal of associates 處置聯營企業收到的現金		1,969	-
Others 其他		15,377	(19,050)
Net cash used in investing activities 投資活動支付的現金流量淨額		(880,473)	(602,322)

Consolidated Statement of Cash Flows (Cont'd)

合併現金流量表(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

	Note 附註	2018	2017
		RMB'000 人民幣千元	RMB'000 人民幣千元
Cash flows from financing activities: 籌資活動產生的現金流量：			
Proceeds from borrowings 借款所收到的現金		195,991	207,300
Repayments of borrowings 償還借款所支付的現金		(210,242)	(211,000)
Capital injection from non-controlling interests 非控制性權益出資		27,548	43,491
Dividends paid to shareholders of the Company 向本公司股東支付股息		(217,733)	(204,925)
Dividends paid to non-controlling interests 向非控制性權益支付股息		(104,240)	(103,634)
Purchase of non-controlling interests of a subsidiary 購買子公司非控制性權益		(1,948)	-
Payment to non-controlling interests upon liquidation of a subsidiary 附屬公司清算而向非控制性權益付款		(371)	-
Net cash used in financing activities 籌資活動支付的現金流量淨額		(310,995)	(268,768)
Net decrease in cash and cash equivalents 現金及現金等價物淨減少		(206,232)	(191,283)
Cash and cash equivalents at beginning of the year 現金及現金等價物的年初餘額		2,023,561	2,332,110
Exchange gains/(losses) on cash and cash equivalents 現金及現金等價物匯兌利得/(損失)		86,707	(117,266)
Cash and cash equivalents at end of the year 現金及現金等價物的年末餘額	33(b)	1,904,036	2,023,561

The notes on pages 120 to 232 are an integral part of these consolidated financial statements.

第120至232頁的附註為合併財務報表的整體部分。

Notes to the Consolidated Financial Statements

合併財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

1. GENERAL INFORMATION

一般資料

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

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

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

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

These financial statements are presented in RMB unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors on 19 March 2019.

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

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

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

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

本財務報表以人民幣列示(除非另有說明)。

合併財務報表已於二零一九年三月十九日經董事會批准刊發。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

1. GENERAL INFORMATION (CONTD)

一般資料(續)

The following is a list of principal subsidiaries as at 31 December 2017 and 2018:

下文載列於二零一七年及二零一八年十二月三十一日的主要子公司：

Name 公司名稱	Place/date of incorporation/ kind of legal entity 成立地點、日期 及法人類別	Percentage of equity interest held 持有股權百分比		Issued/registered and paid-up capital 已發行/註冊及實收資本	Principal activities/ place of operation 主營業務和經營地
		2018	2017		
Subsidiaries: 子公司：					
Beijing Tong Ren Tang Henan Technological development of Chinese Medicinal Raw Materials Co., Limited ("Tong Ren Tang Henan") 北京同仁堂河南中藥材技術開發有限公司 (「同仁堂河南」)	Henan, PRC 24 October 2001 Limited liability company 中國河南 二零零一年十月二十四日 有限責任公司	51%*	51%*	RMB4,000,000 人民幣 4,000,000 元	Cultivating, selling and technological development of Chinese medicinal raw materials Henan, PRC 中藥材種植、銷售、中藥材技術開發 中國河南
Beijing Tong Ren Tang Hubei Chinese Medicinal Raw Materials Co., Limited ("Tong Ren Tang Hubei") 北京同仁堂湖北中藥材有限公司 (「同仁堂湖北」)	Hubei, PRC 26 October 2001 Limited liability company 中國湖北 二零零一年十月二十六日 有限責任公司	51%*	51%*	RMB3,000,000 人民幣 3,000,000 元	Cultivating, purchasing and selling of Chinese medicinal raw materials Hubei, PRC 中藥材種植、收購、銷售 中國湖北
Beijing Tong Ren Tang Zhejiang Chinese Medicinal Raw Materials Co., Limited ("Tong Ren Tang Zhejiang") 北京同仁堂浙江中藥材有限公司 (「同仁堂浙江」)	Zhejiang, PRC 31 October 2001 Limited liability company 中國浙江 二零零一年十月三十一日 有限責任公司	51%*	51%*	RMB10,000,000 人民幣 10,000,000 元	Cultivating, purchasing and selling of Chinese medicinal raw materials Zhejiang, PRC 中藥材種植、收購、銷售 中國浙江
Beijing Tong Ren Tang Hebei Chinese Medicinal Raw Materials Technologies Co., Limited ("Tong Ren Tang Hebei") 北京同仁堂河北中藥材科技開發有限公司 (「同仁堂河北」)	Hebei, PRC 19 November 2001 Limited liability company 中國河北 二零零一年十一月十九日 有限責任公司	51%*	51%*	RMB48,000,000 人民幣 48,000,000 元	Cultivating, purchasing and selling of Chinese medicinal raw materials Hebei, PRC 中藥材種植、收購、銷售 中國河北
Beijing Tong Ren Tang Tongke Pharmaceutical Company Limited ("Tong Ren Tang Tongke") 北京同仁堂通科藥業有限責任公司 (「同仁堂通科」)	Beijing, PRC 4 November 2003 Limited liability company 中國北京 二零零三年十一月四日 有限責任公司	95%*	95%*	RMB75,000,000 人民幣 75,000,000 元	Production of ointment, medical research and development Beijing, PRC 製造膏劑、醫藥技術開發 中國北京

* Equity interests directly held by the Company

* 股份由本公司直接持有

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

1. GENERAL INFORMATION (CONT'D)

一般資料(續)

Name 公司名稱	Place/date of incorporation/ kind of legal entity 成立地點、日期 及法人類別	Percentage of equity interest held 持有股權百分比		Issued/registered and paid-up capital 已發行/註冊及實收資本	Principal activities/ place of operation 主營業務和經營地
		2018	2017		
Subsidiaries: (Cont'd) 子公司:(續)					
Beijing Tong Ren Tang Technologies (Tangshan) Co., Ltd (Tong Ren Tang Technologies Tangshan) 北京同仁堂科技發展(唐山)有限公司 (「同仁堂科技唐山」)	Hebei, PRC 17 June 2015 Limited liability company 中國河北 二零一五年六月十七日 有限責任公司	100%*	100%*	RMB420,000,000 人民幣420,000,000元	Production (including extraction) of Chinese medicine, food and healthcare products Hebei, PRC 生產製造中成藥(含中藥提取)、食品及保健品 中國河北
Beijing Tong Ren Tang Technologies Chengdu Co., Ltd (Tong Ren Tang Chengdu) 北京同仁堂科技發展成都有限公司 (「同仁堂成都」)	Sichuan, PRC 26 February 2003 Limited liability company 中國四川 二零零三年二月二十六日 有限責任公司	51%*	51%*	RMB53,061,000 人民幣53,061,000元	Production and processing of biochemical products and Chinese medicine, extraction and processing of plants Sichuan, PRC 生產、加工生化製品和中藥製劑及天然植物加工與提取 中國四川
Beijing Tong Ren Tang Second Traditional Chinese Medicine Hospital Co., Ltd (Tong Ren Tang Second Traditional Chinese Medicine Hospital) 北京同仁堂第二中醫醫院有限責任公司 (「同仁堂第二中醫醫院」)	Beijing, PRC 12 September 2000 Limited liability company 中國北京 二零零零年九月十二日 有限責任公司	100%*	100%*	RMB10,493,000 人民幣10,493,000元	Internal and external surgery, medical examination, traditional Chinese medicine department and hospital management Beijing, PRC 內外科、醫學檢驗、中醫科以及醫院管理 中國北京
Beijing Tong Ren Tang Chinese Medicine Company Limited ⁽¹⁾ (Tong Ren Tang Chinese Medicine) 北京同仁堂國藥有限公司 ⁽¹⁾ (「同仁堂國藥」)	Hong Kong, PRC 18 March 2004 Limited liability company 中國香港 二零零四年三月十八日 有限責任公司	38.05%*	38.05%*	HKD938,789,000 港幣938,789,000元	Manufacturing, retail and wholesale of Chinese medicine products and healthcare products and provision of Chinese medical consultation and treatments Hong Kong, PRC 中藥產品和保健品的生產、零售及批發並提供中醫診療 中國香港

* Equity interests directly held by the Company

* 股份由本公司直接持有

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

1. GENERAL INFORMATION (CONT'D)

一般資料(續)

Name 公司名稱	Place/date of incorporation/ kind of legal entity 成立地點、日期 及法人類別	Percentage of equity interest held 持有股權百分比		Issued/registered and paid-up capital 已發行/註冊 及實收資本	Principal activities/ place of operation 主營業務和經營地
		2018	2017		
Subsidiaries: (Cont'd) 子公司：(續)					
Beijing Tong Ren Tang Nanshuan Zhonglu Drugstore Co., Limited ("Nanshuan Zhonglu Drugstore") 北京同仁堂南三環中路藥店有限公司 ("南三環中路藥店")	Beijing, PRC 28 April 2004 Limited liability company 中國北京 二零零四年四月二十八日 有限責任公司	100%*	90%*	RMB500,000 人民幣500,000元	Sales of medicinal products Beijing, PRC 藥品銷售 中國北京
Beijing Tong Ren Tang Yanbian Chinese Medicinal Raw Materials Co., Limited ("Tong Ren Tang Yanbian") 北京同仁堂延邊中藥材基地有限公司 ("同仁堂延邊")	Jilin, PRC 24 September 2004 Limited liability company 中國吉林 二零零四年九月二十四日 有限責任公司	51%*	51%*	RMB4,000,000 人民幣4,000,000元	Cultivating and selling of Chinese medicinal raw materials Jilin, PRC 中藥材種植、銷售 中國吉林
Beijing Tong Ren Tang Anhui Chinese Medicinal Raw Materials Co., Limited ("Tong Ren Tang Anhui") 北京同仁堂安徽中藥材有限公司 ("同仁堂安徽")	Anhui, PRC 18 October 2004 Limited liability company 中國安徽 二零零四年十月十八日 有限責任公司	51%*	51%*	RMB24,000,000 人民幣24,000,000元	Cultivating, purchasing and selling of Chinese medicinal raw materials Anhui, PRC 中藥材種植、收購、銷售 中國安徽
Beijing Tong Ren Tang WM Dianorm Biotech Co., Limited ("Tong Ren Tang WM") 北京同仁堂麥爾海生物技術有限公司 ("同仁堂麥爾海")	Beijing, PRC 20 February 2001 Sino-foreign equity joint venture 中國北京 二零零一年二月二十日 中外合資企業	60%*	60%*	USD3,000,000 美元3,000,000元	Technological development and sales of biological products, Chinese and western medicines, cosmetics and healthcare products Beijing, PRC 生物製品、中西藥、化妝品和 保健食品的技術開發及銷售 中國北京
Beijing Tong Ren Tang Chinese Medicine (Hong Kong) Group Co., Ltd. ("Chinese Medicine Group") 北京同仁堂國藥(香港)集團有限公司 ("國藥集團")	Hong Kong, PRC 1 March 2012 Limited liability company 中國香港 二零一二年三月一日 有限責任公司	53.09%*	53.09%*	HKD75,000,000 港幣75,000,000元	Investment holding Hong Kong, PRC 投資控股 中國香港

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Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

1. GENERAL INFORMATION (CONT'D)

一般資料(續)

Name 公司名稱	Place/date of incorporation/ kind of legal entity 成立地點、日期 及法人類別	Percentage of equity interest held 持有股權百分比		Issued/registered and paid-up capital 已發行/註冊及實收資本	Principal activities/ place of operation 主營業務和經營地
		2018	2017		
Subsidiaries: (Cont'd) 子公司:(續)					
Beijing Tong Ren Tang Xing An Healthcare Technologies Co., Limited (Tong Ren Tang Xing An Healthcare) 北京同仁堂興安保健科技有限責任公司 (「同仁堂興安保健」)	Beijing, PRC 14 April 2004 Limited liability company 中國北京 二零零四年四月十四日 有限責任公司	51%*	51%*	RMB69,000,000 人民幣 69,000,000 元	Cultivating, purchasing and selling of Chinese medicinal raw materials, production and selling of tea drinks product series and foot care product series Beijing, PRC 中藥材種植、收購、銷售； 茶類產品及足浴類產品 生產、銷售 中國北京
Beijing Tong Ren Tang Century Advertising Co., Limited (Tong Ren Tang Century Advertising) 北京同仁堂世紀廣告有限公司 (「同仁堂世紀廣告」)	Beijing, PRC 25 September 2013 Limited liability company 中國北京 二零一三年九月二十五日 有限責任公司	100%*	100%*	RMB1,000,000 人民幣 1,000,000 元	Advertisement services Beijing, PRC 廣告策劃服務 中國北京
Beijing Tong Ren Tang (Tangshan) Nutrition and Healthcare Co., Ltd (Tong Ren Tang Tangshan Healthcare) 北京同仁堂(唐山)營養保健品有限公司 (「同仁堂唐山保健品」)	Hebei, PRC 13 September 2010 Limited liability company 中國河北 二零一零年九月十三日 有限責任公司	74%*	74%*	RMB170,000,000 人民幣 170,000,000 元	Production and sales of healthcare products and Chinese medicine Hebei, PRC 保健品及中藥生產及銷售 中國河北
Beijing Tong Ren Tang Technologies (Anhui) Co., Ltd ⁽²⁾ (Tong Ren Tang Technologies Anhui) 北京同仁堂科技發展(安徽)有限公司 ⁽²⁾ (「同仁堂科技安徽」)	Anhui, PRC 18 December 2015 Limited liability company 中國安徽 二零一五年十二月十八日 有限責任公司	-	100%*	RMB50,000,000 人民幣 50,000,000 元	Extraction of Chinese medicine, production of food Anhui, PRC 中藥提取、食品生產 中國安徽
Beijing Tong Ren Tang (Liaoning) Technologies Pharmaceutical Company Limited (Tong Ren Tang Liaoning) 北京同仁堂(遼寧)科技藥業有限公司 (「同仁堂遼寧」)	Liaoning, PRC 25 July 2018 Limited liability company 中國遼寧 二零一八年七月二十五日 有限責任公司	51%*	-	RMB136,000,000 人民幣 136,000,000 元	Production and sales of deer series Chinese medicine and healthcare food Liaoning, PRC 鹿系列中成藥及保健食品 生產及銷售 中國遼寧

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* 股份由本公司直接持有

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

1. GENERAL INFORMATION (CONTD)

一般資料(續)

Name 公司名稱	Place/date of incorporation/ kind of legal entity 成立地點、日期 及法人類別	Percentage of equity interest held 持有股權百分比		Issued/registered and paid-up capital 已發行/註冊 及實收資本	Principal activities/ place of operation 主營業務和經營地
		2018	2017		
Subsidiaries: (Cont'd) 子公司：(續)					
Beijing Tong Ren Tang International Natural-Pharm Co., Ltd. ("Tong Ren Tang International Natural-Pharm") 北京同仁堂國際藥業有限公司 (「同仁堂國際藥業」)	Beijing, PRC 6 March 2006 Limited liability company 中國北京 二零零六年三月六日 有限責任公司	100%	100%	HKD10,000,000 港幣10,000,000元	Sales and distribution of Chinese medicine and healthcare products Beijing, PRC 銷售及分銷中藥產品與保健品 中國北京
Beijing Tong Ren Tang Australia Pty. Ltd. ("Tong Ren Tang Australia") 北京同仁堂(澳大利亞)有限公司 (「同仁堂澳大利亞」)	Sydney, Australia 20 May 2004 Limited liability company 澳大利亞悉尼 二零零四年五月二十日 有限責任公司	75%	75%	AUD1,000,000 澳大利亞元1,000,000元	Wholesale and retail of Chinese medicine and healthcare products and provision of Chinese medical consultation and treatments Sydney, Australia 批發及零售中藥產品與保健品 以及提供中醫診療服務 澳大利亞悉尼
Beijing Tong Ren Tang Science Arts (Singapore) Co., Pte. Ltd. ("Tong Ren Tang Singapore") 北京同仁堂新加坡(科藝)私人有限公司 (「同仁堂新加坡」)	Singapore 1 December 2003 Limited liability company 新加坡 二零零三年十二月一日 有限責任公司	51%	51%	SGD857,000 新加坡元857,000元	Wholesale and retail of Chinese medicine and healthcare products and provision of Chinese medical consultation and treatments Singapore 批發及零售中藥產品與保健品 以及提供中醫診療服務 新加坡
Beijing Tong Ren Tang (Toronto) Inc. ("Tong Ren Tang Toronto") 北京同仁堂(多倫多)有限公司 (「同仁堂多倫多」)	Toronto, Canada 24 June 2010 Limited liability company 加拿大多倫多 二零一零年六月二十四日 有限責任公司	51%	51%	CAD497,300 加拿大元497,300元	Retail of Chinese medicine and healthcare products and provision of Chinese medical consultation and treatments Toronto, Canada 零售中藥產品與保健品以及 提供中醫診療服務 加拿大多倫多

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

1. GENERAL INFORMATION (CONT'D)

一般資料(續)

Name 公司名稱	Place/date of incorporation/ kind of legal entity 成立地點、日期 及法人類別	Percentage of equity interest held 持有股權百分比		Issued/registered and paid-up capital 已發行/註冊及實收資本	Principal activities/ place of operation 主營業務和經營地
		2018	2017		
Subsidiaries: (Cont'd) 子公司:(續)					
Beijing Tong Ren Tang (Macau) Company Limited ("Tong Ren Tang Macau") 北京同仁堂(澳門)有限公司 (「同仁堂澳門」)	Macau, PRC 28 October 2002 Limited liability company 中國澳門 二零二零年十月二十八日 有限責任公司	51%	51%	MOP1,000,000 澳門元1,000,000元	Wholesale and retail of Chinese medicine and healthcare products and provision of Chinese medical consultation and treatments Macau, PRC 批發及零售中藥產品與保健品以及提供中醫診療服務 中國澳門
Beijing Tong Ren Tang Gulf FZ-LLC ("Tong Ren Tang Gulf") 北京同仁堂海灣有限公司 (「同仁堂海灣」)	Dubai, United Arab Emirates 8 June 2011 Limited liability company 阿拉伯聯合酋長國 迪拜 二零一一年六月八日 有限責任公司	51%	51%	AED1,920,000 阿聯酋迪拉姆 1,920,000元	Retail of Chinese medicine and healthcare products and provision of Chinese medical consultation and treatments Dubai, United Arab Emirates 零售中藥產品與保健品以及提供中醫診療服務 阿拉伯聯合酋長國 迪拜
Beijing Tong Ren Tang Poland sp.zo.o. ("Tong Ren Tang Poland") 北京同仁堂(波蘭)有限公司 (「同仁堂波蘭」)	Warsaw, Poland 26 July 2012, Limited liability company 波蘭華沙 二零一二年七月二十六日 有限責任公司	100%	100%	Zloty130,000 波蘭茲羅提130,000元	Retail of Chinese healthcare products and provision of Chinese healthcare treatments Warsaw, Poland 零售保健品以及提供中醫診療服務 波蘭華沙
Beijing Tong Ren Tang Canada Co. Ltd. ("Tong Ren Tang Canada") 北京同仁堂(加拿大)有限公司 (「同仁堂加拿大」)	Vancouver, Canada 11 January 2002 Limited liability company 加拿大溫哥華 二零二零年一月十一日 有限責任公司	51%	51%	CAD1,000,000 加拿大元1,000,000元	Retail of Chinese medicine and healthcare products and provision of Chinese medical consultation and treatments Vancouver, Canada 零售中藥產品與保健品以及提供中醫診療服務 加拿大溫哥華

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

1. GENERAL INFORMATION (CONTD)

一般資料(續)

Name 公司名稱	Place/date of incorporation/ kind of legal entity 成立地點、日期 及法人類別	Percentage of equity interest held 持有股權百分比		Issued/registered and paid-up capital 已發行/註冊 及實收資本	Principal activities/ place of operation 主營業務和經營地
		2018	2017		
Subsidiaries: (Cont'd) 子公司：(續)					
Beijing Tong Ren Tang Melbourne Pty. Limited ("Tong Ren Tang Melbourne") 北京同仁堂(墨爾本)有限公司 (「同仁堂墨爾本」)	Melbourne, Australia 9 April 2014 Limited liability company 澳大利亞墨爾本 二零一四年四月九日 有限責任公司	51%	51%	AUD100,000 澳大利亞元 100,000元	Retail of Chinese medicine and healthcare products and provision of Chinese medical consultation and treatments Melbourne, Australia 零售中藥產品與保健品以及 提供中醫診療服務 澳大利亞墨爾本
Beijing Tong Ren Tang (Seoul) Company Limited ("Tong Ren Tang Seoul") 北京同仁堂(首爾)株式會社 (「同仁堂首爾」)	Seoul, South Korea 10 March 2014 Limited liability company 韓國首爾 二零一四年三月十日 有限責任公司	51%	51%	WON1,052,000,000 韓元 1,052,000,000元	Wholesale of Chinese medicine and healthcare products Seoul, South Korea 批發中藥產品與保健品 韓國首爾
Beijing Tong Ren Tang (Auckland) Company Limited ("Tong Ren Tang Auckland") 北京同仁堂(奧克蘭)有限公司 (「同仁堂奧克蘭」)	Auckland, New Zealand 2 May 2014 Limited liability company 新西蘭奧克蘭 二零一四年五月二日 有限責任公司	51%	51%	NZD2,000,000 新西蘭元 2,000,000元	Retail of Chinese medicine and healthcare products and provision of Chinese medical consultation and treatments Auckland, New Zealand 零售中藥產品與保健品以及 提供中醫診療服務 新西蘭奧克蘭
Beijing Tong Ren Tang Tong Xin Tong Le Company Limited ("Tong Ren Tang Tong Xin Tong Le") 北京同仁堂同心同樂有限公司 (「同仁堂同心同樂」)	Hong Kong, PRC 19 May 2014 Limited liability company 中國香港 二零一四年五月十九日 有限責任公司	100%	100%	HKD10,000 港幣 10,000元	Wholesale and retail of Chinese medicine and healthcare products and provision of Chinese medical consultation and treatments Hong Kong, PRC 批發及零售中藥產品與保健品 以及提供中醫診療服務 中國香港

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

1. GENERAL INFORMATION (CONT'D)

一般資料(續)

Name 公司名稱	Place/date of incorporation/ kind of legal entity 成立地點、日期 及法人類別	Percentage of equity interest held 持有股權百分比		Issued/registered and paid-up capital 已發行/註冊及實收資本	Principal activities/ place of operation 主營業務和經營地
		2018	2017		
Subsidiaries: (Cont'd) 子公司:(續)					
Honour Essence Trading Limited ("Honour Essence") 大宏貿易有限公司 (「大宏貿易」)	Hong Kong, PRC 10 March 1997 Limited liability company 中國香港 一九九七年三月十日 有限責任公司	51%	51%	HKD2,000 港幣2,000元	Wholesale of Chinese medicine and healthcare products Hong Kong, PRC 批發中藥產品與保健品 中國香港
Beijing Tong Ren Tang Pudu Health Centre B.V. ("Tong Ren Tang Pudu") 北京同仁堂普度健康中心有限公司 (「同仁堂普度」)	Den Haag, the Netherlands 17 August 2015 Limited liability Company 荷蘭海牙 二零一五年八月十七日 有限責任公司	60%	60%	Euro650,000 歐元650,000元	Retail of healthcare products and provision of Chinese medical consultation and treatments Den Haag, Netherlands 零售保健品以及 提供中醫診療服務 荷蘭海牙
Beijing Tong Ren Tang Czech Republic SE ("Tong Ren Tang Czech") 北京同仁堂(捷克)有限公司 (「同仁堂捷克」)	Prague, the Czech Republic 11 December 2015 Limited liability company 捷克布拉格 二零一五年十二月十一日 有限責任公司	60%	60%	CZK3,296,400 捷克克朗3,296,400元	Retail of healthcare products and provision of Chinese medical consultation and treatments Prague, Czech Republic 零售保健品以及 提供中醫診療服務 捷克布拉格
Beijing Tong Ren Tang Sweden AB ("Tong Ren Tang Sweden") 北京同仁堂(瑞典)有限公司 (「同仁堂瑞典」)	Stockholm, Sweden 9 September 2015 Limited liability company 瑞典斯德哥爾摩 二零一五年九月九日 有限責任公司	60%	60%	SEK50,000 瑞典克朗50,000元	Retail of healthcare products and provision of Chinese medical consultation and treatments Stockholm, Sweden 零售保健品以及 提供中醫診療服務 瑞典斯德哥爾摩

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

1. GENERAL INFORMATION (CONT'D)

一般資料(續)

Name 公司名稱	Place/date of incorporation/ kind of legal entity 成立地點、日期 及法人類別	Percentage of equity interest held 持有股權百分比		Issued/registered and paid-up capital 已發行/註冊 及實收資本	Principal activities/ place of operation 主營業務和經營地
		2018	2017		
Subsidiaries: (Cont'd) 子公司：(續)					
Beijing Tong Ren Tang Vancouver Healthcare Center Co., Ltd ("Tong Ren Tang Vancouver") 北京同仁堂溫哥華養生中心有限公司 (「同仁堂溫哥華」)	Vancouver, Canada 19 January 2016 Limited liability company 加拿大溫哥華 二零一六年一月十九日 有限責任公司	51%	51%	CAD750,000 加拿大元750,000元	Retail of Chinese medicine and healthcare products and provision of Chinese medical consultation and treatments Vancouver, Canada 零售中藥產品與保健品以及 提供中醫診療服務 加拿大溫哥華
Beijing Tong Ren Tang Los Angeles Healthcare Centre LLC ("Tong Ren Tang Los Angeles") 北京同仁堂洛杉磯醫療中心有限公司 (「同仁堂洛杉磯」)	Los Angeles, United States 18 November 2015 Limited liability company 美國洛杉磯 二零一五年十一月十八日 有限責任公司	60%	60%	USD600,000 美元600,000元	Retail of healthcare products and provision of Chinese medical consultation and treatments Los Angeles, United States 零售保健品以及 提供中醫診療服務 美國洛杉磯
Beijing Tong Ren Tang Concord New York LLC ("Tong Ren Tang Concord") 北京同仁堂協和紐約有限公司 (「同仁堂協和」)	New York, United States 13 June 2016 Limited liability company 美國紐約 二零一六年六月十三日 有限責任公司	60%	60%	USD800,000 美元800,000元	Wholesale and retail of Chinese medicine and healthcare products and provision of Chinese medical consultation and treatments New York, United States 批發及零售中藥產品與保健品 以及提供中醫診療服務 美國紐約
Beijing Tong Ren Tang Ming Qi Group, LLC ("Tong Ren Tang Mingqi") 北京同仁堂鳴岐有限公司 (「同仁堂鳴岐」)	New York, United States 22 April 2005 Limited liability company 美國紐約 二零零五年四月二十二日 有限責任公司	70%	70%	USD200,000 美元200,000元	Wholesale and retail of Chinese medicine and healthcare products New York, United States 批發及零售中藥產品與保健品 美國紐約

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

1. GENERAL INFORMATION (CONT'D)

一般資料(續)

Name 公司名稱	Place/date of incorporation/ kind of legal entity 成立地點、日期 及法人類別	Percentage of equity interest held 持有股權百分比		Issued/registered and paid-up capital 已發行/註冊及實收資本	Principal activities/ place of operation 主營業務和經營地
		2018	2017		
Subsidiaries: (Cont'd) 子公司:(續)					
Beijing Tong Ren Tang Farlong Healthcare Center LLC ("Tong Ren Tang Falong") 北京同仁堂發龍有限公司 (「同仁堂發龍」)	San Francisco, United States 22 September 2016 Limited liability company 美國三藩市 二零一六年九月二十二日 有限責任公司	60%	60%	USD800,000 美元800,000元	Retail of healthcare products and provision of Chinese medical consultation and treatments San Francisco, United States 零售保健品以及 提供中醫診療服務 美國三藩市
Beijing Tong Ren Tang Africa (Pty) Ltd ("Tong Ren Tang Africa") 北京同仁堂非洲有限公司 (「同仁堂非洲」)	Johannesburg, South Africa 6 September 2016 Limited liability company 南非約翰內斯堡 二零一六年九月六日 有限責任公司	51%	51%	ZAR24,000,000 南非蘭特24,000,000元	Retail of Chinese medicine and healthcare products and provision of Chinese medical consultation and treatments Johannesburg, South Africa 零售中藥產品與保健品以及 提供中醫診療服務 南非約翰內斯堡
Beijing Tong Ren Tang Swiss SA ("Tong Ren Tang Swiss") 北京同仁堂瑞士股份有限公司 (「同仁堂瑞士」)	Geneva, Switzerland 8 September 2017 Limited liability company 瑞士日內瓦 二零一七年九月八日 有限責任公司	60%	60%	CHF500,000 瑞士法郎500,000元	Retail of Chinese medicine and healthcare products and provision of Chinese medical consultation and treatments Geneva, Switzerland 零售中藥產品與保健品以及 提供中醫診療服務 瑞士日內瓦

⁽¹⁾ Although the Group owns less than half of the equity interest, it is able to gain power over more than half of the voting rights by virtue of an agreement with Beijing Tong Ren Tang Company Limited ("**Parent Company**"). Consequently, the Group consolidates Tong Ren Tang Chinese Medicine.

⁽¹⁾ 雖然所持股份小於50%，但是本集團與北京同仁堂股份有限公司(「**母公司**」)已簽署協議有能力取得超過半數表決權，所以本集團將同仁堂國藥合併入賬。

⁽²⁾ Tong Ren Tang Technologies Anhui has completed deregistration after approved by the company registration authority in 2018.

⁽²⁾ 同仁堂科技安徽於二零一八年經批准清算注銷。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

1. GENERAL INFORMATION (CONTD)

一般資料(續)

The following is a list of principal joint ventures as at 31 December 2017 and 2018:

下文載列於二零一七年及二零一八年十二月三十一日的主要合營企業：

Name 公司名稱	Place/date of incorporation/ kind of legal entity 成立地點、日期 及法人類別	Percentage of equity interest held 持有股權百分比		Issued/registered and paid-up capital 已發行/註冊 及實收資本	Principal activities 主營業務
		2018	2017		
Joint ventures: 合營企業：					
Peking Tongrentang (M) SDN. BHD. ^[3] ("Tong Ren Tang Malaysia") 北京同仁堂(馬來西亞)有限公司 ^[3] (「同仁堂馬來西亞」)	Kuala Lumpur, Malaysia 19 January 2001 Limited liability company 馬來西亞吉隆坡 二零一一年一月十九日 有限責任公司	60%	60%	MYR1,900,000 馬來西亞林吉特 1,900,000元	Retail of Chinese medicine and healthcare products and provision of Chinese medical consultation and treatments 零售中藥產品與保健品以及 提供中醫診療服務
Beijing Tong Ren Tang (Thailand) Co., Ltd. ^[3] ("Tong Ren Tang Thailand") 北京同仁堂(泰國)有限公司 ^[3] (「同仁堂泰國」)	Bangkok, Thailand 23 March 2000 Limited liability company 泰國曼谷 二零一零年三月二十三日 有限責任公司	49%	49%	THB38,000,000 泰銖38,000,000元	Wholesale and retail of Chinese medicine and healthcare products and provision of Chinese medical consultation and treatments 批發及零售中藥產品與保健品 以及提供中醫診療服務
Union Health International Limited ("Tong Ren Tang Fook Ming Tang") 耀康國際有限公司 (「同仁堂福明堂」)	Hong Kong, PRC 3 May 2004 Limited liability company 中國香港 二零一四年五月三日 有限責任公司	50%	50%	HKD10,000 港幣10,000元	Retail of Chinese medicine and healthcare products and provision of Chinese medical consultation and treatments 零售中藥產品與保健品以及 提供中醫診療服務

^[3] Although the Company owns more than or less than 50% of the equity interests in these entities, the directors of the Company consider that these entities are joint ventures of the Company because decisions about their relevant activities are jointly controlled by the Company and the joint venture partners in accordance with the joint venture agreements rather than under the unilateral control or significant influence of the Company.

^[3] 儘管本公司持有該等實體多於或少於50%股權，惟由於根據合營協議，該等實體的相關活動決定均由本公司及合營伙伴共同控制，而非由本公司單方面控制或發揮重大影響，故本公司董事認為該等實體乃本公司合營企業。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

1. GENERAL INFORMATION (CONT'D)

一般資料(續)

The following is a list of principal associates as at 31 December 2017 and 2018:

下文載列於二零一七年及二零一八年十二月三十一日的主要聯營企業：

Name 公司名稱	Place/date of incorporation/ kind of legal entity 成立地點、日期 及法人類別	Percentage of equity interest held 持有股權百分比		Issued/registered and paid-up capital 已發行/註冊及實收資本	Principal activities 主營業務
		2018	2017		
Associates: 聯營企業：					
Beijing Tong Ren Tang Bozhou Chinese Medicinal Raw Materials and Logistics Co., Limited ⁽⁴⁾ ("Tong Ren Tang Bozhou") 北京同仁堂(亳州)中藥材物流有限公司 ⁽⁴⁾ (「同仁堂亳州」)	Anhui, PRC 12 July 2011 Limited liability company 中國安徽 二零一一年七月十二日 有限責任公司	-	40%*	RMB5,000,000 人民幣5,000,000元	Storage and logistics of Chinese medicinal raw materials, transportation and labor services 中藥材倉儲、物流、普通貨物運輸、勞務輸出
Tong Ren Tang Shanxi Sheye Co., Ltd. ("Tong Ren Tang Sheye") 北京同仁堂陝西麝業有限公司 (「同仁堂麝業」)	Shanxi, PRC 14 December 2015 Limited liability company 中國陝西 二零一五年十二月十四日 有限責任公司	29%*	29%*	RMB30,000,000 人民幣30,000,000元	Manufacturing and breed of musk, production products and sales, production of agricultural and sideline and sales 林麝養殖、繁育及產品生產銷售、農副產品銷售

* Equity interests directly held by the Company

* 股份由本公司直接持有

⁽⁴⁾ Tong Ren Tang Bozhou has completed deregistration after approved by the company registration authority in 2018.

⁽⁴⁾ 同仁堂亳州於二零一八年經批准清算注銷。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

重要會計政策摘要

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

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

2.1 Basis of preparation

編製基準

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

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

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

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

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

重要會計政策摘要(續)

2.1 Basis of preparation (Cont'd)

編製基準(續)

2.1.1 Changes in accounting policies and disclosures

2.1.1.1 Adoption of new standards, interpretations and amendments to standards

The Group has adopted the following new standards, interpretations and amendments to standards which are mandatory for the financial year beginning on or after 1 January 2018:

2.1.1 會計政策和披露的變動

2.1.1.1 已採納的新訂準則、新解釋及準則之修訂

本集團所採納於二零一八年一月一日或之後開始之財政年度須強制採用的新訂準則、新解釋及準則之修訂如下：

Amendment to IAS 28 國際會計準則第28號(修改)	Investments in Associates and Joint Ventures 在聯營和合營企業的投資
Amendments to IAS 40 國際會計準則第40號(修改)	Transfers to Investment Property 投資性房地產的轉入或轉出
Amendment to IFRS 1 國際財務報告準則第1號(修改)	First Time Adoption of IFRS 首次採納國際財務報告準則
Amendments to IFRS 2 國際財務報告準則第2號(修改)	Classification and Measurement of Share-based Payment Transactions 以股份為基礎的支付交易的分類和計量
Amendments to IFRS 4 國際財務報告準則第4號(修改)	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts 針對國際財務報告準則第4號保險合同實施國際財務報告準則第9號金融工具
IFRS 9 國際財務報告準則第9號	Financial Instruments 金融工具
IFRS 15 國際財務報告準則第15號	Revenue from Contracts with Customers 與客戶之間的合同產生的收入
Amendments to IFRS 15 國際財務報告準則第15號(修改)	Clarifications to IFRS 15 澄清國際財務報告準則第15號
IFRIC 22 國際財務報告準則解釋第22號	Foreign Currency Transactions and Advance Consideration 外幣交易和預付/預收對價

The Group elects to adopt IFRS 9 and IFRS 15 without restating comparatives. The reclassification and the adjustments arising from the adoption of IFRS 9 and IFRS 15 are therefore not reflected in the consolidated balance sheet as at 31 December 2017, but are recognised in the opening of the consolidated balance sheet on 1 January 2018.

本集團選擇在不重述比較信息下採納國際財務報告準則第9號和國際財務報告準則第15號。故採用國際財務報告準則第9號和國際財務報告準則第15號產生的重分類和調整未於二零一七年十二月三十一日的合併資產負債表中反映，但於二零一八年一月一日合併資產負債表期初結餘中確認。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

重要會計政策摘要(續)

2.1 Basis of preparation (Cont'd)

編製基準(續)

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

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

The following tables show, the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

2.1.1 會計政策和披露的變動(續)

2.1.1.1 已採納的新訂準則、新解釋及準則之修訂(續)

下表呈列了各報表項目的調整。不受影響的報表項目不包括在內。因此，所披露的小計和總計無法根據以下所呈列的數字重新計算得出。相關調整在後文中按準則進行了更詳盡的說明。

	31 December 2017			1 January 2018 Restated
	As originally presented	IFRS 9	IFRS 15	
	二零一七年十二月三十一日	國際財務報告準則第9號	國際財務報告準則第15號	二零一八年一月一日
	重述前	重述前	重述前	經重述
Consolidated balance sheet (extract) 合併資產負債表(節錄)	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

Current assets 流動資產

Financial assets at fair value through other comprehensive income

以公允價值計量且其變動計入其他綜合收益的金融資產

- 228,135 - **228,135**

Trade and bills receivables 應收賬款及票據

228,135 (228,135) - -

Non-current assets 非流動資產

Financial assets at fair value through other comprehensive income

以公允價值計量且其變動計入其他綜合收益的金融資產

- 12,804 - **12,804**

Available-for-sale financial assets 可供出售金融資產

12,804 (12,804) - -

Current liabilities 流動負債

Advances from customers 預收款項

4,607 - (4,607) -

Contract liabilities 合同負債

- - 4,607 **4,607**

Equity 權益

Reserves 儲備

Available-for-sale financial assets reserve 可供出售金融資產重估儲備

498 (498) - -

Financial assets at FVOCI reserve 金融資產重估儲備

- 498 - **498**

Other reserves 其他儲備

3,535,338 - - **3,535,338**

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D) 重要會計政策摘要(續)

2.1 Basis of preparation (Cont'd) 編製基準(續)

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

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

(a) Impact of adopting IFRS 9 "Financial Instruments"

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The new accounting policies are set out in Note 2.12 below. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated. The impact is set as below:

(i) Classification and measurement

The Group elected to present the changes in the fair value of its equity investments previously classified as available-for-sale financial assets in other comprehensive income ("OCI"), because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value of RMB12,804,000 were reclassified from available-for-sale financial assets to financial assets at FVOCI and fair value gains of RMB498,000 were reclassified from the available-for-sale financial assets reserve to the financial assets at FVOCI reserve on 1 January 2018.

The Group reclassified part of the bills receivables to financial assets at FVOCI, because the Group endorses a portion of bank's acceptance bills according to its daily fund management needs. The Group's business model is achieved both by collecting contractual cash flows and selling of these assets. On 1 January 2018, assets of RMB228,135,000 were reclassified from trade and bills receivables to financial assets at FVOCI.

On the date of initial application, there is no other changes in classification and measurement for the Group's financial instruments. Note 11 provides details for the Group's financial instruments.

2.1.1 會計政策和披露的變動(續)

2.1.1.1 已採納的新訂準則、新解釋及準則之修訂(續)

(a) 採納國際財務報告準則第9號「金融工具」的影響

國際財務報告準則第9號取代了國際會計準則第39號關於金融資產和金融負債的確認、分類與計量、金融工具終止確認、金融資產減值與套期會計處理的相關規定。新會計政策載於下文附註2.12。根據國際財務報告準則第9號的過渡要求，比較數字未重述。影響列示如下：

(i) 分類與計量

本集團選擇將之前分類為可供出售金融資產權益投資的公允價值變動於其他綜合收益中列示，因為該等投資為長期戰略投資，預計在中短期內不會出售。因此，於二零一八年一月一日，公允價值為人民幣12,804,000元的該等資產從可供出售金融資產重分類至以公允價值計量且其變動計入其他綜合收益的金融資產。公允價值利得為人民幣498,000元，從可供出售金融資產儲備重分類至以公允價值計量且其變動計入其他綜合收益的金融資產儲備。

本集團將部分應收票據重分類至以公允價值計量且其變動計入其他綜合收益的金融資產，因為本集團視其日常資金管理的需要將一部分銀行承兌匯票進行背書，管理該部分資產的業務模式既包括收取合同現金流量又包括出售為目標。於二零一八年一月一日，人民幣228,135,000元的該等資產從應收賬款及票據重分類至以公允價值計量且其變動計入其他綜合收益的金融資產。

於首次採納日，本集團金融工具的分類和計量無其他變化。本集團的金融工具明細參見附註11。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

重要會計政策摘要(續)

2.1 Basis of preparation (Cont'd)

編製基準(續)

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

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

- (a) Impact of adopting IFRS 9 "Financial Instruments" (Cont'd)
- (ii) Impairment of financial assets

The Group has the following types of financial assets that are subject to IFRS 9's new expected credit loss model:

- trade and bills receivables,
- amounts due from related parties (excluding prepayments),
- other financial assets at amortised cost, and
- bills receivables at FVOCI.

The Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the Group's retained earnings and equity was immaterial. Note 3.1(b) provides for details about the allowance.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Besides, other receivables were previously presented together with prepayments and other current assets but are now presented as other financial assets at amortised cost in the balance sheet, to reflect their different nature.

2.1.1 會計政策和披露的變動(續)

2.1.1.1 已採納的新訂準則、新解釋及準則之修訂(續)

- (a) 採納國際財務報告準則第9號「金融工具」的影響(續)
- (ii) 金融資產減值

本集團持有的如下金融資產在國際財務報告準則第9號新預期信用損失模型的適用範圍內：

- 應收賬款及票據，
- 應收關聯公司款項(不包括預付款項)，
- 以攤餘成本計量的其他金融資產，及
- 以公允價值計量且其變動計入其他綜合收益的應收票據。

本集團須按照國際財務報告準則第9號的規定對各類資產採用新的減值模型。減值模型的變更對本集團留存收益和權益的影響不重大。附註3.1(b)說明了損失的詳細情況。

現金及現金等價物亦需遵循國際財務報告準則第9號的減值要求，但相關的減值損失並不重大。

此外，其他應收款之前與預付款及其他流動資產一同列報，但現在於資產負債表上列報為以攤餘成本計量的其他金融資產，以反映其不同性質。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D) 重要會計政策摘要(續)

2.1 Basis of preparation (Cont'd) 編製基準(續)

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

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

(b) *Impact of adopting IFRS 15 "Revenue from Contracts with Customers"*

IFRS 15 replaces the provisions of IAS 18, IAS 11 and their related interpretations. The Group has chosen the modified retrospective approach to adopt the new standard and has not restated comparatives for the corresponding period of 2017. The adoption of IFRS 15 did not have a material impact on the Group, no adjustments to the amounts recognised in the financial statements as at 1 January 2018 are made.

Under IFRS 15, a contract liability, rather than a payable, is recognised when a customer pays non-refundable consideration before the Group recognises the related revenue. Receipt in advance from customers amounting to RMB4,607,000 which were previously included in advances from customers are now recognised as contract liabilities as at 1 January 2018 to reflect the terminology of IFRS 15.

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

2.1.1 會計政策和披露的變動(續)

2.1.1.1 已採納的新訂準則，新解釋及準則之修訂(續)

(b) 採納國際財務報告準則第15號「與客戶之間的合同產生的收入」的影響

國際財務報告準則第15號取代了國際會計準則第18號和國際會計準則第11號及其解釋的相關規定。本集團選擇了修訂的追溯調整法以採用新準則，未重述二零一七年同期的比較信息。國際財務報告準則第15號的採納對本集團無重大影響，二零一八年一月一日的財務報表確認的數額沒有作出調整。

根據國際財務報告準則第15號規定，當本集團在尚未確認相關收入前收到客戶支付的不可退還對價，確認一項合同負債，而非應付款。之前計入預收款項人民幣4,607,000元，於二零一八年一月一日確認為合同負債以反映國際財務報告準則第15號的術語。

其他準則對本集團的會計政策沒有重大影響，不需要追溯調整。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

重要會計政策摘要(續)

2.1 Basis of preparation (Cont'd)

編製基準(續)

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

2.1.1 會計政策和披露的變動(續)

2.1.1.2 Standards, interpretations and amendments which are not yet effective

2.1.1.2 尚未生效的準則、解釋及修訂

The following are new/revised standards, interpretations and amendments to existing standards that have been published and are relevant and mandatory for the Group's accounting periods beginning on or after 1 January 2019, but have not been early adopted by the Group.

下列已頒布新訂／經修訂準則、解釋及現有準則之修訂與本集團於二零一九年一月一日或之後開始的會計期間有關且強制實行，惟本集團並無提早採納。

IFRS 16 國際財務報告準則第16號	Leases ⁽¹⁾ 租賃 ⁽¹⁾
Amendments to IAS 12 國際會計準則第12號(修改)	Income Taxes ⁽¹⁾ 所得稅 ⁽¹⁾
Amendments to IAS 19 國際會計準則第19號(修改)	Plan Amendment, Curtailment or Settlement ⁽¹⁾ 計劃修改、削減或結算 ⁽¹⁾
Amendments to IAS 23 國際會計準則第23號(修改)	Borrowing Costs ⁽¹⁾ 借款成本 ⁽¹⁾
Amendments to IAS 28 國際會計準則第28號(修改)	Long-term Interests in Associates and Joint Ventures ⁽¹⁾ 對聯營或合營的長期權益 ⁽¹⁾
Amendments to IFRS 3 國際財務報告準則第3號(修改)	Business Combination ⁽¹⁾ 企業合併 ⁽¹⁾
Amendments to IFRS 9 國際財務報告準則第9號(修改)	Prepayment Features with Negative Compensation ⁽¹⁾ 具有負補償的預付款項特性 ⁽¹⁾
Amendments to IFRS 11 國際財務報告準則第11號(修改)	Joint Arrangements ⁽¹⁾ 聯合協議 ⁽¹⁾
IFRIC 23 國際財務報告準則解釋第23號	Uncertainty over Income Tax Treatments ⁽¹⁾ 所得稅處理的不確定性 ⁽¹⁾
Amendments to IAS 1 and IAS 8 國際會計準則第1號和第8號(修改)	Definition of Material ⁽²⁾ 重大的定義 ⁽²⁾
Conceptual Framework for Financial Reporting 2018 財務報導之觀念性架構2018	Revised Conceptual Framework for Financial Reporting 2018 ⁽²⁾ 財務報導之觀念性架構2018 ⁽²⁾
Amendments to IFRS 3 國際財務報告準則第3號(修改)	Definition of a Business ⁽²⁾ 企業的定義 ⁽²⁾
IFRS 17 國際財務報告準則第17號	Insurance Contracts ⁽³⁾ 保險合同 ⁽³⁾
Amendments to IFRS 10 and IAS 28 國際財務報告準則第10號及國際會計準則第28號(修改)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽⁴⁾ 投資者與其聯營或合營企業的資產出售或投入 ⁽⁴⁾

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D) 重要會計政策摘要(續)

2.1 Basis of preparation (Cont'd) 編製基準(續)

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

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

- (1) Effective for the accounting period beginning on or after 1 January 2019
 - (2) Effective for the accounting period beginning on or after 1 January 2020
 - (3) Effective for the accounting period beginning on or after 1 January 2021
 - (4) No mandatory effective date yet determined
- IFRS 16 “Leases” addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors.

The Group is a lessee of various properties which are currently classified as operating leases. The current accounting policy of such leases and the Group's future operating lease commitments are set out in Note 2.26 and Note 36(b) to the consolidated financial statements, respectively.

IFRS 16 provides new provisions for the accounting treatment of leases and will no longer allow lessees to recognise certain leases outside the consolidated balance sheet in the future. Instead, when the Group is the lessee, almost all leases must be recognised in the form of an asset (for the right-of-use) and a financial liability (for the payment obligation). The new standard will therefore result in an increase in assets and financial liabilities in the consolidated balance sheet to the Group upon initial adoption. As for the financial impact in the consolidated income statement, rental expenses will be replaced with straight-line depreciation expense on the right-of-use asset and interest expenses on the lease liability. The combination of the straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to the consolidated income statement in the initial years of the lease, and a lower total charge during the latter part of the lease term.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other new standards, interpretations or amendments to existing standards that are not yet effective and would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.1.1 會計政策和披露的變動(續)

2.1.2 尚未生效的準則、解釋及修訂(續)

- (1) 於二零一九年一月一日或之後開始的會計期間生效
 - (2) 於二零二零年一月一日或之後開始的會計期間生效
 - (3) 於二零二一年一月一日或之後開始的會計期間生效
 - (4) 尚未確定強制生效日期
- 國際財務報告準則第16號「租賃」提供了租賃的定義及其確認和計量要求，並確立了出租人和承租人的租賃活動向財務報表使用者報告有用信息的原則。

本集團是一系列物業的承租人，而該等物業被劃分為經營租賃。針對此等租賃的會計政策及本集團的未來經營租賃承擔分別載列於合併財務報表附註2.26及36(b)中。

國際財務報告準則第16號提供有關租賃會計處理的新規定，且在將來不再允許承租人在合併資產負債表外確認某些租賃。相反，當本集團作為承租人時，幾乎所有的租賃都須確認為一項資產(該租賃項目的使用權)及一項金融負債(該租賃項目的付款義務)。初次採納的新準則會因而導致合併資產負債表中資產和金融負債的增加。就新準則對合併收益表所產生的財務影響而言，租賃費用將被使用權資產的直線折舊費用和租賃負債的利息費用所取代。使用權資產採用直線法進行折舊以及租賃負債採用實際利率法核算，將共同導致在租賃起初的數年裡計入合併收益表的總金額會較高，而計入租賃後期的費用則較低。

本集團將在強制採納日二零一九年一月一日採用該準則。本集團打算採用簡易過渡方法，不對首次採納上一年度的比較金額進行重述。

沒有其他尚未生效的新訂準則、解釋及準則之修訂會對實體在當前或未來報告期內以及對可預見的未來交易產生重大影響。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

重要會計政策摘要(續)

2.2 Subsidiaries

子公司

2.2.1 Consolidation

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

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

(a) Merger accounting for common control combinations

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

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

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

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

2.2.1 合併賬目

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

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

(a) 同一控制下合併的合併會計法

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

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

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

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

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註 (續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D) 重要會計政策摘要 (續)

2.2 Subsidiaries (Cont'd) 子公司 (續)

2.2.1 Consolidation (Cont'd)

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

2.2.1 合併賬目 (續)

(b) 非同—控制下業務合併購買法

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

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

購買相關成本在產生時支銷。

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

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

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

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

重要會計政策摘要(續)

2.2 Subsidiaries (Cont'd)

子公司(續)

2.2.1 Consolidation (Cont'd)

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

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

2.2.2 Separate financial statements

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

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

2.3 Associates

聯營企業

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

2.2.1 合併賬目(續)

(c) 不導致失去控制權的子公司所有權變動

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

2.2.2 獨立財務報表

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

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

聯營企業指所有本集團對其有重大影響力而無控制權的主體，通常附帶有20%-50%投票權的股權。聯營企業投資以權益法入賬。根據權益法，投資初始以成本確認，而賬面值被增加或減少以確認投資者享有被投資者在收購日期後的損益份額。本集團於聯營企業的投資包括購買時已辨認的商譽。在購買聯營企業的所有權時，購買成本與本集團享有的對聯營企業可辨認資產和負債的公允價值淨額的差額確認為商譽。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

重要會計政策摘要(續)

2.3 Associates (Cont'd)

聯營企業(續)

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

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

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

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the income statement.

如聯營企業的所有權持有被削減但仍保留重大影響力，只有按比例將之前在其他綜合收益中確認的數額重分類至損益(如適當)。

本集團應佔聯營企業購買後利潤或虧損於利潤表內確認，而應佔其購買後的其他綜合收益變動則於其他綜合收益內確認，並相應調整投資賬面值。如本集團應佔一家聯營企業的虧損等於或超過其在該聯營企業的權益，包括任何其他無抵押應收款，本集團不會確認進一步虧損，除非本集團對聯營企業已產生法律或推定債務或已代聯營企業作出付款。

本集團在每個報告日期釐定是否有客觀證據證明聯營企業投資已減值。如投資已減值，本集團計算減值，數額為聯營企業投資可收回數額與其賬面值的差額，並在利潤表中確認於「享有按權益法入賬的投資的收益／虧損」旁。

本集團與其聯營企業之間的上流和下流交易的利潤和虧損，在集團的財務報表中確認，但僅限於無關連投資者在聯營企業權益的數額。除非交易提供證據顯示所轉讓資產已減值，否則未實現虧損亦予以對銷。聯營企業的會計政策已按需要作出改變，以確保與本集團採用的政策符合一致。

在聯營企業股權稀釋所產生的利得和損失於利潤表確認。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

重要會計政策摘要(續)

2.4 Joint arrangements

合營安排

The Group has applied IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, its investments in joint ventures are stated at cost less provision for any impairment losses. Income from joint ventures is recognised by the Company on the basis of dividends received and receivable.

In the Company's balance sheet, impairment testing of the investments in joint ventures is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the joint venture in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

本集團已對所有合營安排應用國際財務報告準則第11號。根據國際財務報告準則第11號，在合營安排的投資分類為共同經營或合營企業，視乎每個投資者的合同權益和義務而定。本集團已評估其合營安排的性質並釐定為合營企業。合營企業按權益法入賬。

根據權益法，合營企業權益初步以成本確認，其後經調整以確認本集團享有的收購後利潤或虧損以及其他綜合收益變動的份額。本集團對合營企業的投資包括在購買時已辨認的商譽。在購買合營企業的所有權時，購買成本與本集團享有的對合營企業可辨認資產和負債的公允價值淨額的差額確認為商譽。當集團享有某一合營企業的虧損超過或相等於在該合營企業的權益(包括任何實質上構成集團在該合營淨投資的長期權益)，則集團不確認進一步虧損，除非集團已產生義務或已代合營企業付款。

集團與其合營企業之間的未變現交易利得按集團在該等合營企業的權益予以對銷。未變現虧損也予以對銷，除非交易提供證據證明所轉讓的資產出現減值。合營企業的會計政策如有需要已改變以符合集團採納的政策。

在本公司的資產負債表上，對合營企業的投資以成本扣除減值後的淨額列示，本公司按已收及應收股息確認合營企業的收益。

在本公司的資產負債表中，如果宣告發放的股息超過股息宣告發放當期合營企業綜合收益總額，或者該投資在獨立財務報表上的賬面價值超過包括商譽在內的被投資者的淨資產在合併財務報表上的賬面價值，則需要對合營企業的投資進行減值測試。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

重要會計政策摘要(續)

2.5 Segment reporting

分部報告

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Directors in the Board of Directors that makes strategic decisions.

經營分部按照向董事會提供的內部報告相一致的方式報告。主要經營決策者負責分配資源和評估經營分部的表現，被認定為作出策略性決定的董事會董事。

2.6 Foreign currency translation

外幣折算

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(a) 功能和列報貨幣

本集團每個主體的財務報表所列項目均以該主體經營所在的主要經濟環境的貨幣計量(「功能貨幣」)。合併財務報表以人民幣列報，人民幣為本公司的功能貨幣及本集團的列報貨幣。

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

(b) 交易及結餘

外幣交易採用交易日期或項目重新計量的估值日期的匯率換算為功能貨幣。除了符合在其他綜合收益中遞延入賬的現金流量套期和淨投資套期外，結算此等交易產生的匯兌利得和損失以及將外幣計值的貨幣資產和負債以年終匯率折算產生的匯兌利得和損失在利潤表確認。

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within "Finance income/costs, net".

與借款有關的匯兌利得和損失在利潤表內的財務費用中列報。所有其他匯兌利得和損失在利潤表內的「財務收益/費用，淨額」核算。

Translation differences on non-monetary financial assets, such as equities classified as FVOCI, are included in other comprehensive income.

非貨幣性金融資產(例如分類為以公允價值計量且其變動計入其他綜合收益的權益)的折算差額包括在其他綜合收益中。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

重要會計政策摘要(續)

2.6 Foreign currency translation (Cont'd)

外幣折算(續)

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

2.7 Leasehold land and land use rights

租賃土地和土地使用權

Leasehold land and land use rights are stated at cost less accumulated amortisation and impairment losses. Cost represents consideration paid for the rights to use the land for periods varying from 10 to 50 years. Amortisation of leasehold land and land use rights are calculated on a straight-line basis over the period of the leasehold land and land use rights.

(c) 集團公司

其功能貨幣與本集團的列報貨幣不同的所有集團內的主體(當中沒有惡性通貨膨脹經濟的貨幣)的業績和財務狀況按如下方法換算為列報貨幣:

- 每份列報的資產負債表內的資產和負債按該資產負債表日期的收市匯率換算;
- 每份利潤表內的收益和費用按平均匯率換算(除非此匯率並不代表交易日期匯率的累計影響的合理約數;在此情況下,收支項目按交易日期的匯率換算);及
- 所有由此產生的匯兌差額在其他綜合收益中確認。

購買境外主體產生的商譽及公允價值調整視為該境外主體的資產和負債,並按期末匯率換算。產生的匯兌差額在其他綜合收益中入賬。

租賃土地和土地使用權按成本減累計攤銷及減值損失列示。成本指為了取得土地的使用權而支付的代價,使用期限從10年至50年不等。租賃土地和土地使用權按租賃土地和土地使用權的期限以直線法攤銷。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

重要會計政策摘要(續)

2.8 Property, plant and equipment

房屋及建築物、廠房及設備

Land and buildings comprise mainly factories and offices. Leasehold land held under finance lease and all other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Leasehold land held under finance lease commences depreciation from the time when the land interest becomes available for its intended use. Depreciation on leasehold land held under finance lease and other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings and leasehold land held under finance lease	8–50 years
Equipment and machinery	3–15 years
Motor vehicles	4–10 years
Office equipment	2.5–15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.11).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

土地及樓宇主要包括廠房和辦公室。分類為融資租賃的租賃土地與所有其他房屋及建築物、廠房及設備按歷史成本減折舊列賬。歷史成本包括購買該等項目直接應佔的開支。

後續成本只有在很可能為本集團帶來與該項目有關的未來經濟利益，而該項目的成本能可靠計量時，才包括在資產的賬面值或確認為一項單獨資產(按適用)。已更換零件的賬面值已被終止確認。所有其他維修費用在產生的財務期間內於利潤表支銷。

分類為融資租賃的租賃土地由土地權益可供用作擬定用途時開始攤銷。分類為融資租賃的租賃土地的攤銷及其他資產的折舊以直線法計算，以於估計可使用年期將其成本分配至剩餘價值，有關估計可使用年期如下：

樓宇及分類為融資租賃的租賃土地	8–50年
機器設備	3–15年
運輸工具	4–10年
辦公設備	2.5–15年

資產的剩餘價值及可使用年期在每個資產負債表日進行測試，及在適當時調整。

若資產的賬面值高於其估計可收回價值，其賬面值即時撇減至可收回金額(附註2.11)。

處置的利得和損失按所得款與賬面值的差額釐定，並在利潤表內中確認。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

重要會計政策摘要(續)

2.8 Property, plant and equipment (Cont'd)

房屋及建築物、廠房及設備(續)

Construction in progress ("CIP") represents property, plant and equipment in the course of construction or pending installation and is stated at cost less any recognised impairment losses. Cost includes the costs of construction of property, plant and equipment, and interest charges arising from borrowings used to these assets during the period of construction or installation and testing. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

在建工程指興建中的房屋及建築物、廠房及安裝測試中的設備，按成本減累計減值後列賬。成本包括房屋及建築物的建造成本、廠房及設備成本，以及建造或安裝及測試期間為此等資產提供資金的借款所產生的利息支出。在建工程竣工並可投入使用後，有關成本轉為固定資產的相關類別並按上述固定資產折舊的會計政策計算折舊。

2.9 Research and development costs

研究和開發費用

Research expenditure is recognised as an expense as incurred. Costs incurred in development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be successful considering its commercial and technical feasibility and its costs can be measured reliably. Other development expenditures that do not meet these criteria are expensed as incurred. Development costs previously recognised as expenses are not recognised as assets in subsequent periods. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years; and tested for impairment according to Note 2.11.

研究費支出於發生時作為費用列支。開發項目(與設計和測試新產品或改進產品相關的)成本在考慮其產品能夠產生未來的商業效益，獲證實技術上可行且能準確計量時，可被記為無形資產。其他不具備上述條件的開發費用支出於發生時作為費用列支。以前會計期間已經列支為費用的部分不得再予以資本化。被資本化的開發成本記為無形資產，在其可投入使用後以直線法攤銷。攤銷期不超過五年。無形資產的減值測試依照附註2.11中披露的方法進行。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D) 重要會計政策摘要(續)

2.10 Intangible assets 無形資產

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Contractual customer relationships and other intangible assets

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method by ten years over the expected life of the contractual customer relationships.

There are two types of other intangible assets: management contract and exclusive supply contract. These intangible assets acquired have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over their expected useful lives.

(a) 商譽

商譽產生自收購子公司，並相當於所轉讓對價，被收購方的非控制性權益金額以及享有的被收購方過往的權益在收購日的公允價值超過本集團獲得的被收購方的可辨認淨資產公允價值的數額。

就減值測試而言，在業務合併中購入的商譽會分配至每個現金產出單元或現金產出單元組(預期可從合併中獲取協同利益)。商譽被分配的每個單元或單元組指在主體內商譽被監控作內部管理用途的最底層次。商譽在經營分部層次進行監控。

對商譽的減值測試每年進行，或如事件或情況轉變顯示可能存在減值，則更頻密地測試。包含商譽的現金產出單元的賬面值與可收回數額(使用價值與公允價值減處置成本較高者)比較。任何減值須實時確認及不得在之後期間撥回。

(b) 客戶合同關係及其他無形資產

在業務合併中購入的客戶合同關係按購買日的公允價值列賬。客戶合同關係有限定的可使用年期，並按成本減累計攤銷列賬。攤銷是按客戶合同關係的十年預計可使用年期利用直線法分攤計算。

其他無形資產中，管理合同及獨家供貨合同均有限定的可使用年期，並按成本減累計攤銷列賬。攤銷是按其預計可使用年期利用直線法分攤計算。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

重要會計政策摘要(續)

2.10 Intangible assets (Cont'd)

無形資產(續)

(c) Patented technology, trademark licence and computer software

Costs associated with maintaining patented technology, trademark licence and computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique patented technology, trademark licence and software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- the expenditure attributable to the product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the patented technology, trademark licence and software product include the development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Patented technology, trademark licence and computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed ten years.

(c) 專利技術、商標權和計算機軟件

與維護專利技術、商標權和計算機軟件程序有關的成本在產生時確認為費用。如符合下列條件，由本集團控制的可辨認和獨有專利技術、商標權和軟件產品在設計和測試中的直接應佔開發成本，可確認為無形資產：

- 完成該產品以致其可供使用在技術上是可行的；
- 管理層有意完成該產品並使用或出售；
- 有能力使用或出售該產品；
- 可證實該產品如何產生很可能出現的未來經濟利益；
- 有足夠的技術、財務和其他資源完成開發並使用或出售該產品；及
- 該產品在開發期內應佔的支出能可靠地計量。

可資本化成為專利技術、商標權和軟件產品部分成本是直接應佔成本包括軟件開發的職工成本和相關生產費用的適當部分。

不符合以上條件的其他開發支出在產生時確認為費用。以往確認為費用的開發成本不會在往後期間確認為資產。

確認為資產的專利技術、商標權和計算機軟件發展成本按估計可使用年期(不超過十年)攤銷。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

重要會計政策摘要(續)

2.11 Impairment of non-financial assets

非金融資產的減值

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

使用壽命不確定的資產 — 例如商譽或尚未可供使用的無形資產 — 無需攤銷，但每年須就減值進行測試。須作攤銷的各項資產，當有事件出現或情況改變顯示賬面值可能無法收回時就進行減值測試。減值虧損按資產的賬面值超出其可收回金額的差額確認。可收回金額以資產的公允價值扣除銷售成本或使用價值兩者之間較高者為準。於評估減值時，資產按可分開辨認現金流量的最低層次組合(現金產出單元)分組。除商譽外，已蒙受減值的非金融資產在每個報告日期均就減值是否可以轉回進行測試。

2.12 Financial assets

金融資產

(a) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(a) 分類

自二零一八年一月一日起，本集團按以下計量類別對金融資產進行分類：

- 其後以公允價值計量(且其變動計入其他綜合收益或損益)的金融資產，及
- 以攤餘成本計量的金融資產。

該分類取決於主體管理金融資產的業務模式以及該資產的合同現金流量特徵。

對於以公允價值計量的金融資產，其利得和損失計入損益或其他綜合收益。對於非交易性的權益工具投資，其利得和損失的計量將取決於本集團在初始確認時是否作出不可撤銷的選擇而將其指定為以公允價值計量且其變動計入其他綜合收益。

僅當該資產的業務模式發生變化時，本集團才對債權投資進行重分類。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

重要會計政策摘要(續)

2.12 Financial assets (Cont'd)

金融資產(續)

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "Other gains/losses, net". Impairment losses are presented as separate line item in the income statement.

(b) 確認和終止確認

常規方式購買及出售的金融資產於交易日確認。交易日是指本集團承諾購買或出售資產的日期。當收取金融資產現金流量的權利已到期或已轉讓，且本集團已經轉移了金融資產所有權上幾乎所有的風險和報酬，金融資產即終止確認。

(c) 計量

對於不被分類為以公允價值計量且其變動計入損益的金融資產，本集團以其公允價值加上可直接歸屬於獲得該項金融資產的交易費用進行初始確認。與以公允價值計量且其變動計入損益的金融資產相關的交易費用計入損益。

對於包含嵌入式衍生工具的金融資產，本集團對整個合同考慮其現金流量是否僅代表對本金和利息的支付。

債務工具投資

債務工具投資的後續計量取決於本集團管理該資產的業務模式以及該資產的合同現金流量特徵。本集團將債務工具投資分為以下三種計量類別：

- 以攤餘成本計量：對於持有以收取合同現金流量的資產，如果合同現金流量僅代表對本金和利息的支付，則該資產以攤餘成本計量。該等金融資產的利息收入以實際利率法計算，計入財務收入。終止確認時產生的利得或損失直接計入損益，列示在「其他利得／損失，淨額」中。減值損失作為單獨的科目在利潤表中列報。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D) 重要會計政策摘要(續)

2.12 Financial assets (Cont'd) 金融資產(續)

(c) Measurement (Cont'd)

Debt instruments (Cont'd)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other gains when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(c) 計量(續)

債務工具投資(續)

- 以公允價值計量且其變動計入其他綜合收益：對於持有以收取合同現金流量及出售的金融資產，如果該資產的合同現金流量僅代表對本金和利息的支付，則該資產被分類為以公允價值計量且其變動計入其他綜合收益。除減值利得或損失、利息收入以及匯兌利得和損失計入損益外，賬面值的變動計入其他綜合收益。該等金融資產終止確認時，之前計入其他綜合收益的累計利得或損失從權益重分類至損益中。該等金融資產的利息收入用實際利率法計算，計入財務收入。減值損失作為單獨的科目在損益表中列報。
- 以公允價值計量且其變動計入損益：不符合以攤餘成本計量或以公允價值計量且其變動計入其他綜合收益標準的金融資產，被分類為以公允價值計量且其變動計入損益。對於後續以公允價值計量且其變動計入損益的債務工具投資，其利得或損失於產生期間計入損益。

權益工具投資

本集團以公允價值對所有權益工具投資進行後續計量。如果本集團管理層選擇將權益工具投資的公允價值利得和損失計入其他綜合收益，則當終止確認該項投資時，不會將累計的公允價值利得和損失重分類至損益。對於股利，當本集團已確立收取股利的權利時，該等投資的股利才作為其他利得而計入損益。

對於以公允價值計量且其變動計入損益的金融資產，其公允價值變動計入損益。對於以公允價值計量且其變動計入其他綜合收益的權益工具投資，其減值損失(以及減值損失轉回)不與其他公允價值變動單獨列示。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

重要會計政策摘要(續)

2.12 Financial assets (Cont'd)

金融資產(續)

(d) Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The details of impairment methodology refer to Note 3.1(b).

(e) Accounting policies applied until 31 December 2017

The Group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Classification

Until 31 December 2017, the Group classifies its financial assets in the following categories: loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and bill receivables", "amounts due from related parties", "short-term bank deposits" and "cash and cash equivalents" in the balance sheet (Notes 2.15 and 2.16).

(ii) Available-for-sale financial assets

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

(d) 減值

自二零一八年一月一日起，對於以攤餘成本計量和以公允價值計量且其變動計入其他綜合收益的債務工具投資，本集團就其預期信用損失做出前瞻性評估。減值方法取決於其信用風險是否顯著增加。減值方法詳見附註3.1(b)。

(e) 截至二零一七年十二月三十一日前採用的會計政策

本集團已追溯應用國際財務報告準則第9號，但選擇不重述比較數據。因此，本集團將繼續按照之前的會計政策對提供的比較數據進行會計處理。

分類

截至二零一七年十二月三十一日，本集團將其金融資產分類為以下類別：貸款及應收款項和可供出售金融資產。分類視乎購入金融資產之目的。管理層應在初始確認時釐定金融資產的分類。

(i) 貸款及應收款項

貸款及應收款項為有固定或可確定付款額且沒有在活躍市場上報價的非衍生金融資產。此等項目包括在流動資產內，但預期將於報告期末起計超過12個月結算的數額，則分類為非流動資產。本集團的貸款及應收款項由資產負債表「應收賬款及票據」，「應收關聯公司款項」，「短期銀行存款」與「現金及現金等價物」組成(附註2.15及2.16)。

(ii) 可供出售金融資產

可供出售金融資產為被指定作此類別或並無分類為任何其他類別的非衍生工具。除非投資到期或管理層有意在報告期末後12個月內處置該投資，否則此等資產列在非流動資產內。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D) 重要會計政策摘要(續)

2.12 Financial assets (Cont'd) 金融資產(續)

(e) Accounting policies applied until 31 December 2017 (Cont'd)

Recognition and measurement

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

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as "Other gains/losses, net".

Dividends on available-for-sale equity instruments are recognised in the income statement as part of other gains when the Group's right to receive payments is established.

(e) 截至二零一七年十二月三十一日前採用的會計政策(續)

確認和計量

常規購買及出售的金融資產在交易日確認 — 交易日指本集團承諾購買或出售該資產之日。對於以公允價值計量但其變動並非計入損益的所有金融資產，其投資初始按其公允價值加交易成本確認。當從投資收取現金流量的權利已到期或已轉讓，而本集團已實質上將所有權的所有風險和報酬轉讓時，金融資產即終止確認。可供出售金融資產其後按公允價值列賬。貸款及應收款項其後利用實際利率法按攤銷成本列賬。

分類為可供出售金融資產的公允價值變動在其他綜合收益中確認。

當分類為可供出售金融資產的證券售出或減值時，在權益中確認的累計公允價值調整列入利潤表內作為「其他利得／損失，淨額」。

可供出售權益工具的股利，當本集團收取有關款項的權利確定時，在利潤表內確認為其他利得的一部分。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

重要會計政策摘要(續)

2.12 Financial assets (Cont'd)

金融資產(續)

(e) Accounting policies applied until 31 December 2017 (Cont'd)

Impairment

(i) Assets carried at amortised cost

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

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

(e) 截至二零一七年十二月三十一日前採用的會計政策(續)

減值

(i) 以攤銷成本列賬的資產

本集團於每個報告期末評估是否存在客觀證據證明某一金融資產或某一金融資產組出現減值。只有當存在客觀證據證明於因為首次確認資產後發生一宗或多宗事件導致出現減值(「損失事項」)，而該宗(或該等)損失事項對該項或該組金融資產的估計未來現金流量構成的影響可以合理估計，有關的金融資產或金融資產組才算出現減值及產生減值虧損。

減值虧損的證據可包括債務人或一組債務人遇上嚴重財政困難、逾期或拖欠償還利息或本金、債務人很有可能破產或進行其他財務重組，以及有可觀察數據顯示估計未來現金流有可計量的減少，例如與違約有相互關連的拖欠情況或經濟狀況改變。

對於貸款及應收款類別，損失金額乃根據資產賬面值與按金融資產原實際利率貼現而估計未來現金流量(不包括仍未產生的未來信用損失)的現值兩者的差額計量。資產賬面值予以削減，而損失金額則在合併利潤表確認。如貸款或持有至到期投資有浮動利率，計量任何減值損失的貼現率為按合同釐定的當前實際利率。在實際應用中，集團可利用可觀察的市場價格，按工具的公允價值計量減值。

如在後繼期間，減值虧損的數額減少，而此減少可客觀地聯繫至減值在確認後才發生的事件(例如債務人的信用評級有所改善)，則之前已確認的減值虧損可在合併利潤表轉回。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D) 重要會計政策摘要(續)

2.12 Financial assets (Cont'd) 金融資產(續)

(e) Accounting policies applied until 31 December 2017 (Cont'd)

Impairment (Cont'd)

(ii) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is reclassified from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

2.13 Offsetting financial instruments 抵銷金融工具

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.14 Inventories 存貨

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost to completion and applicable variable selling expenses.

(e) 截至二零一七年十二月三十一日前採用的會計政策(續)

減值(續)

(ii) 可供出售金融資產

本集團在每個報告期末評估是否有客觀證據證明某一金融資產或某一金融資產組已經減值。

對於權益投資，證券公允價值的大幅度或長期跌至低於其成本值，亦是證券已經減值的證據。若存在此等證據，累計虧損 — 按購買成本與當時公允價值的差額，減該金融資產之前於損益確認的任何減值虧損計算 — 自權益中重分類並在損益中記賬。在合併利潤表中就權益工具確認的減值虧損，不得透過合併利潤表轉回。

當有法定可執行權力可抵銷已確認金額，並有意圖按淨額基準結算或同時變現資產和結算負債時，金融資產與負債可互相抵銷，並在資產負債表報告其淨額。法定可執行權利必須不得依賴未來事件而定，而在一般業務過程中以及倘公司或對手方一旦出現違約、無償債能力或破產時，這也必須具有約束力。

存貨按成本及可變現淨值兩者的較低者列賬。成本利用加權平均法釐定。產成品及在產品的成本包括原材料、直接勞工、其他直接成本和相關的間接生產費用(依據正常營運能力)。這不包括借款成本。可變現淨值為在日常經營活動中的估計銷售價，減估計完成的成本及適用的變動銷售費用。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

重要會計政策摘要(續)

2.15 Trade receivables

應收賬款

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 120 days and therefore are all classified as current.

應收賬款為在日常經營活動中就商品銷售或服務執行而應收客戶的款項。應收賬款通常於120日內結算，因此所有應收賬款均分類為流動資產。

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 3.1(b) for a description of the Group's impairment policies.

應收賬款按可無條件獲得的對價金額進行初始確認，但當其包含重大融資成分時，按公允價值進行初始確認。本集團持有應收賬款的目的是收取合同現金流量，因此後續使用實際利率法按攤銷成本計量應收賬款。關於本集團的減值政策，請參見附註3.1(b)。

2.16 Cash and cash equivalents

現金及現金等價物

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

在合併現金流量表中，現金及現金等價物包括手頭現金、銀行通知存款及原到期為三個月或以下的其他短期高流動性投資。

2.17 Share capital

股本

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

普通股被分類為權益。直接歸屬於發行新股的新增成本在權益中列為所得款的減少(扣除稅項)。

2.18 Trade payables

應付賬款

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

應付賬款為在日常經營活動中從供應商購買商品或服務而應支付的債務。如應付賬款的支付日期在一年或以內(如仍在正常經營周期中，則可更長時間)，其被分類為流動負債；否則分類為非流動負債。

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

應付賬款以公允價值為初始確認，其後利用實際利率法按攤銷成本計量。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

重要會計政策摘要(續)

2.19 Borrowings

借款

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

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

2.20 Borrowing costs

借款成本

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.21 Current and deferred income tax

當期及遞延所得稅

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

借款按公允價值並扣除產生的交易費用為初始確認。借款其後按攤銷成本列賬；所得款(扣除交易成本)與贖回價值的任何差額利用實際利率法於借款期間內在利潤表確認。

除非本集團可無條件將負債的結算遞延至結算日後最少12個月，否則借款分類為流動負債。

直接歸屬於收購、興建或生產合資格資產(指必須經一段長時間處理以作其預定用途或銷售的資產)的借款成本，加入該等資產的成本內，直至資產大致上備妥供其預定用途或銷售為止。

就特定借款，因有待合資格資產的支出而臨時投資賺取的投資收入，應自合資格資本化的借款成本中扣除。

所有其他借款成本在產生期內的損益中確認。

本期間的稅項支出包括當期和遞延稅項。稅項在利潤表中確認，但與在其他綜合收益中或直接在權益中確認的項目有關者則除外。在該情況下，稅項亦分別在其他綜合收益或直接在權益中確認。

(a) 當期所得稅

當期所得稅支出根據本公司及其子公司、合營及聯營企業經營及產生應課稅收入的國家於資產負債表日已頒布或實質上已頒布的稅務法例計算。管理層就適用稅務法例解釋所規限的情況定期評估報稅表的狀況，並在適用情況下根據預期須向稅務機關支付的稅款設定準備。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

重要會計政策摘要(續)

2.21 Current and deferred income tax (Cont'd)

當期及遞延所得稅(續)

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(b) 遞延所得稅

內在差異

遞延所得稅利用負債法確認資產和負債的稅基與資產和負債在合併財務報表的賬面值的差額而產生的暫時性差異。然而，若遞延所得稅負債來自對商譽的初始確認，以及若遞延所得稅來自在交易(不包括業務合併)中對資產或負債的初始確認，而在交易時不影響會計損益或應課稅利潤或損失，則不作記賬。遞延所得稅採用在資產負債表日前已頒布或實質上已頒布，並在有關的遞延所得稅資產實現或遞延所得稅負債結算時預期將會適用的稅率(及法例)而釐定。

遞延所得稅資產是就很可能有未來應課稅利潤而就此可使用暫時性差異而確認。

外在差異

就子公司、聯營和合營投資產生的應課稅暫時性差異確認遞延所得稅負債，但不包括本集團可以控制暫時性差異的轉回時間以及暫時性差異在可預見將來很可能不會轉回的遞延所得稅負債。

就子公司、聯營和合營投資產生的可扣減暫時性差異確認遞延所得稅資產，但只限於暫時性差異很可能在將來轉回，並有充足的應課稅利潤抵銷可用的暫時性差異。

(c) 抵銷

當有法定可執行權力將當期稅項資產與當期稅務負債抵銷，且遞延所得稅資產和負債涉及由同一稅務機關對應課稅主體或不同應課稅主體但有意向以淨額基準結算所得稅結餘時，則可將遞延所得稅資產與負債互相抵銷。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D) 重要會計政策摘要(續)

2.22 Employee benefits 職工福利

(a) Short-term compensation

Short-term compensation includes salaries, bonuses, allowances and subsidies, staff welfare etc. When an employee has rendered service to the Group during the reporting period, the Group shall recognise the short-term compensation actually incurred as a liability and charge to the cost of an asset or to profit or loss in the same period.

(b) Pension obligations

The Group participates in a number of defined contribution plans in the PRC and Hong Kong. The pension plans are generally funded by payments from employees and relevant group companies. The Group pays contributions to the pension plans which are calculated as a certain percentage of the employees' salaries.

The Group has no legal or constructive obligations to make further payments once the required contributions have been paid, even if the plans do not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) Other employee benefits

Other employee benefits include termination benefits which are payable whenever an employee accepts voluntary redundancy in exchange for these benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(a) 短期薪酬

短期薪酬包括工資、獎金、津貼和補貼、職工福利費等。本集團在職工提供服務的報告期內，將實際發生的短期薪酬確認為負債，並計入相關資產成本或當期損益。

(b) 退休金債務

本集團參與中國內地和香港的多個供款計劃。退休金計劃中的資金主要由公司職工和集團內各相關公司提供。本集團向該計劃的供款按照職工工資的一定比例計算。

本集團根據供款計劃支付供款後，即使該些計劃並無持有足夠資產向所有職工就其在當期及以往期間的服務支付福利，本集團亦無法定或推定債務支付進一步供款。供款在應付時確認為職工福利費用。預付供款按照現金退款或可減少未來付款而確認為資產。

(c) 其他職工福利

其他職工福利包括離崗職工福利，即職工接受自願離崗而換取的福利。在鼓勵職工自願離崗的要約情況下，按預期接受要約的職工數目計算，在報告期末後超過12個月支付的福利應折現為現值。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

重要會計政策摘要(續)

2.23 Provision 準備

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.24 Revenue recognition 收入確認

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

(i) Sale of goods — wholesale

The Group manufactures and sells a range of healthcare products and Chinese medicines to wholesalers. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

當本集團因已發生的事件而產生現有的法律或推定債務；很可能需要資源的流出以結算債務；及金額已被可靠估計時，當確認準備。但本集團不會就未來經營虧損確認準備。

如有多項類似債務，其需要在結算中有資源流出的可能性，則可根據債務的類別整體考慮。即使在同一債務類別所包含的任何一個項目相關的資源流出的可能性極低，仍須確認準備。

準備採用稅前利率按照預期需結算有關債務的支出現值計量，該利率反映當時市場對貨幣時間值和有關債務固有風險的評估。隨著時間過去而增加的準備確認為利息支出。

本集團在商品或服務的控制權被轉移至客戶，滿足履約義務得以滿足時確認收入。

(i) 貨物銷售 — 批發

本集團生產中藥產品和保健品並銷售與經銷商。當產品控制權已轉移，產品已交付予批發商，批發商對銷售產品的渠道和價格擁有完全決定權，且不存在可能影響批發商對產品接收的未履行債務時，本集團即確認產品銷售收入。當產品已運至指定地點，過時和損失風險已轉讓予批發商，而批發商已根據銷售合同接收產品、或所有接收條款已作廢，或本集團有客觀證據顯示所有接收條款已經履行後，才算滿足貨品已交付的條件。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

重要會計政策摘要(續)

2.24 Revenue recognition (Cont'd)

收入確認(續)

(i) Sale of goods — wholesale (Cont'd)

Revenue from these sales is recognised based on the price specified in the contract, net of the estimated discounts. And revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(ii) Sale of goods — retail

The Group also sells products to individual customers through its retail outlets. Revenue from the sale of goods is recognised when a group entity sells a product to the customer.

For retail sales, the Group operates a chain of retail outlets for selling products. Sales of goods are recognised when a Group entity sells a product to the customer. Payment of the transaction price is due immediately. Retail sales are usually in cash or by credit card.

(iii) Advertising service

Revenue from providing advertising services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. This is determined based on the stage of completion of service according to contractual agreement or by the reference to the percentage of completion method. Under this method, the percentage of completion is identified with proportion of incurred contract costs to estimated total cost. Advertising services have been completed within the reporting period.

(i) 貨物銷售 — 批發(續)

銷售收入是根據合同約定的價格扣除估計的折扣後確認。並且僅當極可能不會發生重大轉回時才確認收入。

本集團在貨品交付時確認應收款，因為此時收回對價的權利是無條件的，本集團僅需等待客戶付款。

(ii) 貨物銷售 — 零售

本集團還透過連鎖零售商舖銷售產品予個人消費者。集團在產品出售給客戶時確認產品銷售收入。

零售方面，本集團透過連鎖零售商舖銷售產品。銷售貨品於集團實體向客戶銷售產品時確認。零售通常以現金或信用卡結付。

(iii) 廣告服務

提供廣告服務的收入於提供服務的會計期間內確認。對於固定價格合同，由於客戶接受服務的同時亦使用服務，本集團按截至報告期末實際提供的服務所佔將提供的全部服務的比例確認收入。該比例是基於合同約定的完成服務的階段或參照完工百分比(根據已發生成本費用佔預計總成本費用的比例來確定完工進度)來確定。廣告服務均已在報告期內完成。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

重要會計政策摘要(續)

2.24 Revenue recognition (Cont'd)

收入確認(續)

(iv) Service income

The Group provides Chinese medical consultation and treatments in retail outlets. Service income is recognised over-time in which the service is provided to the customer and it is settled in cash or by credit card.

(v) Royalty fee income

Royalty fee income is based on pre-determined rates on the total turnover of overseas entities for them to use the "Tong Ren Tang" brand name. Royalty fee is recognised on an accrual basis upon sales recognised by the overseas entities.

(vi) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

2.25 Interest income

利息收入

Interest income on financial assets at amortised cost (2017 — loans and receivables) calculated using the effective interest method is recognised in the consolidated income statement as part of finance income, net.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 24 below. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(iv) 服務收入

本集團於其零售商舖提供中醫診療。服務收益於向客戶提供服務的會計期間確認，以現金或信用卡結付。

(v) 品牌使用費收入

品牌使用費收入乃就海外實體使用「同仁堂」品牌，根據其營業額按預定費率收取，品牌使用費於海外實體確認銷售時按應付基準確認收入。

(vi) 融資因素

本集團預計合同中承諾向客戶交付貨品或提供服務的時間與客戶付款的時間間隔不會超過一年。因此，本集團不因貨幣時間價值而調整任何交易價格。

按實際利率法計算的以攤餘成本計量的金融資產(2017 — 貸款及應收款)利息收益於合併利潤表中確認為財務收入 — 淨額的一部分。

出於現金管理目的而持有的金融資產的利息收益列示為財務收入，參見下文附註24。所有其他利息收益計入其他收益。

除後續會發生信用減值的金融資產外，按金融資產的賬面餘額和實際利率計算利息收益。對已發生信用減值的金融資產，按照其扣除減值準備的賬面餘額和實際利率計算利息收益。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

重要會計政策摘要(續)

2.26 Leases

租賃

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

如租賃所有權的重大部分風險和報酬由出租人保留，分類為經營租賃。根據經營租賃支付的款項(扣除自出租人收取的任何激勵措施後)，於租賃期內以直線法在利潤表支銷。

2.27 Dividend distribution

股息分派

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

在報告期末尚未分派且已宣告發放並經過適當授權不再由實體決定的股息需在報告期末或之前予以計提。

2.28 Government grants

政府補助

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

當能夠合理地保證政府補助將可收取，而本集團將會符合所有附帶條件時，將政府提供的補助按其公允價值確認入賬。

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

與成本有關之政府補助遞延入賬，並按擬補償之成本配合其所需期間在利潤表中確認。

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income — government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

與購買房屋及建築物、廠房及設備有關之政府補助列入非流動負債作為遞延收入 — 政府補助，並按有關資產之預計年期以直線法在利潤表確認。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

3. FINANCIAL RISK MANAGEMENT 財務風險管理

3.1 Financial risk factors 財務風險因素

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by management of each individual entity within the Group.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and foreign exchange risk arises from commercial transactions, recognised assets and liabilities and net investments in foreign operations, primarily with respect to the Hong Kong dollar ("HKD").

The Group currently does not have a foreign currency hedging policy. The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates.

If the respective functional currency of the Group's entities had strengthened/weakened by 5% against the relevant foreign currencies, with all other variables held constant, the profit before income tax for the year ended 31 December 2018 and 2017 would increase/decrease as follows:

本集團的活動承受著多種的財務風險：市場風險(包括外匯風險及利率風險)、信用風險及流動性風險。本集團的整體風險管理計劃專注於財務市場的不可預測性，並尋求盡量減低對本集團財務表現的潛在不利影響。風險管理由本集團內每個實體的管理層實施。

(a) 市場風險

(i) 外匯風險

本集團在全球範圍內開展業務活動，外匯風險來自貿易業務、已確認的資產和負債以及境外經營淨投資，主要涉及港幣。

本集團現時並無任何外幣對沖政策。本集團主要通過密切關注匯率變動來應對外匯風險。

倘本集團實體各自的功能貨幣兌有關外幣升值/貶值5%，而所有其他變量保持不變，則截至二零一八年十二月三十一日及二零一七年十二月三十一日止年度的除所得稅前利潤增加/減少幅度如下：

	2018		2017	
	Increase/(decrease) on profit before income tax if exchange rates change by 倘匯率出現下列變動， 除所得稅前利潤將增加/(減少)	Increase/(decrease) on profit before income tax if exchange rates change by 倘匯率出現下列變動， 除所得稅前利潤將增加/(減少)	Increase/(decrease) on profit before income tax if exchange rates change by 倘匯率出現下列變動， 除所得稅前利潤將增加/(減少)	Increase/(decrease) on profit before income tax if exchange rates change by 倘匯率出現下列變動， 除所得稅前利潤將增加/(減少)
	+5%	-5%	+5%	-5%
	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元
HKD 港幣	30,072	(30,072)	32,489	(32,489)

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

3. FINANCIAL RISK MANAGEMENT (CONT'D) 財務風險管理(續)

3.1 Financial risk factors (Cont'd) 財務風險因素(續)

(a) Market risk (Cont'd)

(ii) Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The interest rates and repayment terms of the Group's borrowings are disclosed in Note 20. As at 31 December 2018 and 2017, most of the non-current borrowings were at fixed interest rates and the operating cash flows are substantially independent of changes in market interest rates. The current debt level of the Group is relatively low and the exposure to the fair value interest rate risk is limited.

The management of the Group monitors the interest rate exposure regularly. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

(b) Credit risk

(i) Risk Management

Credit risk is managed on group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

Cash at bank and short-term bank deposits are deposited with high-credit-quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution. As at 31 December 2018, majority of the bank deposits are placed with state-owned banks and listed financial institutions, which are at lower credit risk.

(a) 市場風險(續)

(ii) 利率風險

本集團的利率風險來自長期借款。以浮動利率獲得的借款令本集團承受現金流量利率風險，部分為按浮動利率持有的現金所抵銷。以固定利率獲得的借款令本集團承受公允價值利率風險。本集團借款的利率及償還條款已在附註20中予以披露。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，非流動借款主要為固定利率借款，經營現金流量基本不受市場利率變動的影響。本集團當前債務水平相對較低，且面對之公允價值利率風險有限。

本集團管理層定期監控利率風險。本集團並無使用利率掉期來規避利率風險。

(b) 信用風險

(i) 風險管理

信用風險是按照組合方式管理。信用風險來自現金及現金等價物和銀行與財務機構的存款，亦有來自批發和零售客戶的信用風險，包括未償付的應收款和已承諾交易。

銀行活期存款及短期銀行存款僅存於高信用素質的財務機構。本集團有政策限定任何財務機構的信用額度。於二零一八年十二月三十一日，主要的銀行存款均存於國有銀行和上市金融機構，該部分存款的信用風險較低。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

3. FINANCIAL RISK MANAGEMENT (CONT'D)

財務風險管理(續)

3.1 Financial risk factors (Cont'd)

財務風險因素(續)

(b) Credit risk (Cont'd)

(b) 信用風險(續)

(i) Risk Management (Cont'd)

(i) 風險管理(續)

	As at 31 December	
	於十二月三十一日	
	2018	2017
	RMB'000	RMB'000
	人民幣千元	人民幣千元
State-owned banks and listed financial institutions 國有銀行及上市金融機構	2,953,744	2,959,979
Other banks 其他銀行	486,818	110,041
Total cash at bank and short-term bank deposits (Note 33(b)) 銀行活期存款及短期銀行存款(附註33(b))	3,440,562	3,070,020

(ii) Impairment of financial assets

Trade and bills receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and bills receivables.

Based on shared credit risk characteristics, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the expected loss rates are based on the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Amounts due from related parties (excluding prepayments)

Amounts due from related parties (excluding prepayments) include trade receivables and other receivables. The Group applies the IFRS 9 simplified approach which uses a lifetime expected loss allowance for trade receivables. For other receivables, the Group recognises a loss allowance equal to 12-month expected credit losses unless there has been a significant increase in credit risk of the financial assets since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime expected credit losses.

(ii) 金融資產的減值

應收賬款及票據

本集團採用國際財務報告準則第9號的簡化方法計量預期信用損失，即對所有應收賬款及票據確認整個存續期的預期損失撥備。

按照相同的信用風險特徵，以單獨基準或集體基準對應收賬款信用風險顯著上升進行評估。當按集體基準評估時，預期信用損失率基於期間發生的相應歷史信用損失確定。本集團調整了歷史信用損失率，以反映影響客戶應收款結算能力的當前和前瞻性宏觀經濟因素信息。

應收關聯公司款項(不包括預付款項)

應收關聯公司款項(不包括預付款項)包括應收賬款和其他應收款。本集團採用國際財務報告準則第9號的簡化方法，對應收賬款按照整個存續期的預期損失計提損失撥備。對於其他應收款，本集團根據12個月預期信用損失進行計量，除非信用風險自初始確認後顯著增加，將按照整個存續期的預期損失計提損失撥備。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

3. FINANCIAL RISK MANAGEMENT (CONT'D) 財務風險管理(續)

3.1 Financial risk factors (Cont'd) 財務風險因素(續)

(b) Credit risk (Cont'd)

(ii) Impairment of financial assets (Cont'd)

Other financial assets at amortised cost

For other financial assets at amortised cost, the Group recognises a loss allowance equal to 12-month expected credit losses unless there has been a significant increase in credit risk of the financial assets since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime expected credit losses.

Bill receivables at FVOCI

The Group applies the IFRS 9 simplified approach which uses a lifetime expected loss allowance for bills receivables at FVOCI.

Financial assets at FVPL

The entity is also exposed to credit risk in relation to wealth management products that are measured at FVPL. The maximum exposure at the end of the reporting period is the carrying amount of these investments (RMB29,000,000; 2017 — nil).

(c) Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents or have available funding through adequate amount of committed credit facilities to meet its working capital requirements. The amounts of borrowings and undrawn credit facilities at the balance sheet date are disclosed in Note 20 and Note 35 respectively.

Trade and bills payables, amounts due to related parties and other payables are normally expected to be settled within one year after receipt of goods or services, while generally no specific credit period is granted by the suppliers.

(b) 信用風險(續)

(ii) 金融資產的減值(續)

以攤餘成本計量的其他金融資產

對於以攤餘成本計量的其他金融資產，本集團根據12個月預期信用損失進行計量，除非信用風險自初始確認後顯著增加，將按照整個存續期的預期損失計提損失撥備。

以公允價值計量且其變動計入其他綜合收益的應收票據

本集團採用國際財務報告準則第9號的簡化方法，對以公允價值計量且其變動計入其他綜合收益的應收票據確認整個存續期的預期損失撥備。

以公允價值計量且其變動計入損益的金融資產

主體還面臨以公允價值計量且其變動計入損益的理財產品相關信用風險。報告期末，主體面臨的最大風險敞口為這些投資的賬面價值(即人民幣29,000,000元；二零一七年：零)。

(c) 流動性風險

本集團的政策是持有充足的現金和現金等價物，或擁有足夠的已承諾信貸額度以獲得資金來滿足對營運資金需求的承諾。於資產負債表日，借款在附註20中予以披露，尚未使用的信貸額度在附註35中予以披露。

一般來說，供應商不會給予特定信用期，但是相應應付賬款及票據、應付關聯公司款項及其他應付款通常在收到貨物或者服務後的一年內支付。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

3. FINANCIAL RISK MANAGEMENT (CONT'D)

財務風險管理(續)

3.1 Financial risk factors (Cont'd)

財務風險因素(續)

(c) Liquidity risk (Cont'd)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(c) 流動性風險(續)

下表顯示本集團的金融負債，按照相關的到期組別，根據由資產負債表日至合同到期日的剩餘期間進行分析。在表內披露的金額為未經貼現的合同現金流量。

	Within 1 year 一年以內 RMB'000 人民幣千元	Over 1 year but within 2 years 一年至兩年 RMB'000 人民幣千元	Over 2 years but within 5 years 兩年至五年 RMB'000 人民幣千元	Over 5 years 五年以上 RMB'000 人民幣千元
At 31 December 2018 二零一八年十二月三十一日				
Borrowings 借款	229,298	30,221	833,095	93,289
Trade and bills payables 應付賬款及票據	665,038	-	-	-
Amounts due to related parties 應付關聯公司款項	82,332	-	-	-
Other payables 其他應付款	228,881	-	-	-
	1,205,549	30,221	833,095	93,289
At 31 December 2017 二零一七年十二月三十一日				
Borrowings 借款	238,856	30,117	863,191	92,997
Trade and bills payables 應付賬款及票據	698,415	-	-	-
Amounts due to related parties 應付關聯公司款項	60,042	-	-	-
Other payables 其他應付款	156,665	-	-	-
	1,153,978	30,117	863,191	92,997

Except for the bonds included in borrowings, the carrying amounts of the Group's financial liabilities approximate their fair values as the impact of discounting is not significant.

除借款中的公司債券外，本集團的金融負債的賬面價值近似其公允價值，貼現影響並不重大。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

3. FINANCIAL RISK MANAGEMENT (CONT'D)

財務風險管理(續)

3.2 Capital risk management

資金風險管理

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, provide returns for shareholders, issue new shares or sell assets to repay borrowings.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total equity. Total borrowings included "current and non-current borrowings" as shown in the consolidated balance sheet. Total equity was shown in the consolidated balance sheet.

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

為了維持或調整資本結構，本集團可能會調整支付予股東的股利數額、向股東退還資本、發行新股或出售資產以減低債務。

本集團利用負債比率監察其資本。此比率按照借款總額除以權益總額計算。借款總額包括合併資產負債表所列的「流動及非流動借款」。權益總額為合併資產負債表所列。

	As at 31 December 於十二月三十一日	
	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Total borrowings 借款總額	1,111,477	1,125,280
Total equity 權益總額	7,276,849	6,459,542
Gearing ratio 負債比率	15.3%	17.4%

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

3. FINANCIAL RISK MANAGEMENT (CONT'D)

財務風險管理(續)

3.3 Fair value estimation

公允價值估計

The Group's financial assets include cash and cash equivalents, short-term bank deposits, receivables and FVOCI. Financial liabilities include payables, short-term borrowings and long-term borrowings. Except for long-term borrowings, the carrying amount of the financial assets and financial liabilities approximate their fair values due to their short maturities.

Below analyses the Group's financial instruments carried at fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Details on the fair value measurement for bonds, FVOCI and FVPL are set out in Note 20(b), Note 12 and Note 13 respectively.

本集團金融資產的賬面值包括現金及現金等價物、短期銀行存款、應收款項及以公允價值計量且其變動計入其他綜合收益的金融資產，而金融負債包括應付款項、短期借款和長期借款。除長期借款外，本集團的金融資產和金融負債由於離到期日均較短，因此賬面價值均與其公允價值相近。

以下根據在評估公允價值的估值技術中所運用的輸入的層級，分析本集團按公允價值入賬的金融工具。這些輸入按照公允價值層級歸類為如下三層：

- 相同資產或負債在活躍市場的報價(未經調整)(第1層)。
- 除了第1層所包括的報價外，該資產和負債的可觀察的其他輸入，可為直接(即例如價格)或間接(即源自價格)(第2層)。
- 資產和負債並非依據可觀察市場數據的輸入(即非可觀察輸入)(第3層)。

債券、以公允價值計量且其變動計入其他綜合收益的金融資產和以公允價值計量且其變動計入損益的金融資產的公允價值詳情分別載列於附註20(b)、附註12和附註13。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS 關鍵會計估計與判斷

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

估計和判斷會被持續評估，並根據過往經驗和其他因素進行評價，包括在有關情況下相信對未來事件的合理預測。

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

本集團對未來作出估計和假設。所得的會計估計如其定義，很少會與其實際結果相同。很大機會導致下個財政年度的資產和負債的賬面值作出重大調整的估計和假設討論如下：

(i) Net realisable value of inventories 存貨的可變現淨值

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated cost to completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in consumer preferences and competitor actions in response to severe industry cycles. Management reassesses these estimations by each balance sheet date.

存貨的可變現淨值乃按其於日常業務過程中的估計售價，減估計完成的成本及銷售費用。該等估計乃基於目前市場狀況及製造與銷售同類產品以往經驗。但可能會因為消費喜好的改變及競爭對手為應對嚴峻行業形勢而採取的行動出現重大變化。管理層於每個會計年度結算日前重新評估該等估計。

(ii) Impairment of financial assets 金融資產減值

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1(b).

金融資產損失撥備是基於對違約風險和預期損失率的假設而計算的。本集團在做出假設和選擇計算的輸入值時，按照本集團以往經驗、現有市場條件以及於各報告期末的前瞻性估計進行判斷。本集團所使用的關鍵假設和輸入值詳情披露於附註3.1(b)。

(iii) Income taxes 所得稅

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

本集團需要在多個司法權區繳納所得稅。在釐定全球所得稅撥備時，需要作出重大判斷。有許多交易和計算所涉及的最終稅務釐定都是不確定的。本集團根據對是否需要繳付額外稅款的估計，就預期稅務審計項目確認負債。如此等事件的最終稅務後果與最初記錄的金額不同，此等差額將影響作出此等釐定期間的當期及遞延所得稅資產和負債。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

5. SEGMENT INFORMATION

分部信息

The Directors in the Board of Directors are the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Directors in the Board of Directors for the purposes of allocating resources and assessing performance.

The Directors in the Board of Directors consider the business from an operational entity perspective. Generally, the Directors in the Board of Directors consider the performance of business of each entity within the Group separately. Thus, each entity within the Group is an operating segment.

The reportable operating segments derive their revenue primarily from (i) the manufacture and sale of Chinese medicine of the Company in Mainland China (the "**Company**" Segment), and (ii) Tong Ren Tang Chinese Medicine engaged in manufacturing, retail and wholesale of Chinese medicine products and healthcare products, and provision of Chinese medical consultation and treatments outside Mainland China and wholesale of healthcare products in Mainland China ("**Tong Ren Tang Chinese Medicine**" Segment).

Other companies are engaged in processing and purchasing of Chinese medicinal raw materials, sales of medicinal products, medical services and advertising, etc. They do not form separate reportable segments as they do not meet the quantitative thresholds required by IFRS 8.

The Directors in the Board of Directors assess the performance of the operating segments based on revenue and profit after income tax of each segment.

董事會董事為本集團的主要決策者。管理層已根據經董事會董事審議用於分配資源和評估表現的報告釐定經營分部。

董事會董事從經營實體角度研究業務狀況。一般而言，董事會董事單獨考慮集團內各實體業務的表現。因而，集團內各實體均是一個經營分部。

報告經營分部的收益主要來自於：(i)本公司在中國內地製造和銷售中藥產品(「**本公司**」分部)，(ii)同仁堂國藥在海外從事中藥產品和保健品的生產、零售及批發並提供中醫診療服務，在內地批發保健品(「**同仁堂國藥**」)分部。

其他公司從事生產加工及收購中藥材、藥品銷售、醫療服務和廣告等業務。由於不符合國際財務報告準則第8號規定的數量披露要求，因而不作為單獨的報告分部。

董事會董事根據收入和稅後利潤評估各經營分部的表現。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

5. SEGMENT INFORMATION (CONT'D)

分部信息(續)

The segment information provided to the Directors in the Board of Directors for the reportable segments for the year ended 31 December 2018 is as follows:

截至二零一八年十二月三十一日止年度，向董事會董事提供有關報告分部的分部資料如下：

	The Company 本公司 RMB'000 人民幣千元	Tong Ren Tang Chinese Medicine 同仁堂國藥 RMB'000 人民幣千元	All other Segments 其他業務分部 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Segment revenue 分部收入	3,215,806	1,284,474	1,051,793	5,552,073
Inter-segment revenue 分部間收入	(33,987)	-	(458,448)	(492,435)
Revenue from external customers 來自外部客戶的收入	3,181,819	1,284,474	593,345	5,059,638
Timing of revenue recognition 收入確認的時間				
At a point in time 在某一時點確認	3,181,819	1,231,679	550,264	4,963,762
Over time 在某一時段內確認	-	52,795	43,081	95,876
	3,181,819	1,284,474	593,345	5,059,638
Profit for the year 年度利潤	459,353	509,080	37,420	1,005,853
Interest income 利息收入	10,016	20,505	1,285	31,806
Interest expense 利息支出	(12,082)	(16)	(2,866)	(14,964)
Depreciation of property, plant and equipment 房屋及建築物、廠房及設備折舊	(33,071)	(20,103)	(22,663)	(75,837)
Amortisation of prepaid operating lease payments 預付經營性租賃款項攤銷	(1,901)	(459)	(1,271)	(3,631)
Amortisation of other long-term assets 其他長期資產攤銷	(1,171)	(5,552)	(2,243)	(8,966)
Provision for impairment of inventories 存貨跌價準備計提	(26,525)	(1,204)	(16,521)	(44,250)
Provision for impairment of receivables 壞賬準備計提	(2,213)	-	(3,842)	(6,055)
Share of income/(losses) of investments accounted for using the equity method 享有按權益法入賬的投資的收益/(虧損)份額	276	(414)	-	(138)
Release of foreign currency translation differences upon liquidation of a joint venture 合營企業清算而撥回之外幣報表折算差額	-	(1,442)	-	(1,442)
Income tax expense 所得稅費用	(89,068)	(101,233)	(10,916)	(201,217)
Segment assets and liabilities 分部資產和負債				
Total assets 總資產	5,116,939	2,782,233	1,870,694	9,769,866
Investments accounted for using the equity method 按權益法入賬的投資	8,787	17,682	-	26,469
Additions to non-current assets ⁽¹⁾ 非流動資產的增加 ⁽¹⁾	182,720	45,063	223,423	451,206
Total liabilities 總負債	1,846,590	126,454	519,973	2,493,017

⁽¹⁾ Excluding investments accounted for using the equity method, financial instruments and deferred tax assets.

⁽¹⁾ 不包括按權益法入賬的投資、金融工具和遞延所得稅資產。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

5. SEGMENT INFORMATION (CONT'D)

分部信息(續)

The segment information for the year ended 31 December 2017 is as follows: 截至二零一七年十二月三十一日止年度的分部資料如下：

	The Company 本公司 RMB'000 人民幣千元	Tong Ren Tang Chinese Medicine 同仁堂國藥 RMB'000 人民幣千元	All other Segments 其他業務分部 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Segment revenue 分部收入	3,502,167	1,097,432	978,922	5,578,521
Inter-segment revenue 分部間收入	(46,838)	(416)	(506,084)	(553,338)
Revenue from external customers 來自外部客戶的收入	3,455,329	1,097,016	472,838	5,025,183
Timing of revenue recognition 收入確認的時間				
At a point in time 在某一時點確認	3,455,329	1,055,421	434,996	4,945,746
Over time 在某一時段內確認	-	41,595	37,842	79,437
	3,455,329	1,097,016	472,838	5,025,183
Profit for the year 年度利潤	434,872	437,267	97,753	969,892
Interest income 利息收入	11,706	10,946	1,136	23,788
Interest expense 利息支出	(15,571)	(28)	(6,086)	(21,685)
Depreciation of property, plant and equipment 房屋及建築物、廠房及設備折舊	(34,059)	(20,892)	(22,336)	(77,287)
Amortisation of prepaid operating lease payments 預付經營性租賃款項攤銷	(1,908)	(469)	(1,037)	(3,414)
Amortisation of other long-term assets 其他長期資產攤銷	(880)	(2,116)	(1,792)	(4,788)
Provision for impairment of inventories 存貨跌價準備計提	(29,661)	(452)	-	(30,113)
Reversal of/(provision for) impairment of receivables 壞賬準備轉回/(計提)	4,601	-	(3,174)	1,427
Impairment loss on property, plant and equipment 房屋及建築物、廠房及設備減值損失	-	(5,783)	-	(5,783)
Share of income/(losses) of investments accounted for using the equity method 享有按權益法入賬的投資的收益/(虧損)份額	132	(36)	-	96
Income tax expense 所得稅費用	(92,035)	(91,218)	(13,079)	(196,332)
Segment assets and liabilities 分部資產和負債				
Total assets 總資產	4,913,102	2,307,988	1,654,567	8,875,657
Investments accounted for using the equity method 按權益法入賬的投資	10,480	17,359	-	27,839
Additions to non-current assets ⁽¹⁾ 非流動資產的增加 ⁽¹⁾	165,788	29,647	241,348	436,783
Total liabilities 總負債	1,731,427	123,269	561,419	2,416,115

⁽¹⁾ Excluding investments accounted for using the equity method, financial instruments and deferred tax assets.

⁽¹⁾ 不包括按權益法入賬的投資、金融工具和遞延所得稅資產。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註 (續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

5. SEGMENT INFORMATION (CONT'D)

分部信息 (續)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Directors in the Board of Directors is measured in a manner consistent with that in the income statement.

分部之間的銷售是按公允交易原則進行。向董事會董事報告的外部收入按與利潤表內的收入一致的核算方式。

The amounts provided to the Directors in the Board of Directors with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

向董事會董事提供有關總資產和總負債的金額，是按照與財務報表一致的核算方式。此等資產根據分部的經營和資產所處的地域進行分配。

Revenues from external customers are derived from the sales of medicine and provision of services. The breakdown of sales of medicine by region is provided in Note 23.

來自外部客戶的收入源自藥品銷售及服務提供。藥品銷售分地區分析如附註23所示。

The total of the non-current assets other than financial instruments and deferred income tax assets located in Mainland China is RMB1,980,384,000 (2017: RMB1,671,368,000), and the total of these non-current assets located in other countries and regions is RMB346,666,000 (2017: RMB317,407,000).

位於中國內地的除金融資產及遞延所得稅資產之外的非流動資產總額為人民幣1,980,384,000元(二零一七年：人民幣1,671,368,000元)，而位於其他國家及地區的此等非流動資產總額則為人民幣346,666,000元(二零一七年：人民幣317,407,000元)。

During the 2018 and 2017 financial year, revenue from two customers each accounted for ten percent or more of the Group's total external revenue. These revenues are mainly attributable to the Company Segment and Tong Ren Tang Chinese Medicine Segment. The revenues from these customers are summarised below:

二零一八年及二零一七年來自二名客戶的收入各佔本集團來自外部客戶的總收入百分之十以上。該等收入主要來自本公司分部及同仁堂國藥分部。來自該等客戶的收入概述如下：

	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Entities under control of ultimate holding company 最終控股公司所控制的實體	1,119,901	962,443
Customer A Group 客戶A集團	583,586	873,554
	1,703,487	1,835,997

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

6. LEASEHOLD LAND AND LAND USE RIGHTS

租賃土地及土地使用權

The interests in leasehold land and land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

租賃土地及土地使用權列示預付經營性租賃款項和其賬面淨值，結果如下：

	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 於一月一日	152,193	143,102
Additions 增加	15,803	13,508
Amortisation 攤銷費用	(3,826)	(3,463)
Disposals 清理	(429)	-
Exchange differences 匯兌差額	629	(954)
At 31 December 於十二月三十一日	164,370	152,193

As at 31 December 2018, no (2017: no) land use rights are pledged as securities for the Group's bank borrowings (Note 20).

於二零一八年十二月三十一日，無(二零一七年：無)土地使用權作為銀行借款的抵押(附註20)。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

7. PROPERTY, PLANT AND EQUIPMENT 房屋及建築物、廠房及設備

	Buildings and leasehold land held under finance lease	Equipment and machinery	Motor vehicles	Office equipment	CIP	Total
樓宇及融資 租賃土地	機器設備	運輸工具	辦公設備	在建工程	合計	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	

At 1 January 2017 於二零一七年一月一日

Cost 成本	685,285	581,058	34,927	52,995	645,848	2,000,113
Accumulated depreciation 累計折舊	(203,319)	(353,137)	(23,383)	(33,861)	-	(613,700)
Accumulated impairment 減值準備	-	(12,244)	-	-	-	(12,244)
Net book amount 賬面淨值	481,966	215,677	11,544	19,134	645,848	1,374,169

Year ended 31 December 2017 截至二零一七年十二月三十一日止年度

Opening net book amount 期初賬面淨值	481,966	215,677	11,544	19,134	645,848	1,374,169
Additions 增加	20,525	6,167	889	5,054	362,656	395,291
Transferred from CIP 在建工程轉入	119	13,479	2,241	1,730	(17,569)	-
Disposals 清理	(7)	(888)	(177)	(167)	-	(1,239)
Depreciation 折舊	(26,962)	(38,951)	(3,669)	(7,705)	-	(77,287)
Impairment 減值	(5,157)	-	-	(626)	-	(5,783)
Exchange differences 匯兌差額	(10,175)	(601)	(36)	(42)	-	(10,854)
Closing net book amount 期末賬面淨值	460,309	194,883	10,792	17,378	990,935	1,674,297

At 31 December 2017 於二零一七年十二月三十一日

Cost 成本	689,977	582,235	34,937	57,804	990,935	2,355,888
Accumulated depreciation 累計折舊	(224,626)	(375,509)	(24,145)	(39,805)	-	(664,085)
Accumulated impairment 減值準備	(5,042)	(11,843)	-	(621)	-	(17,506)
Net book amount 賬面淨值	460,309	194,883	10,792	17,378	990,935	1,674,297

Notes to the Consolidated Financial Statements (Cont'd)
 合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)
 房屋及建築物、廠房及設備(續)

	Buildings and leasehold land held under finance lease	Equipment and machinery	Motor vehicles	Office equipment	CIP	Total
	樓宇及融資租賃土地	機器設備	運輸工具	辦公設備	在建工程	合計
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Year ended 31 December 2018 截至二零一八年十二月三十一日止年度						
Opening net book amount 期初賬面淨值	460,309	194,883	10,792	17,378	990,935	1,674,297
Additions 增加	36,540	4,857	762	9,111	374,535	425,805
Transferred from CIP 在建工程轉入	7,513	15,548	1,297	1,218	(25,576)	-
Disposals 清理	(615)	(1,235)	(120)	(112)	-	(2,082)
Depreciation 折舊	(26,247)	(37,831)	(3,405)	(8,354)	-	(75,837)
Exchange differences 匯兌差額	6,431	429	-	140	-	7,000
Closing net book amount 期末賬面淨值	483,931	176,651	9,326	19,381	1,339,894	2,029,183
At 31 December 2018 於二零一八年十二月三十一日						
Cost 成本	741,935	574,715	35,381	67,827	1,339,894	2,759,752
Accumulated depreciation 累計折舊	(252,781)	(386,036)	(26,055)	(47,812)	-	(712,684)
Accumulated impairment 減值準備	(5,223)	(12,028)	-	(634)	-	(17,885)
Net book amount 賬面淨值	483,931	176,651	9,326	19,381	1,339,894	2,029,183

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

房屋及建築物、廠房及設備(續)

Depreciation expenses were charged to the consolidated income statements as follows: 折舊費用在合併利潤表中列示如下：

	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Cost of sales 銷售成本	50,182	51,373
Distribution expenses 銷售費用	11,199	11,338
Administrative expenses 管理費用	14,456	14,576
	75,837	77,287

During the year, the Group has capitalised borrowing costs amounting to RMB19,467,000 (2017: RMB13,034,000) on qualifying assets. Borrowing costs were capitalised at the weighted average rate of its general borrowings of 3.10% (2017: 3.08%).

在本年度中，集團的合資格資產已資本化借款成本為人民幣19,467,000元(二零一七年：人民幣13,034,000元)。借款成本根據一般借款的加權平均年利率3.10%來進行資本化(二零一七年：3.08%)。

As at 31 December 2018, bank borrowings are secured by land and buildings with carrying amount of RMB9,562,000 (2017: RMB10,318,000) (Note 20).

於二零一八年十二月三十一日，銀行借款以賬面價值人民幣9,562,000元(二零一七年：人民幣10,318,000元)的土地及樓宇作為抵押(附註20)。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

8. INTANGIBLE ASSETS 無形資產

	Goodwill 商譽 RMB'000 人民幣千元	Contractual customer relationships and others 客戶合同關係及其他 RMB'000 人民幣千元	Patented technology, trademark licence and computer software 專利技術、商標權及計算機軟件 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
At 1 January 2017 於二零一七年一月一日				
Cost 成本	47,338	31,003	11,922	90,263
Accumulated amortisation 累計攤銷	-	(2,504)	(4,974)	(7,478)
Net book amount 賬面淨值	47,338	28,499	6,948	82,785
Year ended 31 December 2017 截至二零一七年十二月三十一日止年度				
Opening net book amount 期初賬面淨值	47,338	28,499	6,948	82,785
Additions 增加	-	-	1,017	1,017
Amortisation 攤銷費用	-	(2,116)	(1,666)	(3,782)
Exchange differences 匯兌差額	(2,896)	(1,655)	-	(4,551)
Closing net book amount 期末賬面淨值	44,442	24,728	6,299	75,469
At 31 December 2017 於二零一七年十二月三十一日				
Cost 成本	44,442	29,118	12,939	86,499
Accumulated amortisation 累計攤銷	-	(4,390)	(6,640)	(11,030)
Net book amount 賬面淨值	44,442	24,728	6,299	75,469
Year ended 31 December 2018 截至二零一八年十二月三十一日止年度				
Opening net book amount 期初賬面淨值	44,442	24,728	6,299	75,469
Additions 增加	-	-	3,008	3,008
Amortisation 攤銷費用	-	(5,552)	(1,963)	(7,515)
Exchange differences 匯兌差額	1,992	1,036	-	3,028
Closing net book amount 期末賬面淨值	46,434	20,212	7,344	73,990
At 31 December 2018 於二零一八年十二月三十一日				
Cost 成本	46,434	30,583	15,947	92,964
Accumulated amortisation 累計攤銷	-	(10,371)	(8,603)	(18,974)
Net book amount 賬面淨值	46,434	20,212	7,344	73,990

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

8. INTANGIBLE ASSETS (CONTD)

無形資產(續)

The goodwill acquired in the acquisitions of Honour Essence and Tong Ren Tang Chengdu during 2015 is allocated to each unit respectively. The recoverable amounts of these CGUs are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates of 3% and 0% for Honour Essence and Tong Ren Tang Chengdu respectively. Other key assumptions used for value-in-use calculations include 16% (2017: 16%) and 12% (2017: 12%) discount rates applied to the cash flow projections of Honour Essence and Tong Ren Tang Chengdu respectively.

Management determined annual volume growth rate covering over the five-year forecast period to be a key assumption. The volume of sales in each period is the main driver for revenue and costs. The annual volume growth rates are based on past performance and management's expectations of market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant business.

Amortisation expenses were charged to the consolidated income statements under administrative expenses.

9. SUBSIDIARIES

對子公司的投資

Material non-controlling interests

重大的非控制性權益

As at 31 December 2018, the total non-controlling interest is RMB1,960,197,000 (2017: RMB1,642,922,000), of which RMB1,681,109,000 (2017: RMB1,387,286,000) is for Tong Ren Tang Chinese Medicine. The non-controlling interest in respect of others is not material.

Set out below are the summarised financial information for Tong Ren Tang Chinese Medicine that has non-controlling interests that are material to the Group.

自二零一五年收購大宏貿易和同仁堂成都產生的商譽會分別分配至每個現金產出單元。現金產出單元的可收回金額根據使用價值計算。計算方式利用現金流量預測，依據管理層批核的五年期財政預算。大宏貿易和同仁堂成都超過該五年期的現金流量分別採用3%及0%的估計增長率作出推算。大宏貿易和同仁堂成都都在使用價值的計算中使用的其他關鍵假設還包括計算現金流量預測分別使用16%(二零一七年：16%)及12%(二零一七年：12%)的貼現率。

管理層確定五年期財政預算的年銷量增長率是一個關鍵假設。每期的銷量是收入和成本的主要驅動因素。銷量增長率是根據過往表現和管理層對市場發展的預期而計算。所採用的貼現率為稅前比率，並反映相關行業的特定風險。

攤銷費用在合併利潤表內計入管理費用。

於二零一八年十二月三十一日，非控制性權益的總額為人民幣1,960,197,000元(二零一七年：人民幣1,642,922,000元)，其中人民幣1,681,109,000元(二零一七年：人民幣1,387,286,000元)屬於同仁堂國藥，其他有關的非控制性權益不重大。

以下所載為對本集團重大的非控制性權益同仁堂國藥的財務數據摘要。

Notes to the Consolidated Financial Statements (Cont'd)
 合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

9. SUBSIDIARIES (CONTD)
 對子公司的投資(續)

Summarised balance sheet
 資產負債表摘要

	Tong Ren Tang Chinese Medicine 同仁堂國藥 As at 31 December 於十二月三十一日	
	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Current 流動		
Assets 資產	2,410,179	1,969,017
Liabilities 負債	(127,212)	(123,824)
Total current net assets 流動淨資產總額	2,282,967	1,845,193
Non-current 非流動		
Assets 資產	372,054	339,182
Liabilities 負債	(5,194)	(4,200)
Total non-current net assets 非流動淨資產總額	366,860	334,982
Non-controlling interests 非控制性權益	(103,917)	(96,367)
Net assets 淨資產	2,545,910	2,083,808

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

9. SUBSIDIARIES (CONT'D)

對子公司的投資(續)

Summarised statement of comprehensive income

綜合收益表摘要

	Tong Ren Tang Chinese Medicine 同仁堂國藥	
	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Revenue 收入	1,284,474	1,097,432
Profit before income tax 除所得稅前利潤	610,313	528,485
Income tax expense 所得稅費用	(101,233)	(91,218)
Profit for the year 年度利潤	509,080	437,267
Other comprehensive income/(losses) 其他綜合收益/(損失)	106,914	(125,660)
Total comprehensive income 綜合收益合計	615,994	311,607
Total comprehensive income allocated to non-controlling interests 綜合收益分配至非控制性權益	388,930	197,058
Dividends paid to non-controlling interests 股息支付予非控制性權益	97,303	93,108

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

9. SUBSIDIARIES (CONTD)

對子公司的投資(續)

Summarised statement of cash flows

現金流量表摘要

	Tong Ren Tang Chinese Medicine 同仁堂國藥	
	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Cash generated from operations 經營活動收到的現金	601,795	497,420
Income tax paid 支付的所得稅	(112,728)	(91,611)
Net cash generated from operating activities 經營活動產生的淨現金	489,067	405,809
Net cash used in investing activities 投資活動支付的現金流量淨額	(506,209)	(330,279)
Net cash used in financing activities 籌資活動支付的現金流量淨額	(146,468)	(122,724)
Net decrease in cash and cash equivalents 現金及現金等價物的淨減少	(163,610)	(47,194)
Cash and cash equivalents at beginning of year 現金及現金等價物的年初餘額	627,296	713,415
Exchange gains/(losses) on cash and cash equivalents 現金及現金等價物匯兌利得/(損失)	18,076	(38,925)
Cash and cash equivalents at end of year 現金及現金等價物的年末餘額	481,762	627,296

The information above is the amount before inter-company eliminations. 以上財務數據摘要均為公司間抵銷前金額。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

按權益法入賬的投資

	As at 31 December	
	於十二月三十一日	
	2018	2017
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Joint ventures 合營企業	17,682	17,359
Associates 聯營企業	8,787	10,480
	26,469	27,839

The followings represent the amounts related to the joint ventures recognised in the consolidated income statement and the Group's share of the commitments of the joint ventures.

以下所載為本集團於合併利潤表確認的與合營企業有關的損益及應佔合營企業承諾的份額。

	2018		2017	
	RMB'000		RMB'000	
	人民幣千元		人民幣千元	
Share of losses for the year 應佔年度損失的份額	(414)		(36)	
Release of foreign currency translation differences upon liquidation of a joint venture 合營企業清算而撥回之外幣報表差額	(1,442)		-	
	(1,856)		(36)	
The Group's share of joint ventures' commitments 本集團應佔合營企業承諾份額	4,389		4,729	

Notes:

附註：

- | | |
|--|--------------------------------|
| (a) The joint ventures are private companies and there are no quoted market prices available for their shares. | (a) 合營企業為非上市公司，其股份沒有市場報價。 |
| (b) There are no contingent liabilities relating to the Group's interests in the joint ventures. | (b) 並無有關本集團持有合營企業權益的或有負債。 |
| (c) Details of the joint ventures are set out in Note 1 to the consolidated financial statements. | (c) 合營企業的詳細資料已在合併財務報表附註1中予以披露。 |

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT'D)

按權益法入賬的投資(續)

The followings represent the amounts related to associates recognised in the consolidated income statement.

以下所載為本集團於合併利潤表確認的與聯營企業有關的損益。

	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Share of profits for the year 應佔年度利潤的份額	276	132

Notes:

附註：

- | | |
|--|---|
| <p>(a) The associates are private companies and there are no quoted market prices available for their shares.</p> <p>(b) There are no contingent liabilities relating to the Group's interests in the associates.</p> <p>(c) Details of the associates are set out in Note 1 to the consolidated financial statements.</p> | <p>(a) 聯營企業為非上市公司，其股份沒有市場報價。</p> <p>(b) 並無有關本集團持有聯營企業權益的或有負債。</p> <p>(c) 聯營企業的詳細資料已在合併財務報表附註1中予以披露。</p> |
|--|---|

11. FINANCIAL INSTRUMENTS BY CATEGORY

金融工具(按類別)

	As at 31 December 於十二月三十一日	
	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Financial assets 金融資產		
Financial assets at amortised cost 以攤餘成本計量的金融資產		
Trade and bills receivables 應收賬款及票據	1,048,988	1,147,894
Amounts due from related parties 應收關聯公司款項	202,025	182,975
Other financial assets at amortised cost 以攤餘成本計量的其他金融資產	53,273	-
Other current assets 其他流動資產	-	21,745
Short-term bank deposits 短期銀行存款	1,538,125	1,048,428
Cash and cash equivalents 現金及現金等價物	1,904,036	2,023,561
Financial assets at fair value through profit or loss 以公允價值計量且其變動計入損益的金融資產	29,000	-
Financial assets at fair value through other comprehensive income 以公允價值計量且其變動計入其他綜合收益的金融資產	155,380	-
Available-for-sale financial assets 可供出售金融資產	-	12,804
	4,930,827	4,437,407

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

11. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

金融工具(按類別)(續)

	As at 31 December 於十二月三十一日	
	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Financial liabilities 金融負債		
Liabilities at amortised cost 以攤餘成本計量的負債		
Trade and bills payables 應付賬款及票據	665,038	698,415
Amounts due to related parties 應付關聯公司款項	82,332	60,042
Other payables 其他應付款	228,881	156,665
Borrowings 借款	1,111,477	1,125,280
	2,087,728	2,040,402

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

以公允價值計量且其變動計入其他綜合收益的金融資產

Financial assets at FVOCI comprise:

以公允價值計量且其變動計入其他綜合收益的金融資產包括：

- Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.
- Part of bills receivable where the contractual cash flows are solely principal and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling of these assets.
- 本集團在初始確認時已不可撤銷地選擇在此分類中予以確認的非交易性權益證券。這些金融資產屬於戰略性投資，並且本集團認為這一分類更恰當。
- 合同現金流量僅為本金且本集團業務模式為持有以收取合同現金流量及出售的部分應收票據。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D)

以公允價值計量且其變動計入其他綜合收益的金融資產(續)

	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
At 31 December 2017 於二零一七年十二月三十一日		
Reclassify investments from available-for-sale to FVOCI	-	-
從可供出售投資重分類至以公允價值計量且其變動計入其他綜合收益	12,804	-
Reclassify from part of bills receivables to FVOCI		
從部分應收票據重分類至以公允價值計量且其變動計入其他綜合收益	228,135	-
At 1 January 2018 於二零一八年一月一日	240,939	-
Disposal of bills receivables 應收票據減少	(86,308)	-
Valuation gain credited to equity 收益貸記至權益	127	-
Exchange differences 匯兌差額	622	-
At 31 December 2018 於二零一八年十二月三十一日	155,380	-

The investments at FVOCI is denominated in HKD. The fair value is within level 1 of the fair value hierarchy (Note 3.3).

以公允價值計量且其變動計入其他綜合收益的投資以港幣計價。公允價值在公允價值層級的第一層內(附註3.3)。

In the prior financial year, the Group had designated equity investments as available-for-sale where management intended to hold them for the medium to long-term.

於上一年度，對於管理層打算中期或長期持有的權益投資，本集團將其指定為可供出售權益投資。

Financial assets previously classified as available-for-sale financial assets (2017) 之前分類為可供出售的金融資產(二零一七年)

	2017
	RMB'000 人民幣千元
At 31 December 2017 於二零一七年十二月三十一日	12,804

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS 以公允價值計量且其變動計入損益的金融資產

	As at 31 December 於十二月三十一日	
	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Wealth management products 理財產品	29,000	-

Guaranteed wealth management products held by the Group mainly with floating rates bear expected interests at approximately 3.1% per annum as of 31 December 2018. The underlying investments were mostly debt instruments with AA above credit ratings.

本集團持有的保本浮動收益類理財產品，截至二零一八年十二月三十一日止的年收益率約3.1%。投資產品大多為信用評級在AA以上的債務投資工具。

The fair values are based on cash flows discounted using the expected returns based on management judgement and are within level 3 of the fair value hierarchy. Changes in fair values of these financial assets are presented in "Other gains/losses" in the income statement.

公允價值根據管理層判斷以未來現金流入確定，屬於公允價值層級的第三級。金融資產的公允價值變動在利潤表「其他利得／損失」列示。

14. TRADE AND BILLS RECEIVABLES 應收賬款及票據

	As at 31 December 於十二月三十一日	
	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Trade receivables 應收賬款	462,030	462,824
Bills receivables 應收票據	608,514	702,951
	1,070,544	1,165,775
Less: provision for impairment 減：減值準備	(21,556)	(17,881)
Trade and bills receivables, net 應收賬款及票據，淨值	1,048,988	1,147,894

The carrying amounts of trade and bills receivables approximate their fair values.

應收賬款及票據的賬面值接近其公允價值。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

14. TRADE AND BILLS RECEIVABLES (CONTD)

應收賬款及票據(續)

Retail sales at the Group's stores are usually made in cash or by debit or credit cards. For wholesale to distributors, the Group normally grants a credit period ranging from 30 days to 120 days. As at 31 December 2018 and 2017, the ageing analysis of trade and bills receivables based on invoice date was as follows:

本集團零售銷售一般以現金、借記卡或信用卡結賬，對於批發商通常給予30日至120日的賬期。於二零一八年十二月三十一日及二零一七年十二月三十一日，應收賬款及票據根據發票日期的賬齡分析如下：

	As at 31 December 於十二月三十一日	
	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Within 4 months 四個月以內	857,710	1,025,804
Over 4 months but within 1 year 四個月至一年	152,335	114,950
Over 1 year but within 2 years 一年至二年	48,283	14,457
Over 2 years but within 3 years 二年至三年	6,002	3,310
Over 3 years 三年以上	6,214	7,254
	1,070,544	1,165,775

As at 31 December 2018, trade receivables of RMB21,556,000 (2017: RMB17,881,000) were fully provided for impairment. The ageing analysis of these receivables was as follows:

於二零一八年十二月三十一日，應收賬款人民幣21,556,000元(二零一七年：人民幣17,881,000元)已全額計提了減值準備。此等應收款的賬齡如下：

	As at 31 December 於十二月三十一日	
	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Within 4 months 四個月以內	1,441	133
Over 4 months 四個月以上	20,115	17,748
	21,556	17,881

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

14. TRADE AND BILLS RECEIVABLES (CONT'D)

應收賬款及票據(續)

Movements in the provision for impairment of receivables were as follows: 應收款減值準備的變動如下：

	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 於一月一日	17,881	21,219
Provision for/(reversal of) impairment 減值計提/(轉回)	3,675	(3,338)
At 31 December 於十二月三十一日	21,556	17,881

The maximum exposure to credit risk at the reporting date is the carrying value of trade and bills receivables mentioned above. The Group does not hold any collateral as security.

在報告日期，信貸風險的最高風險承擔為上述每類應收賬款及票據的賬面價值。本集團不持有任何作為質押的抵押品。

The carrying amounts of the Group's trade and bills receivables are denominated in the following currencies:

本集團應收賬款及票據的賬面價值以下列的貨幣計值：

	As at 31 December 於十二月三十一日	
	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
RMB 人民幣	1,061,950	1,093,334
HKD 港幣	6,643	66,808
United States Dollar 美元	1,898	75
Australian Dollar 澳大利亞元	20	216
South African Rand 南非蘭特	17	10
Macanese Pataca 澳門元	7	138
UAE Dirham 阿聯酋迪拉姆	5	47
Canadian Dollar 加拿大元	2	47
New Zealand Dollar 新西蘭元	1	141
Singapore Dollar 新加坡元	1	107
Korean Won 韓元	-	4,781
Polish Zloty 波蘭茲羅提	-	71
	1,070,544	1,165,775

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

15. INVENTORIES

存貨

	As at 31 December	
	於十二月三十一日	
	2018	2017
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Raw materials 原材料	992,928	824,285
Work-in-progress 在產品	454,670	440,839
Finished goods 產成品	983,489	1,083,967
	2,431,087	2,349,091
Less: provision for impairment 減：減值準備	(69,926)	(46,201)
	2,361,161	2,302,890

The cost of inventories recognised as expense and included in "cost of sales" amounted to RMB1,632,110,000 (2017: RMB1,630,395,000).

存貨成本中確認為費用並列入銷售成本的金額共計人民幣1,632,110,000元(二零一七年：人民幣1,630,395,000元)。

16. DEFERRED INCOME TAX

遞延所得稅

Deferred income tax is calculated on temporary differences under the liability method using the tax rates which are expected to apply at the time of reversal of the temporary differences.

遞延所得稅是按負債法下的暫時差異以預期回撥暫時差異時適用的稅率計算。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

16. DEFERRED INCOME TAX (CONT'D)

遞延所得稅(續)

The analysis of deferred tax assets and deferred tax liabilities is as follows:

遞延所得稅資產與遞延所得稅負債的分析如下：

	As at 31 December	
	於十二月三十一日	
	2018	2017
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Deferred tax assets: 遞延所得稅資產：		
— Deferred tax assets to be recovered after 12 months 超過十二個月後收回的遞延所得稅資產	2,538	2,421
— Deferred tax assets to be recovered within 12 months 在十二個月內收回的遞延所得稅資產	35,329	28,636
	37,867	31,057
Deferred tax liabilities: 遞延所得稅負債：		
— Deferred tax liabilities to be settled after 12 months 超過十二個月後支付的遞延所得稅負債	(4,188)	(3,995)
— Deferred tax liabilities to be settled within 12 months 在十二個月內支付的遞延所得稅負債	(1,773)	(1,662)
	(5,961)	(5,657)
Deferred tax assets, net 遞延所得稅資產，淨值	31,906	25,400

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

16. DEFERRED INCOME TAX (CONT'D)

遞延所得稅(續)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

年內遞延所得稅資產和負債(沒有考慮結餘可在同一徵稅區內抵銷)的變動如下:

Deferred income tax assets

遞延所得稅資產

	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Beginning of the year 年初餘額	31,057	38,629
Credited/(charged) to income statement 貸記/(借記)損益	6,372	(7,065)
Exchange differences 匯兌差額	438	(507)
End of the year 年末餘額	37,867	31,057

	Provision for termination benefits	Other provisions, depreciation and amortisation	Unrealised profit resulting from intragroup transactions 集團內部 交易產生的 未實現利潤	Others 其他	Total 合計
	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2017 於二零一七年一月一日	120	8,290	29,747	472	38,629
Credited/(Charged) to income statement 貸記/(借記)損益	135	1,031	(8,453)	222	(7,065)
Exchange differences 匯兌差額	-	-	(507)	-	(507)
At 31 December 2017 於二零一七年十二月三十一日	255	9,321	20,787	694	31,057
(Charged)/credited to income statement (借記)/貸記損益	(71)	5,277	1,085	81	6,372
Exchange differences 匯兌差額	-	(2)	440	-	438
At 31 December 2018 於二零一八年十二月三十一日	184	14,596	22,312	775	37,867

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

16. DEFERRED INCOME TAX (CONT'D)

遞延所得稅(續)

Deferred income tax liabilities

遞延所得稅負債

	2018	2017
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Beginning of the year 年初餘額	5,657	5,751
Charged to income statement 借記損益	122	151
Exchange differences 匯兌差額	182	(245)
End of the year 年末餘額	5,961	5,657

	Accelerated tax depreciation allowance	Deferred income tax liabilities arising from business combination	Total
	Tax law acceleration depreciation allowance	Business combination arising deferred income tax liabilities	Total
	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元
At 1 January 2017 於二零一七年一月一日	3,643	2,108	5,751
Charged/(credited) to income statement 借記/(貸記)損益	256	(105)	151
Exchange differences 匯兌差額	(214)	(31)	(245)
At 31 December 2017 於二零一七年十二月三十一日	3,685	1,972	5,657
Charged/(credited) to income statement 借記/(貸記)損益	409	(287)	122
Exchange differences 匯兌差額	168	14	182
At 31 December 2018 於二零一八年十二月三十一日	4,262	1,699	5,961

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of RMB15,299,000 (2017: RMB9,582,000) in respect of losses amounting to RMB76,274,000 (2017: RMB51,280,000) at 31 December 2018. At 31 December 2018, these tax losses have no expiry dates except for the tax losses of RMB39,685,000 (2017: RMB20,274,000) which will expire between 2019 and 2038 (2017: between 2018 and 2037).

對可抵扣虧損確認為遞延所得稅資產的數額，是按透過很可能產生的未來應課稅利潤而實現的相關稅務利益而確認。於二零一八年十二月三十一日本集團並無就稅務虧損人民幣76,274,000元(二零一七年：人民幣51,280,000元)確認遞延所得稅資產人民幣15,299,000元(二零一七年：人民幣9,582,000元)。於二零一八年十二月三十一日，除人民幣39,685,000元(二零一七年：人民幣20,274,000元)的稅務虧損將於二零一九年至二零三八年(二零一七年：二零一八年至二零三七年)到期外，其餘稅務虧損並無到期日。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

17. SHARE CAPITAL 股本

	As at 31 December 於十二月三十一日			
	2018		2017	
	Number of shares 股份數目	Nominal value RMB'000 人民幣千元	Number of shares 股份數目	Nominal value RMB'000 人民幣千元
Total share capital 總股本	1,280,784,000	1,280,784	1,280,784,000	1,280,784
Issued and fully paid 已發行並已繳足之股本				
— Domestic shares with a par value of RMB1 per share 內資股，每股面值人民幣1元	652,080,000	652,080	652,080,000	652,080
— H shares with a par value of RMB1 per share H股，每股面值人民幣1元	628,704,000	628,704	628,704,000	628,704
	1,280,784,000	1,280,784	1,280,784,000	1,280,784

	2018			2017		
	Domestic shares 內資股 RMB'000 人民幣千元	H shares H股 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元	Domestic shares 內資股 RMB'000 人民幣千元	H shares H股 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
	At 1 January 於一月一日	652,080	628,704	1,280,784	652,080	628,704
At 31 December 於十二月三十一日	652,080	628,704	1,280,784	652,080	628,704	1,280,784

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

18. RESERVES 儲備

(a) Capital reserve 資本儲備

Capital reserve represents the difference between the amount of share capital issued by the Company and the historical net value of the assets, liabilities and interests transferred to the Company upon its establishment and net premium on issue of shares upon listing of the Company and issuance of additional shares.

資本儲備反映本公司發行的股本金額與於成立時轉入的資產、負債和權益的歷史淨值的差額，本公司上市時和上市後發行新股產生的資本公積淨額。

(b) Statutory reserves 法定儲備

The Company sets aside 10% of its net profit after income tax, before distribution of dividend to shareholders, as stated in the financial statements prepared under PRC accounting standards to the statutory surplus reserve fund. Approximately RMB51,208,000 (2017: RMB53,201,000), being 10% of the net profit after income tax as stated in the financial statements prepared under PRC accounting standards, was transferred to the statutory surplus reserve fund as at 31 December 2018.

本公司每年根據中國會計準則報告之淨利潤的10%撥入法定盈餘公積金。於二零一八年十二月三十一日，本公司根據中國會計準則報告按稅後淨利潤的10%提取法定盈餘公積金，約為人民幣51,208,000元(二零一七年：人民幣53,201,000元)。

In accordance with the amendment of the Company Law of the PRC on 27 October 2005 effective from 1 January 2006, it is not required to accrue for statutory public welfare fund since the year 2006. The balance together with statutory surplus reserve fund can be used to offset accumulated losses or convert as share capital of the Company.

根據於二零零五年十月二十七日修訂並於二零零六年一月一日起施行的《中華人民共和國公司法》，本公司從二零零六年起不再計提法定公益金。本公司法定公益金結餘，與法定盈餘公積金一併用於彌補虧損或轉增公司資本。

(c) Tax reserve 免稅基金

According to the preferential enterprise income tax policy for new technology enterprises ("NTE") under the old PRC Enterprise Income Tax ("EIT") regulation (effective before 1 January 2008), an NTE located in a designated area of Beijing Economic and Technological Development Zone was subject to EIT at a preferential income tax rate of 15%. Moreover, upon approval by the relevant local tax bureau, the Company was entitled to full exemption from EIT from 2000 to 2002 and 50% reduction from 2003 to 2005. An amount for exemption and reduction has to be appropriated to a non-distributable tax reserve. However, the utilisation of the exempted tax is restricted to specified purposes and not distributable to shareholders.

根據中國舊所得稅法下(於二零零八年一月一日以前有效)對高新技術企業所得稅優惠政策的有關規定，位於北京經濟技術開發區指定地點內的高新技術企業適用的所得稅優惠稅率為15%。且經有關地方稅務局批准，本公司自二零零零年度至二零零二年度免繳企業所得稅，二零零三年度至二零零五年度減半繳納企業所得稅。但是上述三免三減半政策所免稅款需轉為不可分配的免稅基金，必須用於特定目的並不得用於派發股息。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

18. RESERVES (CONT'D)

儲備(續)

(d) Foreign currency translation differences

外幣折算差額

Foreign currency translation differences reserve arises from currency translations of all group entities that have a functional currency different from the RMB being translated into the Group's presentation currency of RMB.

外幣折算差額產生於集團中的所有實體將使用的不同於人民幣的功能性貨幣換算成本集團的記賬本位幣人民幣時的差額。

(e) Other reserve

其他儲備

Other reserve mainly includes reserves arising from the issuance of additional shares by subsidiaries and disposals to non-controlling interests without change in control.

其他儲備主要產生於子公司增發股份及不導致失去控制權的子公司權益變動。

19. DEFERRED INCOME — GOVERNMENT GRANTS

遞延收入 — 政府補助

	2018	2017
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Beginning of the year 年初餘額	93,787	75,932
Government grants received 本年收到的政府補助	12,632	27,118
Amortisation in the income statement (Note 25) 確認收益金額(附註25)	(22,739)	(9,263)
End of the year 年末餘額	83,680	93,787

The ending balance of the government grants are relating to:

年末政府補助餘額與以下項目相關：

	As at 31 December	
	於十二月三十一日	
	2018	2017
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Research and development expenditure 研究開發支出	9,691	9,223
Property, plant and equipment 房屋及建築物、廠房及設備	51,931	54,876
Land use rights 土地使用權	16,277	14,450
Other expenditures 其他支出	5,781	15,238
	83,680	93,787

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

20. BORROWINGS

借款

	As at 31 December	
	於十二月三十一日	
	2018	2017
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Non-current 非流動		
Corporate bonds ("bonds") 公司債券(「債券」)	798,908	798,474
Bank borrowings 銀行借款		
— Secured 抵押	48	506
— Unsecured 無抵押	112,375	116,500
	911,331	915,480
Current 流動		
Bank borrowings 銀行借款		
— Secured 抵押	3,000	3,000
— Unsecured 無抵押	160,000	172,300
Add: Current portion of non-current unsecured bank borrowing 增加：無抵押非流動銀行借款的即期部分	5,146	2,500
Borrowings from a related party (Note 34(e)) 從關聯公司借入的款項(附註34(e))	32,000	32,000
	200,146	209,800
Total borrowings 借款總額	1,111,477	1,125,280

Certain secured bank borrowings are secured by land and buildings of carrying amounts of RMB9,562,000 (2017: RMB10,318,000) of the Group (Notes 6 and 7).

部分抵押借款以本集團的土地和樓宇賬面價值人民幣9,562,000元(二零一七年：人民幣10,318,000元)為抵押(附註6和7)。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

20. BORROWINGS (CONTD)

借款(續)

- (a) At 31 December 2018, the Group's borrowings would be repayable as follows: (a) 於二零一八年十二月三十一日，本集團借款的償還期如下：

	As at 31 December 於十二月三十一日	
	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Within 1 year 一年以內	200,146	209,800
Between 1 and 2 years 一年至二年	5,194	5,000
Between 2 and 5 years 二年至五年	814,345	818,980
Over 5 years 五年以上	91,792	91,500
	1,111,477	1,125,280

- (b) In 2016, the Company issued bonds with aggregate principal amount of RMB800 million and a maturity of five years with a nominal interest rate of 2.95% per annum, which are listed on the Shanghai Stock Exchange. The fair value of bonds as at 31 December 2018 amounted to RMB796,143,000 (2017: RMB781,526,000) which is determined by reference to published price quotations and within level 1 of the fair value hierarchy (Note 3.3). (b) 本公司於二零一六年在上海證券交易所發行8億元債券，票面年利率為2.95%，期限為5年。於二零一八年十二月三十一日，公司債券的公允價值合計人民幣796,143,000元(二零一七年：人民幣781,526,000元)，價值乃參考報價直接釐定，屬公允價值層級的第一級(附註3.3)。

The carrying amounts of other borrowings approximate to their fair value.

其他借款的賬面價值與其公允價值相近。

- (c) The carrying amounts of the Group's borrowings are denominated in the following currencies: (c) 本集團借款的賬面值以下列貨幣為單位：

	As at 31 December 於十二月三十一日	
	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
RMB 人民幣	1,110,408	1,124,774
Macanese Pataca 澳門元	1,021	-
Australian Dollar 澳大利亞元	48	506
	1,111,477	1,125,280

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

20. BORROWINGS (CONT'D)

借款(續)

(d) The average interest rates (per annum) are as follows:

(d) 平均年利率如下：

	2018	2017
Bonds 債券		
— RMB 人民幣	3.008%	3.008%
Other borrowings 其他借款		
— RMB 人民幣	3.255%	3.207%
— Australian Dollar 澳大利亞元	5.224%	4.929%
— Macanese Pataca 澳門元	0.000%	—

21. TRADE AND BILLS PAYABLES

應付賬款及票據

As at 31 December 2018, the ageing analysis of trade and bills payables based on invoice date and financial position was as follows:

於二零一八年十二月三十一日，應付賬款及票據根據發票日期和財務狀況的賬齡分析如下：

	As at 31 December 於十二月三十一日	
	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Within 4 months 四個月以內	475,392	442,072
Over 4 months but within 1 year 四個月至一年	101,996	244,678
Over 1 year but within 2 years 一年至二年	86,236	10,572
Over 2 years but within 3 years 二年至三年	529	402
Over 3 years 三年以上	885	691
	665,038	698,415

Trade payables are unsecured and are usually paid within 120 days of recognition.

應付賬款無擔保，並通常在確認120天內予以支付。

The carrying amounts of trade and bills payables are considered to be the same as their fair values, due to their short-term nature.

由於期限較短，應付賬款及票據的賬面價值被視為與其公允價值相等。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

22. SALARY AND WELFARE PAYABLES

應付工資及福利費

	As at 31 December	
	於十二月三十一日	
	2018	2017
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Salary payable 應付工資	91,951	88,597
Welfare payable 應付福利費	1,019	1,303
	92,970	89,900

23. REVENUE

收入

	2018		2017	
	RMB'000		RMB'000	
	人民幣千元		人民幣千元	
Sales of Chinese medicine products 中藥產品銷售收入				
— Mainland China 於中國內地	4,041,543		4,169,434	
— Outside Mainland China 於其他國家及地區	923,834		776,548	
	4,965,377		4,945,982	
Advertising service 廣告服務收入				
— Mainland China 於中國內地	43,018		37,606	
Service income 服務收入				
— Mainland China 於中國內地	7,244		—	
— Outside Mainland China 於其他國家及地區	43,618		41,129	
	50,862		41,129	
Royalty fee income 品牌使用權收入				
— Outside Mainland China 於其他國家及地區	381		466	
	5,059,638		5,025,183	

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

23. REVENUE (CONT'D)

收入(續)

The Group has recognised the following liability related to contract with customers:

本集團已確認以下與客戶合同有關的資產和負債：

	31 December 2018 二零一八年 十二月三十一日	1 January 2018 二零一八年 一月一日
	RMB'000 人民幣千元	RMB'000 (Restated) (經重列) 人民幣千元
Contract liabilities — Service income 合同負債 — 服務收入	4,324	4,607

The Group has not recognised any contract assets related to contract with customers as at 1 January 2018 and 31 December 2018.

於二零一八年一月一日和二零一八年十二月三十一日，本集團未確認與客戶合同有關的合同資產。

There is no significant changes in contract liabilities during the year ended 31 December 2018.

截至二零一八年十二月三十一日止年度，合同負債未發生重大變更。

Revenue recognised in relation to contract liabilities

已確認的與合同負債有關的收入

The following table shows revenue recognised in relation to contract liabilities in the year ended 31 December 2018 related to carried forward contract liabilities as at 1 January 2018.

下表所示為截至二零一八年十二月三十一日止年度已確認的與合同負債有關的收入中與二零一八年一月一日已結轉合同負債有關的收入金額。

	31 December 2018 二零一八年 十二月三十一日
	RMB'000 人民幣千元
Revenue recognised in relation to contract liabilities at 1 January 2018 於二零一八年一月一日已確認的與合同負債有關的收入	3,751

Notes to the Consolidated Financial Statements (Cont'd)
 合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

24. FINANCE INCOME AND COSTS
 財務收益及費用

	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Finance income 財務收益		
Interest income 利息收入	31,806	23,788
Exchange gains/(losses), net 匯兌收益/(損失)·淨額	225	(3,958)
	32,031	19,830
Finance costs 財務費用		
Interest on bonds 債券利息	(24,035)	(24,021)
Interest on bank borrowings 銀行貸款利息	(10,396)	(10,698)
Less: amounts capitalised on qualifying assets (Note 7) 減: 合資格資產資本化數額(附註7)	19,467	13,034
	(14,964)	(21,685)
Finance income/(costs), net 財務收益/(費用)·淨額	17,067	(1,855)

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

25. EXPENSE BY NATURE 按照性質對費用進行列示

Operating profit was arrived at after charging/(crediting) the following: 下列各項已借記/(貸記)稅前利潤:

	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Raw materials, merchandise and consumables used 原材料、商品及消耗品消耗	1,545,463	1,578,677
Change in inventories of finished goods and work-in-progress 產成品及在產品的存貨變動	86,647	51,718
Employee benefit expense (Note 26) 員工福利開支(附註26)	851,793	789,386
Depreciation of property, plant and equipment (Note 7) 房屋及建築物、廠房及設備折舊(附註7)	75,837	77,287
Amortisation of prepaid operating lease payments (Note 6) 預付經營性租賃款項攤銷(附註6)	3,631	3,414
Amortisation of intangible assets (Note 8) 無形資產攤銷(附註8)	7,515	3,782
Amortisation of other long-term assets 其他長期資產攤銷	1,451	1,006
Provision for impairment of inventories 存貨跌價準備計提	44,250	30,113
Provision for/(reversal of) impairment of receivables 應收款項壞賬準備計提/(轉回)	6,055	(1,427)
Provision for impairment of property, plant and equipment 房屋及建築物、廠房及建築減值準備計提	-	5,783
Operating lease rental 經營租賃費用	97,771	151,338
Auditor's remuneration 核數師酬金		
— Audit services 核數服務	7,156	6,830
— Non-audit services 非核數服務	258	141
Research and development costs ⁽¹⁾ 研究開發費用 ⁽¹⁾	27,835	27,585
Loss on disposal of non-current assets 非流動資產清理損失	1,850	1,003
Amortisation of deferred income — government grants (Note 19) 遞延收入 — 政府補助的攤銷(附註19)	(22,739)	(9,263)
Processing costs 加工費	279,506	247,303
Advertising and promotion expenses 廣告及宣傳推廣費	301,678	433,955
Transportation 運輸費	58,647	57,130
Repair and maintenance 維修及保養	34,479	38,811
Utilities 燃料及供暖支出	67,741	69,671
Other taxes 其他稅金	56,668	54,420

⁽¹⁾ Excluding employee benefit expense, depreciation and amortisation expense. The research and development costs including employee benefit expense, depreciation and amortisation expense were RMB55,889,000 (2017: RMB54,740,000).

⁽¹⁾ 不包括員工福利開支、折舊及攤銷費用，包括上述費用的研究開發費用為人民幣55,889,000(2017年：人民幣54,740,000)。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

26. EMPLOYEE BENEFIT EXPENSE 員工福利開支

	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Salary and wages 工資	617,512	576,219
Staff welfare 福利費	59,851	60,485
Housing fund 住房公積金	45,340	38,186
Contribution to pension schemes 退休金供款	129,090	114,496
	851,793	789,386

The five individuals whose emoluments before individual income tax were the highest in the Group for the year include one (2017: one) director and no (2017: no) supervisor whose emoluments are reflected in the analysis presented in Note 30. The emoluments payable to the remaining four (2017: four) individuals during the year are as follows:

本年度本集團個人所得稅前薪金最高的五位人士包括一位(二零一七年：一位)董事，零位(二零一七年：零位)監事，他們的酬金在附註30的分析中反映。本年度支付予其餘四位(二零一七年：四位)人士的酬金如下：

	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Basic salaries, allowances and bonuses 基本酬金、津貼及獎金	5,515	5,310
Contribution to pension scheme 退休金供款	82	133
	5,597	5,443

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

26. EMPLOYEE BENEFIT EXPENSE (CONT'D)

員工福利開支(續)

The emoluments of these individuals fell within the following band:

此等人士的酬金在以下範圍的人數為：

	2018	2017
HKD1,000,001–HKD1,500,000 (Equivalent to RMB846,601–RMB1,269,900) 港幣 1,000,001–1,500,000 元(相等於人民幣 846,601–1,269,900 元)	-	1
HKD1,500,001–HKD2,000,000 (Equivalent to RMB1,269,901–RMB1,693,200) 港幣 1,500,001–2,000,000 元(相等於人民幣 1,269,901–1,693,200 元)	4	3
HKD2,000,001–HKD2,500,000 (Equivalent to RMB1,693,201–RMB2,116,500) 港幣 2,000,001–2,500,000 元(相等於人民幣 1,693,201–2,116,500 元)	-	-
HKD2,500,001–HKD3,000,000 (Equivalent to RMB2,116,501–RMB2,539,800) 港幣 2,500,001–3,000,000 元(相等於人民幣 2,116,501–2,539,800 元)	-	-
HKD3,000,001–HKD3,500,000 (Equivalent to RMB2,539,801–RMB2,963,100) 港幣 3,000,001–3,500,000 元(相等於人民幣 2,539,801–2,963,100 元)	-	-

Among the above four (2017: four) individuals, there are three (2017: two) individuals whose emoluments were paid by Tong Ren Tang Chinese Medicine and its subsidiary for the year.

本年度上述四位(二零一七年：四位)人士中有三位(二零一七年：兩位)人士的薪酬由同仁堂國藥及其子公司支付。

None of the five highest paid individuals of the Group waived any emoluments and no emoluments were paid by the Group to any of such individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

上述五位最高薪人士並未放棄任何酬金。本集團並無向五位最高薪人士支付酬金作為邀請彼等加入本集團的酬金，或失去職位的賠償。

27. INCOME TAX EXPENSE

所得稅費用

Pursuant to the Corporate Income Tax Law of the PRC effective from 1 January 2008, enterprises with a High/New Technology Enterprise ("HNTE") status are able to enjoy a preferential tax rate of 15%. For the entities without the HNTE status, the PRC income tax rate is 25% (2017: 25%). As of 31 December 2018 and 2017, the Company and certain of its subsidiaries have obtained the HNTE certificate. Consequently, their applicable income tax rate in 2018 is 15% (2017: 15%).

根據自二零零八年一月一日執行的中國企業所得稅法規定，高新技術企業能夠享有15%的所得稅優惠稅率。對於非高新技術企業，所得稅稅率為25%(二零一七年：25%)。截至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，本公司及部分子公司已取得高新技術企業證書。因此，該部分公司二零一八年適用所得稅稅率為15%(二零一七年：15%)。

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the year.

按照本年度估計應課稅利潤，香港地區盈利之稅款適用所得稅稅率為16.5%(二零一七年：16.5%)。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

27. INCOME TAX EXPENSE (CONTD)

所得稅費用(續)

Income tax on overseas profits has been calculated on the estimated assessable profit for the year at the income tax rates prevailing in the tax jurisdictions in which the Group operates.

海外盈利之稅款按照本年度估計應課稅利潤依照本集團經營業務所在國家或地區之現行稅率計算。

	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Current income tax expense 當期所得稅費用		
— Mainland China 中國內地	105,838	103,472
— Hong Kong 香港	96,423	80,805
— Overseas (excluding Hong Kong) 海外(不含香港)	5,206	4,839
	207,467	189,116
Deferred income tax (credit)/expense 遞延所得稅(貸項)/費用	(6,250)	7,216
	201,217	196,332

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average income tax rate of 21.0% (2017: 21.3%) to profits of the consolidated entities as follows:

本集團就除所得稅前利潤的稅項，與採用合併主體利潤適用的加權平均稅率21.0%(二零一七年：21.3%)而應產生的理論稅額的差額如下：

	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Profit before income tax 除所得稅前利潤	1,207,070	1,166,224
Tax calculated at domestic tax rates applicable to profits in the respective countries 在各有關國家的利潤按適用的當地稅率計算的稅項	253,679	248,430
Tax effects of: 稅項影響：		
— Income not subject to tax 無需納稅之收入	(4,810)	(3,336)
— Expenses not deductible for tax purposes 不可抵稅之費用	6,330	3,839
— Tax losses and temporary differences for which no deferred income tax assets were recognized 沒有確認遞延所得稅資產的稅務虧損及暫時性差異	4,279	4,566
— Effect of preferential income tax treatments 所得稅優惠政策的影響	(58,986)	(56,930)
— Final settlements and payments 匯算清繳調整	479	(326)
— Others 其他	246	89
Income tax expense 所得稅費用	201,217	196,332

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

28. EARNINGS PER SHARE

每股收益

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company of approximately RMB677,815,000 by the weighted average number of 1,280,784,000 shares in issue during the year.

每股基本收益按本公司所有者應佔淨利潤約人民幣677,815,000元，除以當期已發行普通的加權平均數目1,280,784,000股來計算的。

The Company had no dilutive potential shares in 2018 and 2017.

本公司於二零一八年及二零一七年並無潛在之攤薄股份。

	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Profit attributable to owners of the Company 利潤歸屬於本公司所有者	677,815	666,666
Weighted average number of ordinary shares in issue (thousands) 加權平均已發行普通股股數(千股)	1,280,784	1,280,784
Earnings per share 每股收益	RMB0.53	RMB0.52

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

29. DIVIDENDS 股息

The cash dividends paid in 2018 and 2017 were RMB217,733,000 (RMB0.17 (including tax) per share) and RMB204,925,000 (RMB0.16 (including tax) per share) respectively.

於二零一八年及二零一七年內支付的現金股息分別為人民幣217,733,000元(每股人民幣0.17元(含稅))及人民幣204,925,000元(每股人民幣0.16元(含稅))。

On 19 March 2019, the Board of Directors proposed a cash dividend in respect of the year ended 31 December 2018 of RMB0.18 (including tax) per share, amounting to a total of RMB230,541,120, which is subject to the shareholders' approval at the 2018 annual general meeting to be held on Tuesday, 11 June 2019. These financial statements do not reflect this dividend payable.

於二零一九年三月十九日，董事會建議按每股人民幣0.18元(含稅)派發截至二零一八年十二月三十一日止年度現金股息，總額為人民幣230,541,120元。該股息分配預案需經二零一九年六月十一日(星期二)召開的二零一八年度股東週年大會批准。本財務報表未反映此項應付股息。

	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Interim dividend paid of RMB nil (2017: RMB nil) per ordinary share 中期派發股息，每股人民幣0元(二零一七年：每股人民幣0元)	-	-
Final dividend proposed of RMB0.18 (including tax) (2017: RMB0.17 (including tax)) per ordinary share 擬派末期股息，每股人民幣0.18元(含稅)(二零一七年：每股人民幣0.17元(含稅))	230,541	217,733
	230,541	217,733

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

30. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS

董事及監事的利益和權益

Directors' and supervisors' emoluments

董事及監事薪酬

For the year ended 31 December 2018: 截至二零一八年十二月三十一日止年度：

	Emoluments paid or receivable in respect of a person's services as a director/supervisor, whether of the Company or its subsidiary undertaking 作為董事/監事(不管是本公司或其子公司企業)提供服務而支付或應收的酬金					Employer's contribution to a retirement benefit scheme 退休福利計劃的僱主供款	Total 總計
	Fees 袍金 RMB'000 人民幣千元	Salary 薪金 RMB'000 人民幣千元	Discretionary bonuses ⁽¹⁾ 酌情獎金 ⁽¹⁾ RMB'000 人民幣千元	Allowances and benefits ⁽²⁾ 津貼及福利 ⁽²⁾ RMB'000 人民幣千元	Emoluments paid or receivable in respect of director's/supervisor's other services in connection with the management of the affairs of the Company or its subsidiary undertaking 就管理本公司或其子公司企業的事務提供其他董事/監事服務而支付或應收的酬金		
Chairman 董事長							
Mr. Gao Zhen Kun 高振坤先生	-	-	-	-	-	-	-
Executive directors 執行董事							
Mr. Huang Ning ⁽⁴⁾ 黃寧先生 ⁽⁴⁾	-	-	-	-	-	-	-
Mr. Wu Le Jun ⁽⁴⁾ 吳樂軍先生 ⁽⁴⁾	-	-	-	-	-	-	-
Ms. Wu Qian ⁽⁴⁾ 吳倩女士 ⁽⁴⁾	-	-	-	-	-	-	-
Mr. Wang Yu Wei ⁽³⁾ 王煜煒先生 ⁽³⁾	-	1,283	853	45	55	2,236	
Ms. Fang Jia Zhi 房家志女士	-	514	244	42	55	855	
Mr. Gu Hai Ou ⁽³⁾ 顧海鷗先生 ⁽³⁾	-	-	-	-	-	-	
Mr. Rao Zu Hai ⁽³⁾ 饒祖海先生 ⁽³⁾	-	-	-	-	-	-	
Mr. Li Bin ⁽³⁾ 李濱先生 ⁽³⁾	-	-	-	-	-	-	
Independent non-executive directors 獨立非執行董事							
Mr. Ting Leung Huel, Stephen 丁良輝先生	203	-	-	-	-	203	
Ms. Chan Ching Har, Eliza ⁽⁴⁾ 陳清霞女士 ⁽⁴⁾	102	-	-	-	-	102	
Mr. Zhan Yuan Jing ⁽⁴⁾ 詹原競先生 ⁽⁴⁾	50	-	-	-	-	50	
Miss Tam Wai Chu, Maria ⁽³⁾ 譚惠珠小姐 ⁽³⁾	102	-	-	-	-	102	
Mr. Jin Shi Yuan ⁽³⁾ 金世元先生 ⁽³⁾	50	-	-	-	-	50	
Supervisors 監事							
Ms. Su Li ⁽⁴⁾ 蘇莉女士 ⁽⁴⁾	-	-	-	-	-	-	
Mr. Wu Yi Gang 吳以綱先生	100	-	-	-	-	100	
Mr. Dong Ke Man ⁽³⁾ 董克滿先生 ⁽³⁾	-	385	122	42	55	604	
Ms. Ma Bao Jian ⁽³⁾ 馬保健女士 ⁽³⁾	-	-	-	-	-	-	
Ms. Ding Guo Ping ⁽³⁾ 丁國萍女士 ⁽³⁾	-	425	-	-	41	466	

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

30. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (CONT'D)

董事及監事的利益和權益(續)

Directors' and supervisors' emoluments (Cont'd)

董事及監事薪酬(續)

Notes:

附註：

- | | |
|--|--|
| <p>(1) Bonuses are accrued according to current year's results, which will be paid in the following year after Board of Directors' approval</p> <p>(2) Include housing and car allowance</p> <p>(3) Chief executive of the Company</p> <p>(4) Appointed on 12 June 2018</p> <p>(5) Resigned on 12 June 2018</p> <p>(6) Elected on 12 March 2018, with effect from 12 June 2018</p> | <p>(1) 本公司根據當年業績預提高級管理人員獎金，並於次年經董事會批准後發放</p> <p>(2) 包括房屋津貼及車補</p> <p>(3) 公司總經理</p> <p>(4) 於二零一八年六月十二日接受委任</p> <p>(5) 於二零一八年六月十二日退任</p> <p>(6) 於二零一八年三月十二日獲選，二零一八年六月十二日生效</p> |
|--|--|

For the year ended 31 December 2017:

截至二零一七年十二月三十一日止年度：

	Emoluments paid or receivable in respect of a person's services as a director/supervisor, whether of the Company or its subsidiary undertaking 作為董事/監事(不管是本公司或其子公司企業)提供服務而支付或應收的酬金		Emoluments paid or receivable in respect of director's/supervisor's other services in connection with the management of the affairs of the Company or its subsidiary undertaking 就管理本公司或其子公司企業的事務提供其他董事/監事服務而支付或應收的酬金		Employer's contribution to a retirement benefit scheme 退休福利計劃的雇主供款	Total 總計
	Fees 袍金 RMB'000 人民幣千元	Salary 薪金 RMB'000 人民幣千元	Discretionary bonuses ⁽¹⁾ 酌情獎金 ⁽¹⁾ RMB'000 人民幣千元			
Chairman 董事長						
Mr. Gao Zhen Kun 高振坤先生	-	-	-	-	-	-
Executive directors 執行董事						
Mr. Gu Hai Ou 顧海鷗先生	-	-	-	-	-	-
Mr. Rao Zu Hai 饒祖海先生	-	-	-	-	-	-
Mr. Li Bin 李濱先生	-	-	-	-	-	-
Mr. Wang Yu Wei ⁽²⁾ 王煜煒先生 ⁽²⁾	-	1,290	847	51	2,188	
Ms. Fang Jia Zhi 房家志女士	-	516	342	51	909	
Independent non-executive directors 獨立非執行董事						
Miss Tam Wai Chu, Maria 譚惠珠小姐	208	-	-	-	208	
Mr. Ting Leung Huel, Stephen 丁良輝先生	208	-	-	-	208	
Mr. Jin Shi Yuan 金世元先生	100	-	-	-	100	
Supervisors 監事						
Ms. Ma Bao Jian 馬保健女士	-	-	-	-	-	-
Mr. Wu Yi Gang 吳以鋼先生	100	-	-	-	100	
Ms. Ding Guo Ping 丁國萍女士	-	505	-	51	556	

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

30. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (CONT'D)

董事及監事的利益和權益(續)

Directors' and supervisors' emoluments (Cont'd)

董事及監事薪酬(續)

Notes:

- (1) Bonuses are accrued according to current year's results, which will be paid in the following year after Board of Directors' approval
- (2) Chief executive of the Company

No directors and supervisors waived any emoluments and no emoluments were paid by the Group to any of the directors and supervisors as an inducement to join or upon joining the Group or as compensation for loss of position.

No payments or benefits in respect of termination of directors' and supervisors' services were paid or made, directly or indirectly, to or receivable by any director or supervisor; nor are any payable.

No consideration was provided to or receivable by third parties for making available directors' or supervisors' services.

There are no loans, quasi-loans or other dealings in favour of the directors and supervisors, their controlled bodies corporate and connected entities.

Saved as disclosed in Note 34 and elsewhere in these financial statements, none of the directors and supervisors had a material interest, either directly or indirectly, in any transactions, arrangements and contracts of significance relating to the business of the Group, to which the Company or any of its subsidiaries was a party, and which was subsisting at the end of the year or at any time during the year.

附註：

- (1) 本公司根據當年業績預提高級管理人員獎金，並於次年經董事會批准後發放
- (2) 公司總經理

本公司並無董事及監事放棄任何酬金，本集團亦無向本公司任何董事及監事支付任何酬金，作為吸引加入本集團之獎勵或在加入時獎勵或作為離職補償。

本年度內並無直接或間接因董事及監事終止提供服務而向其支付(或其應收)的款額。

本年度內並無因董事及監事提供服務而向第三方支付或收取的款額。

本年度內並無董事及監事、董事及監事控制企業、董事關聯實體之貸款、准貸款以及其他交易相關信息。

如反映在附註34及本財務報表其他部分，本年度內或年結時，本集團概無簽訂任何涉及本集團之業務而本公司之董事及監事直接或間接在其中擁有重大權益之重要交易、安排或合同。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

31. RETIREMENT AND TERMINATION BENEFITS

退休福利及離崗報酬

Pursuant to the PRC laws and regulations, the Group is required to make monthly contributions to various retirement benefit schemes organised by the relevant provincial and municipal governments for the Group's employees in the PRC at rates ranging from 22% to 28% (2017: 27% to 32%) of the employees' standard salaries, of which 14% to 20% (2017: 19% to 24%) is borne by the Group and the remaining portion is borne by the employees.

The Group's subsidiaries in Hong Kong participate in a Mandatory Provident Fund scheme (the "MPF scheme") in accordance with the Mandatory Provident Fund Scheme Ordinance of Hong Kong (the "MPF Ordinance"). The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. These defined contribution schemes are responsible for the pension liabilities of the employees. The Group's contributions to these defined contribution schemes are expensed as incurred.

In addition, the Group provides termination benefits to certain employees up to their normal retirement age as set out in Note 2.22(c). The carrying amount of the relevant provision as at 31 December 2018 was approximately RMB1,228,000 (2017: RMB1,700,000).

32. HOUSING FUND

住房公積金

The Group's full-time employees in the PRC participate in a state-sponsored housing fund ("Fund"). The housing fund can be used by the Group's employees for purchasing houses, or withdrawn upon their retirement. The Group is required to make annual contributions to the Fund based on certain percentages of the employees' salaries. The Group's liability in respect of the housing fund is limited to the contributions payable in each period. For the year ended 31 December 2018, the Group contributed approximately RMB45,665,000 (2017: RMB38,432,000) to the Fund.

根據中國有關法律法規之規定，本集團應當為境內員工按月向政府代理機構繳納基本養老保險。提交基礎為當地政府制定的標準工資的22%至28%之間(二零一七年：27%至32%之間)，其中由本集團承擔的比例為14%至20%(二零一七年：19%至24%)，其餘部分由員工承擔。

本集團位於香港的子公司根據香港強制性公積金條例(「強積金條例」)參與強制性公積金計劃(「強積金計劃」)。在強積金計劃內，本集團之責任僅為向計劃作出所需供款。該等員工退休後之養老金由政府代理機構負擔。本集團對政府代理機構的供款於發生時費用化。

此外，本集團為某些僱員因提前退休而計提其至正常退休年齡之前的離崗報酬(附註2.22(c))。於二零一八年十二月三十一日該項計提的餘額約為人民幣1,228,000元(二零一七年：人民幣1,700,000元)。

所有本集團的中國內地全職員工有權參加國家資助的住房公積金計劃(「公積金計劃」)。本集團員工可用公積金購買房屋或於退休時一次性支取。本集團每年按員工工資一定百分比向公積金計劃供款。就此等公積金而言，本集團的責任只限於在每一期間作出供款。截至二零一八年十二月三十一日止年度，本集團為此等公積金共支付約人民幣45,665,000元(二零一七年：約人民幣38,432,000元)。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

33. CASH FLOW INFORMATION

現金流量表信息

(a) Reconciliation from profit before income tax to cash generated from operations: 除所得稅前利潤與經營活動收到現金流量淨額調節表：

	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Profit before income tax 除所得稅前利潤	1,207,070	1,166,224
Adjustments for: 調整項目：		
Depreciation of property, plant and equipment (Note 7) 房屋及建築物、廠房及設備折舊(附註7)	75,837	77,287
Amortisation of prepaid operating lease payments (Note 6) 預付經營性租賃款項攤銷(附註6)	3,631	3,414
Amortisation of intangible assets (Note 8) 無形資產攤銷(附註8)	7,515	3,782
Amortisation of other long-term assets 其他長期資產攤銷	1,451	1,006
Provision for impairment of inventories 存貨跌價準備計提	44,250	30,113
Provision for/(reversal of) impairment of receivables 應收款項減值計提/(轉回)	6,055	(1,427)
Impairment loss of property, plant and equipment (Note 7) 房屋及建築物、廠房及設備的減值損失(附註7)	-	5,783
Loss on disposal of non-current assets 非流動資產清理損失	1,850	1,003
Amortisation of deferred income — government grants (Note 19) 遞延收入 — 政府補助的攤銷(附註19)	(22,739)	(9,263)
Interest income (Note 24) 利息收入(附註24)	(31,806)	(23,788)
Interest expense (Note 24) 利息支出(附註24)	34,431	34,719
Exchange (gains)/losses (Note 24) 匯兌(收益)/損失(附註24)	(225)	3,958
Share of losses/(income) of investments accounted for using the equity method (Note 10) 享有按權益法入賬的投資的虧損/(收益)份額(附註10)	138	(96)
Release of foreign currency translation differences upon liquidation of a joint venture (Note 10) 合營企業清算而撥回之外幣折算差額(附註10)	1,442	-
Other gains 其他收益	(558)	(120)
Operating profit before working capital changes 營運資金變動前之經營利潤	1,328,342	1,292,595
Changes in: 變動：		
Inventories 存貨	(95,654)	(126,673)
Trade and bills receivables 應收賬款及票據	95,231	(353,969)
Amounts due from related parties 應收關聯公司款項	(13,819)	(45,086)
Other financial assets at amortised cost 以攤餘成本計量的其他金融資產	(53,283)	-
Prepayments and other current assets 預付款及其他流動資產	71,805	(31,795)
Financial assets at fair value through other comprehensive income 以公允價值計量且其變動計入其他綜合收益的金融資產	(141,827)	-
Trade and bills payables 應付賬款及票據	(33,377)	101,286
Other current liabilities 其他流動負債	(18,700)	26,143
Amounts due to related parties 應付關聯公司款項	85,528	11,337
Proceeds from government grants 遞延收入 — 政府補助	5,660	27,118
Cash generated from operations 經營活動收到的現金	1,229,906	900,956

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

33. CASH FLOW INFORMATION (CONT'D)

現金流量表信息(續)

(b) Analysis of the balances of cash and cash equivalents and short-term bank Deposits

現金及現金等價物和短期銀行存款

As at 31 December, cash and cash equivalents were denominated in the following currencies:

於十二月三十一日，現金及現金等價物按幣種列示如下：

	As at 31 December	
	於十二月三十一日	
	2018	2017
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Cash at bank and in hand 現金及銀行活期存款		
RMB 人民幣	1,378,417	1,314,655
HKD 港幣	450,035	616,235
Australian Dollar 澳大利亞元	15,166	10,123
Macanese Pataca 澳門元	13,396	19,468
United States Dollar 美元	11,677	16,686
Singapore Dollar 新加坡元	10,501	10,054
Canadian Dollar 加拿大元	8,558	6,300
New Zealand Dollar 新西蘭元	4,637	5,299
South African Rand 南非蘭特	4,270	12,271
UAE Dirham 阿聯酋迪拉姆	2,275	2,949
European Dollar 歐元	2,263	3,734
Swedish Krona 瑞典克朗	1,187	1,786
Swiss Franc 瑞士法郎	948	2,380
Korean Won 韓元	294	50
Polish Zloty 波蘭茲羅提	289	773
Brunei Ringgit 汶萊林吉特	86	614
Great British Pound 英鎊	30	62
Czech Koruna 捷克克朗	7	122
	1,904,036	2,023,561

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

33. CASH FLOW INFORMATION (CONTD)

現金流量表信息(續)

(b) Analysis of the balances of cash and cash equivalents and short-term bank Deposits (Cont'd)

現金及現金等價物和短期銀行存款(續)

Bank deposits with original maturities of over three months were classified as short-term bank deposits and denominated in the following currencies:

原始存款期限超過三個月的銀行存款列示為短期銀行存款，按幣種列示如下：

	As at 31 December	
	於十二月三十一日	
	2018	2017
	RMB'000	RMB'000
	人民幣千元	人民幣千元
RMB 人民幣	34,909	89,368
HKD 港幣	1,482,191	943,716
Singapore Dollar 新加坡元	9,269	8,892
Canadian Dollar 加拿大元	8,369	5,510
New Zealand Dollar 新西蘭元	2,404	-
United States Dollar 美元	759	710
Australian Dollar 澳大利亞元	224	232
	1,538,125	1,048,428

As at 31 December 2018, the cash in hand balance of the Group was RMB1,599,000 (2017: RMB1,969,000). Cash at bank and short-term bank deposits balance of the Group was RMB3,440,562,000 (2017: RMB3,070,020,000). Management did not expect any losses from non-performance by those banks.

於二零一八年十二月三十一日，本集團庫存現金餘額為人民幣1,599,000元(二零一七年：人民幣1,969,000元)。本集團銀行存款及短期銀行存款餘額為人民幣3,440,562,000元(二零一七年：人民幣3,070,020,000元)。管理層認為該等存款餘額信用風險較低。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

33. CASH FLOW INFORMATION (CONT'D)

現金流量表信息(續)

(c) Reconciliation of cash flows from financing activities

籌資活動所產生的現金流量調節

This section sets out an analysis of cash flows of financial liabilities from financing activities and its movement for each of the year presented.

本節載列每個期間內所列示的籌資活動所產生的現金流量的分析和變動。

	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Gross debt — fixed interest rates 總債務 — 固定利率	(919,429)	(920,474)
Gross debt — variable interest rates 總債務 — 浮動利率	(192,048)	(204,806)
	(1,111,477)	(1,125,280)

	Borrowings due within 1 year	Borrowings due after 1 year	Total
	一年內到期借款 RMB'000 人民幣千元	一年後到期借款 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
Liability from financing activity as at 1 January 2017 於二零一七年一月一日籌資活動的負債	(211,000)	(917,549)	(1,128,549)
Cash flows 現金流量	3,700	—	3,700
Foreign exchange adjustments 匯率調整	—	(9)	(9)
Other changes 其他變動	(2,500)	2,078	(422)
Liability from financing activity as at 31 December 2017 於二零一七年十二月三十一日籌資活動的負債	(209,800)	(915,480)	(1,125,280)
Cash flows 現金流量	14,800	(549)	14,251
Foreign exchange adjustments 匯率調整	—	(13)	(13)
Other changes 其他變動	(5,146)	4,711	(435)
Liability from financing activity as at 31 December 2018 於二零一八年十二月三十一日籌資活動的負債	(200,146)	(911,331)	(1,111,477)

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

34. RELATED PARTY TRANSACTIONS

關聯方交易

Related parties include the Group and its subsidiaries, other majority state-owned enterprises and their subsidiaries directly or indirectly controlled by the PRC government, other entities and corporations in which the Company is able to control or exercise significant influence in making financial and operating decisions and key management personnel of the Company as well as their close family members.

The ultimate holding company is beneficially owned by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality, so it is a state-owned enterprise and is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. In accordance with IAS 24, "Related Party Disclosures", state-owned enterprises and their subsidiaries, other than the ultimate holding company and its subsidiaries, directly or indirectly controlled by the PRC government are also defined as related parties of the Group.

A portion of the Group's business activities are conducted with other state-owned enterprises. The Group believes that these transactions are carried out on normal commercial terms that are consistently applied to all customers. For the purpose of related party transactions disclosure, the Group has identified, to the extent practicable, those corporate customers and suppliers which are state-owned enterprises based on their ownership structure. It should be noted, however, that substantially all of the Group's business activities are conducted in the PRC and the influence of the PRC government in the Chinese economy is pervasive. In this regard, the PRC government indirectly holds interests in many companies. Many state-owned enterprises have multi-layered corporate structure and the ownership structures change over time as a result of transfers and privatisation programs. Some of these interests may, in themselves or when combined with other indirect interests, be controlling interests. Such interests, however, would not be known to the Group and are not reflected in the disclosures below. In addition, a portion of the Group's revenue from sales of goods are of a retail nature to end users, which include transactions with the employees of state-controlled entities while such employees are key management personnel and their close family members. These transactions are carried out on normal commercial terms that are consistently applied to all customers. Due to the volume and the pervasiveness of these transactions, the Group is unable to determine the aggregate amount of these transactions for disclosure. Therefore, the revenue from sales of goods disclosed below does not include retail transactions with these related parties. However, the Group believes that meaningful information relating to related party disclosures has been adequately disclosed.

關聯方包括本集團及下屬子公司、其他由中國政府直接或間接控制的國有企業及其子公司、其他本公司有能力對其財務和經營決策實施控制或施加重大影響之公司以及本公司關鍵管理人員及他們關係密切的家庭成員。

本公司的最終控股公司由北京市人民政府國有資產監督管理委員會受益擁有，所以其為一家國有企業，受控於中國政府，其在中國境內擁有大量經營性資產。根據國際會計準則第24號「關聯方披露」，除最終控股公司及其下屬子公司外，直接或間接被中國政府控制的其他國有企業和其子公司也被定義為本集團的關聯方。

本集團的一部分業務活動是與其他國有企業進行的。本集團認為此等交易是基於與適用於本集團所有客戶一致的正常商業條款進行的。為關聯方交易披露之目的，本集團在可行程度內根據股權結構辨別屬於國有企業的客戶與供貨商。但是值得注意的是，本集團的主要商業活動均在中國進行並且中國政府對中國經濟具有普遍及深入的影響。故此，中國政府間接擁有眾多公司的權益。許多國有企業股權架構層次複雜並歷經多次重組和權益變更。這些權益本身或者和上述間接權益一起構成了控制權益。但是，本集團難以得知這些權益關係並反映在以下披露中。此外，本集團的收入有部分為與最終用戶直接交易的服務，該模式等同於零售性質的服務，而在此類收入中包括與國有企業關鍵管理人員及他們關係密切的家庭成員之交易。此等交易是基於與適用於本集團所有客戶一致的正常商業條款進行的。由於此類交易的發生普遍及其交易量較大，本集團無法披露此類交易的合計金額。因此，以下披露的銷售收入的金額並不包含與關聯方間等同於零售性質的服務，然而，本集團確信與關聯方披露相關有意義的信息已得到充分的披露。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

34. RELATED PARTY TRANSACTIONS (CONT'D)

關聯方交易(續)

During the year, the Group had the following material transactions with related parties, which were entered into at terms mutually agreed with these related parties in the ordinary course of business.

本年度本集團與關聯公司有如下重大交易。這些交易是於一般業務過程中按與關聯公司議定的條款進行的。

(a) Transactions with the ultimate holding company

與最終控股公司交易

Transactions with the ultimate holding company during the year are summarised as follows:

本年度與最終控股公司的交易如下：

	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Trademark licence fee (Note (i)) 商標使用費(附註(i))	2,642	850
Rental expense (Note (ii)) 土地使用費(附註(ii))	2,364	2,364
Property leasing expense (Note (iii)) 物業租賃費用(附註(iii))	4,995	3,780

Notes:

附註：

- (i) A licence agreement was renewed on 28 February 2013 between the Company and the ultimate holding company whereby the Company is allowed to use certain trademarks and trademark logos (collectively, "Trademarks") of the ultimate holding company.

The licence agreement is effective from 1 March 2013 to 28 February 2018. Upon the expiration of the licence, if the ultimate holding company successfully renews the right to use the Trademarks and if the Company fully complies with the terms and conditions of agreement and requests to continue to use the Trademarks, the ultimate holding company shall renew the agreement with the Company.

A licence agreement was entered on 28 February 2018 between the Company and the ultimate holding company whereby the Company is allowed to use Trademarks of the ultimate holding company. The licence agreement is effective from 1 March 2018 to 31 March 2021. In case of the extension of the agreement, the Company can apply three months prior to the expiration of the licence and renew the licence agreement with the ultimate holding company. The annual licence agreement fee is RMB3,000,000 with an annual increase of RMB300,000 thereafter.

- (ii) A land use right leasing agreement (the "Old Agreement") dated 6 October 2000 was entered into between the Company and the ultimate holding company. Pursuant to the agreement, the total area leased to the Company is approximately 49,776.35 sq.m. The land is located in Beijing, the PRC, with a lease period of 20 years commencing from 6 October 2000. The annual rental is calculated at a rate of RMB53.95 per sq.m. Any adjustments to the annual rental shall be made at the market rent, provided that such adjustment shall not exceed 10% of that of the previous year. On 1 January 2006, an amendment was made to reduce the total area of the land leased to 43,815.15 sq.m., the remaining clauses on the Old Agreement still remain effective.

- (i) 本公司已於二零一三年二月二十八日與最終控股公司續簽一份商標使用許可合同，據此，本公司可使用最終控股公司的商標及商標圖樣(統稱「商標」)。

上述商標使用期限自二零一三年三月一日起至二零一八年二月二十八日止。許可使用期滿後，若最終控股公司成功將該等商標的使用權續期，且本公司能認真遵守該合同並提出繼續使用上述商標的要求，最終控股公司應與本公司續簽許可合同。

本公司已於二零一八年二月二十八日與最終控股公司重新訂立一份商標使用許可合同，據此，本公司可使用最終控股公司的商標。商標使用期限自二零一八年三月一日起至二零二一年三月三十一日止，如需延長使用時間，本公司可在合同到期前三個月提出申請，與最終控股公司另行續訂商標使用許可合同。二零一八年度商標使用許可合同金額為人民幣300萬元，以後每年定增人民幣30萬元。

- (ii) 本公司於二零零零年十月六日與最終控股公司簽訂一份土地使用權租賃協議(「原協議」)。根據該協議，本公司租入土地面積約49,776.35平方米。該土地位於中國北京市，租賃期自二零零零年十月六日起，為期二十年。年租金為每平方米人民幣53.95元。若需調整該年租賃費，年增減幅應按照市場價釐定，但不應超過上年度的百分之十。於二零零六年一月一日，本公司與最終控股公司簽訂補充協議，將租賃面積變更為43,815.15平方米，原協議的其他條款不變。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註 (續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

34. RELATED PARTY TRANSACTIONS (CONT'D)

關聯方交易 (續)

(a) Transactions with the ultimate holding company (Cont'd)

與最終控股公司交易 (續)

Notes: (Cont'd)

(iii) On 25 January 2017, the Company and the ultimate holding company entered into a property leasing framework agreement, pursuant to which, the ultimate holding company has agreed to lease and procure its other members to lease certain premises to the Group for its productions and operations, including but not limited to office premises, warehouses and staff quarter, for a term of three years commencing from 1 January 2017 to 31 December 2019.

附註：(續)

(iii) 於二零一七年一月二十五日，本公司與最終控股公司簽訂物業租賃框架協議。根據該協議，最終控股公司已同意出租並促使其他成員公司出租若干物業予本集團用作生產及營運，包括但不限於辦公室物業、倉庫及員工宿舍，為期三年，自二零一七年一月一日起至二零一九年十二月三十一日止。

(b) Transactions with the subsidiaries and joint ventures of the ultimate holding company

與最終控股公司的子公司及合營企業的交易

	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Sales of Chinese medicine related products (Note (i)) 銷售中藥相關產品 (附註(i))	1,078,396	925,238
Purchases of Chinese medicine related products (Note (ii)) 採購中藥相關產品 (附註(ii))	146,224	118,972
Sole overseas exclusive distributorship (Note (iii)) 海外獨家經銷 (附註(iii))	60,367	60,677
Advertising services income (Note (iv)) 廣告服務收入 (附註(iv))	41,505	37,205
Property leasing expense (Note (a)(iii)) 物業租賃費用 (附註(a)(iii))	3,687	3,806

Notes:

(i) On 29 September 2016, the Company renewed the distribution framework agreement with the ultimate holding company. Pursuant to the renewed agreement, the price of the products to be sold by the Group to the ultimate holding company's subsidiaries and joint ventures shall not be lower than that charged by the Group to other independent third parties and shall be determined in accordance with a reasonable cost plus a fair and reasonable profit margin: (1) the reasonable cost shall be determined by reference to the cost of the raw materials, the cost of labour and the manufacturing expense etc.; and (2) the profit margin shall be determined by reference to the prevailing market and the then market price for comparable products in the related industry, and the profit rate of the products of the Group in the past years of not exceeding 50%, which is in line with the previous gross profit rate of the Group. The renewed agreement was approved at the extraordinary general meeting of the Company on 16 December 2016 and for a term of three years from 1 January 2017 to 31 December 2019.

附註：

(i) 於二零一六年九月二十九日，本公司與最終控股公司續訂銷售框架協議，根據該續訂協議，本集團將銷售予最終控股公司的子公司及合營企業之產品價格將不低於本集團向其他獨立第三方銷售之價格，並按合理成本加公平合理利潤率釐定：(1) 合理成本參照原材料成本、人工成本及生產開支等釐定；及(2) 利潤率參照相關行業可比產品之當前市場及當時市場價格及本集團產品過往年度不超過50% (與本集團過往毛利率一致) 之利潤率而釐定。該續訂協議已獲本公司二零一六年十二月十六日召開的股東特別大會批准，為期三年，從二零一七年一月一日起至二零一九年十二月三十一日。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

34. RELATED PARTY TRANSACTIONS (CONT'D)

關聯方交易(續)

(b) Transactions with the subsidiaries and joint ventures of the ultimate holding company (Cont'd) 與最終控股公司的子公司及合營企業的交易(續)

Notes: (Cont'd)

附註：(續)

- (ii) The Company renewed a master procurement agreement with the ultimate holding company on 29 September 2016. Pursuant to the agreement, the subsidiaries and joint ventures of the ultimate holding company can supply to the Group the products that are required for the Group's production, sale and distribution. The price procured by the Group from the ultimate holding company's subsidiaries and joint ventures shall be negotiated by the parties on an arm's length basis. The ultimate holding company shall not supply the products to the Group (1) at a price higher than that of the products of the same type and quality offered to the Group by independent third parties or the prevailing market price; (2) if there is no comparable market price available for the relevant materials/products, the price shall be determined based on the integrated cost plus not more than 15% surcharge, and in any event, the price for such procurement shall not be higher than terms offered by independent third parties to the Group. The renewed agreement was approved at the extraordinary general meeting of the Company on 16 December 2016 and for a term of three years from 1 January 2017 to 31 December 2019.
- (iii) Tong Ren Tang Chinese Medicine renewed an exclusive distributorship frame-work agreement with Parent Company 28 October 2014, with an effective period from 1 January 2015 to 31 December 2017, pursuant to which, Tong Ren Tang International Natural-Pharm, a wholly-owned subsidiary of Tong Ren Tang Chinese Medicine, is appointed as the sole overseas distributor of the Parent Company, for the purpose of the distribution of the relevant Tong Ren Tang branded products supplied by Parent Company ("Relevant Products") outside the PRC. The price of the Relevant Products supplied shall not be higher than the wholesale price of the Relevant Products sold to the wholesale customers in the PRC and shall be determined with reference to the then prevailing market price. The renewed agreement has been approved by the extraordinary general meeting of Tong Ren Tang Chinese Medicine on 27 November 2014.
- Tong Ren Tang Chinese Medicine renewed the agreement with Parent Company with similar pricing policies on 8 November 2017, with an effective period from 1 January 2018 to 31 December 2020. The renewed agreement has been approved by the extraordinary general meeting of Tong Ren Tang Chinese Medicine on 1 December 2017.
- (iv) On 29 September 2016, Tong Ren Tang Century Advertising renewed the advertising agency framework agreement with the ultimate holding company for a term of three years from 1 January 2017 to 31 December 2019. Accordingly, the fees for the provision of specific services by Tong Ren Tang Century Advertising to the ultimate holding company or its subsidiaries and joint ventures under individual implementation agreement shall be negotiated and determined by the parties with reference to the actual quotation offered by the advertiser, which is at discount on the basis of its published price list, plus a reasonable fee for the advertising agency service of Tong Ren Tang Century Advertising, which is generally not higher than 15% of the quotation offered by the advertiser.
- (ii) 本公司於二零一六年九月二十九日與最終控股公司續簽一份採購框架性協議。據此，最終控股公司的子公司及合營企業可向本集團供應本集團生產、銷售及分銷所需之相關產品。本集團向最終控股公司的子公司及合營企業採購的價格將按公平原則進行磋商。(1)就相同質量之產品而言，按不高於獨立第三方向本集團提供之條款或當時之市價釐定；(2)倘相關產品並無任何可供比較市價，則價格將按整合成本加不超過15%之附加費用釐定，且無論如何，是項採購之價格將按不高於獨立第三方向本集團提供之條款釐定。該續訂協議已獲本公司二零一六年十二月十六日召開的股東特別大會批准，為期三年，從二零一七年一月一日至二零一九年十二月三十一日。
- (iii) 於二零一四年十月二十八日，同仁堂國藥與母公司續訂海外獨家經銷協議，有效期從二零一五年一月一日至二零一七年十二月三十一日。根據協議，同仁堂國藥的全資子公司同仁堂國際藥業作為母公司海外獨家經銷商，可以於中國以外地區銷售母公司供應之有關同仁堂品牌產品（「相關產品」），母公司提供相關產品的價格將參考可得到的市場價格確定，且不得高於其銷售予中國經銷商的批發價格。該續訂協議已獲於二零一四年十一月二十七日召開的同仁堂國藥股東特別大會批准。
- 於二零一七年十一月八日，同仁堂國藥與母公司以相似的價格政策續簽了該協議，有效期從二零一八年一月一日至二零二零年十二月三十一日。該協議已獲於二零一七年十二月一日召開的同仁堂國藥股東特別大會批准。
- (iv) 於二零一六年九月二十九日，同仁堂世紀廣告與最終控股公司續訂廣告代理框架協議，為期三年，有效期從二零一七年一月一日至二零一九年十二月三十一日。據此，同仁堂世紀廣告向最終控股公司及其子公司或合營企業就具體執行協議項下所提供的具體服務之費用乃經參考廣告提供商在其廣告刊例價的基礎上給予一定折扣後的實際報價並加上同仁堂世紀廣告的合理服務費用（一般不高於廣告提供商報價的15%）釐定。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註 (續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

34. RELATED PARTY TRANSACTIONS (CONTD)

關聯方交易 (續)

(c) Transactions with other state-owned enterprises

與其他國有企業的交易

In the ordinary course of business, the Group sells goods to, and purchases goods from other state-owned enterprises based on terms as set out in the underlying agreements, market prices or actual cost incurred, or as mutually agreed.

作為與其他國有企業的日常交易，本集團向其銷售貨物及從其購買貨物。這些交易基於相關協議所載條款、市價、所產生的實際成本或互相同意的條款進行。

The Group places deposits in and receives loans mainly from state-owned financial institutions in the ordinary course of business. The deposits and loans are in accordance with the terms as set out in the respective agreements, and the interest rates are set at prevailing market rates.

在日常交易中本集團的存款和借款主要通過國有金融機構產生。存款和借款乃根據各項協議釐定，利率乃按照現行市場利率釐定。

(d) Key management compensation

主要管理人員薪酬

Key management includes directors (executive and non-executive) and senior management. The compensation paid or payable to key management for employee services is shown below:

主要管理人員包括執行及非執行董事和高級管理人員。就僱員服務向主要管理人員支付或應付的酬金如下：

	As at 31 December	
	於十二月三十一日	
	2018	2017
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Salaries and other short-term employee benefits 薪金和其他短期僱員福利	9,189	9,098
Pension costs — defined contribution plans 退休金成本 — 一定額供款計劃	442	405
	9,631	9,503

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

34. RELATED PARTY TRANSACTIONS (CONT'D)

關聯方交易(續)

(e) Balances with related parties

關聯公司往來餘額

As at 31 December, balances with related parties consisted of: 於十二月三十一日，關聯公司往來餘額為：

	As at 31 December	
	於十二月三十一日	
	2018	2017
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Amounts due from related parties (Note (i)): 應收關聯公司款項(附註(i))：		
Subsidiaries and joint ventures of the ultimate holding company 最終控股公司的子公司及合營企業	141,003	115,862
Other state-owned enterprises 其他國有企業	73,775	87,467
	214,778	203,329
Amounts due to related parties (Note (i)): 應付關聯公司款項(附註(i))：		
Subsidiaries and joint ventures of the ultimate holding company 最終控股公司的子公司及合營企業	50,269	46,699
Other state-owned enterprises 其他國有企業	104,409	22,451
	154,678	69,150
Borrowings from a related party (Note (ii)): 從關聯公司借入的款項(附註(ii))：		
Ultimate holding company 最終控股公司	32,000	32,000

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

34. RELATED PARTY TRANSACTIONS (CONT'D)

關聯方交易(續)

(e) Balances with related parties (Cont'd)

關聯公司往來餘額(續)

Notes:

- (i) The amounts due from/to related parties are unsecured, interest-free and recoverable or repayable within twelve months.

As at 31 December, the ageing analysis of amounts due from related parties based on invoice date was as follows:

附註:

- (i) 應收/應付關聯公司餘額為免息、無設定擔保款項，並在十二個月內結算。

於十二月三十一日，應收關聯公司款項根據發票日期的賬齡分析如下：

	As at 31 December 於十二月三十一日	
	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Within 4 months 四個月以內	159,684	158,830
Over 4 months but within 1 year 四個月至一年	46,318	24,495
Over 1 year 一年以上	13,057	21,915
	219,059	205,240

Movements in the provision for impairment of amounts due from related parties were as follows:

應收關聯公司款項減值準備的變動如下：

	2018		2017	
	RMB'000 人民幣千元		RMB'000 人民幣千元	
At 1 January 於一月一日	1,911		-	
Provision for impairment 減值計提	2,370		1,911	
At 31 December 於十二月三十一日	4,281		1,911	

As at 31 December, the ageing analysis of amounts due to related parties based on invoice date was as follows:

於十二月三十一日，應付關聯公司款項根據發票日期的賬齡分析如下：

	As at 31 December 於十二月三十一日	
	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Within 4 months 四個月以內	153,663	62,442
Over 4 months but within 1 year 四個月至一年	141	6,052
Over 1 year 一年以上	874	656
	154,678	69,150

- (ii) Borrowings from a related party are in the form of entrusted loans which are unsecured, bear interest by reference to benchmark lending interest rate published by the People's Bank of China with moderate decrease and repayable within one year.

- (ii) 關聯公司借款為無設定擔保款項的委託貸款，貸款利率參考中國人民銀行同期貸款基準利率適度下浮，並在一年內結算。

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

35. BANKING FACILITIES

銀行融資

As at 31 December 2018, the Group had aggregated banking facilities of RMB1,080,487,000 (2017: RMB706,157,000) for loan and other trade financing. As at 31 December 2018, the unutilised banking facilities amounted to RMB909,681,000 (2017: RMB530,350,000).

於二零一八年十二月三十一日，本集團擁有人民幣1,080,487,000元銀行借貸額度(二零一七年：人民幣706,157,000元)，可用於貸款和貿易融資。於二零一八年十二月三十一日，未用之貸款額度為人民幣909,681,000元(二零一七年：人民幣530,350,000元)。

36. COMMITMENTS

承諾事項

(a) Capital commitments

資本承諾

As at 31 December, the Group had the following capital commitments which were contracted but not provided for:

於十二月三十一日，本集團有如下尚未反映在財務報表內但已簽約的資本承諾：

	As at 31 December 於十二月三十一日	
	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Property, plant and equipment 房屋及建築物、廠房及設備	245,914	395,855

(b) Operating lease commitments

經營租賃承諾

The Group leases various warehouse and factory premises under non-cancellable operating leases. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

本集團對倉庫和生產經營用地的租賃為不可撤銷的租約。未來對不可撤銷的租約之最低付款總額如下：

	As at 31 December 於十二月三十一日	
	2018	2017
	RMB'000 人民幣千元	RMB'000 人民幣千元
Not later than one year 一年內	62,293	59,498
Later than one year and no later than five years 一年到五年	59,747	75,698
Later than five years 五年以上	4,801	11,275
	126,841	146,471

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

37. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

公司資產負債表及權益變動表

Balance sheet of the Company

公司資產負債表

	As at 31 December	
	於十二月三十一日	
	2018	2017
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Assets 資產		
Non-current assets 非流動資產		
Leasehold land and land use rights 租賃土地及土地使用權	74,920	77,250
Property, plant and equipment 房屋及建築物、廠房及設備	985,929	844,937
Intangible assets 無形資產	4,168	2,392
Investments in subsidiaries 對子公司的投資	858,784	670,826
Investments accounted for using the equity method 按權益法入賬的投資	8,700	10,700
Amounts due from subsidiaries 應收子公司款項	-	299,950
Prepayments for purchase of property, plant and equipment 房屋及建築物、廠房及設備預付款	26,245	25,914
Deferred income tax assets 遞延所得稅資產	12,966	8,986
	1,971,712	1,940,955
Current assets 流動資產		
Inventories 存貨	1,909,347	1,798,051
Trade and bills receivables 應收賬款及票據	816,003	959,726
Amounts due from subsidiaries 應收子公司款項	397,049	10,766
Amounts due from other related parties 應收關聯公司款項	21,198	78,403
Other financial assets at amortised cost 以攤餘成本計量的其他金融資產	10,278	-
Prepayments and other current assets 預付款及其他流動資產	15,922	22,135
Financial assets at fair value through other comprehensive income 以公允價值計量且其變動計入其他綜合收益的金融資產	141,827	-
Short-term bank deposits 短期銀行存款	21,191	79,368
Cash and cash equivalents 現金及現金等價物	974,823	1,047,126
	4,307,638	3,995,575
Total assets 資產總計	6,279,350	5,936,530

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

37. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTD)

公司資產負債表及權益變動表(續)

Balance sheet of the Company (Cont'd)

公司資產負債表(續)

	As at 31 December	
	於十二月三十一日	
	2018	2017
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Equity and liabilities 權益及負債		
Equity attributable to owners of the Company		
歸屬於本公司所有者		
Share capital 股本	1,280,784	1,280,784
Reserves (Note (a)) 儲備(附註(a))	3,098,345	2,804,306
Total equity 權益合計	4,379,129	4,085,090
Liabilities 負債		
Non-current liabilities 非流動負債		
Borrowings 借款	910,408	914,974
Deferred income — government grants 遞延收入 — 政府補助	47,571	57,835
	957,979	972,809
Current liabilities 流動負債		
Trade and bills payables 應付賬款及票據	395,601	365,951
Salary and welfare payables 應付工資及福利費	65,378	64,496
Advances from customers 預收款項	23,130	25,093
Amounts due to subsidiaries 應付子公司款項	49,854	118,855
Amounts due to other related parties 應付關聯公司款項	100,536	37,128
Current income tax liabilities 當期所得稅負債	21,190	18,099
Other payables 其他應付款	199,553	164,509
Borrowings 借款	87,000	84,500
	942,242	878,631
Total liabilities 負債合計	1,900,221	1,851,440
Total equity and liabilities 權益及負債總計	6,279,350	5,936,530

The balance sheet of the Company was approved by the Board of Directors on 19 March 2019 and was signed on its behalf.

公司財務報表已由董事會於二零一九年三月十九日批准，並代表董事會簽署。

Gao Zhen Kun
高振坤
Chairman
董事長

Fang Jia Zhi
房家志
Director
董事

Notes to the Consolidated Financial Statements (Cont'd)

合併財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

37. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONT'D)

公司資產負債表及權益變動表(續)

Balance sheet of the Company (Cont'd)

公司資產負債表(續)

(a) Reserve movement of the Company

(a) 公司權益變動表

	Capital reserve (Note 18(a))	Statutory surplus reserve fund (Note 18(b))	Statutory public welfare fund (Note 18(b))	Tax reserve (Note 18(c))	Retained earnings	Total
	資本儲備 (附註 18(a))	公積金 (附註 18(b))	法定公益金 (附註 18(b))	免稅基金 (附註 18(c))	留存收益	權益合計
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Balance as at 1 January 2017 於二零一七年一月一日餘額	414,100	387,703	45,455	102,043	1,528,053	2,477,354
Profit for the year 年度利潤	-	-	-	-	531,877	531,877
Appropriation from retained earnings 提取盈餘公積	-	53,201	-	-	(53,201)	-
2016 dividends paid to shareholders of the Company 支付本公司股東二零一六年度股息	-	-	-	-	(204,925)	(204,925)
Balance as at 31 December 2017 於二零一七年十二月三十一日餘額	414,100	440,904	45,455	102,043	1,801,804	2,804,306
Balance as at 1 January 2018 於二零一八年一月一日餘額	414,100	440,904	45,455	102,043	1,801,804	2,804,306
Profit for the year 年度利潤	-	-	-	-	511,772	511,772
Appropriation from retained earnings 提取盈餘公積	-	51,208	-	-	(51,208)	-
2017 dividends paid to shareholders of the Company 支付本公司股東二零一七年度股息	-	-	-	-	(217,733)	(217,733)
Balance as at 31 December 2018 於二零一八年十二月三十一日餘額	414,100	492,112	45,455	102,043	2,044,635	3,098,345

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北京同仁堂科技發展股份有限公司



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