Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

山 東 威 高 集 團 醫 用 高 分 子 製 品 股 份 有 限 公 司

Shandong Weigao Group Medical Polymer Company Limited *

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

(Stock Code: 1066)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

SUMMARY

For the year ended 31 December 2016 (the "Year"), the turnover of Shandong Weigao Group Medical Polymer Company Limited (the "Company" and together with its subsidiaries, the "Group") was approximately RMB6,730,340,000 (2015: RMB5,918,930,000), representing an increase of 13.7% over the previous year. Net profit attributable to the owners of the Company (excluding extraordinary items) was approximately RMB1,308,964,000 (2015: net profit attributable to the owners of the Company (excluding extraordinary items) of approximately RMB1,112,736,000), representing an increase of approximately 17.6% over the previous year.

During the Year, the performance of the Group in three business segments was as follows:

(1) turnover of single use consumables of the Group reached approximately RMB4,833,340,000 for the year ended 31 December 2016, representing an increase of 11.5% when compared with the previous year;

(2) turnover of orthopaedic products of the Group for the year ended 31 December 2016 was approximately RMB803,498,000, representing an increase of 22.2% when compared with the previous year;

* *For identification purpose only*

(3) turnover of blood purification consumables and equipment for the Year was approximately RMB1,093,502,000, representing an increase of 18.3% when compared with the previous year. Profit attributable to the Group from Weigao Nikkiso (Weihai) Dialysis Equipment Co., Ltd. ("Weigao Nikkiso"), which is 51% held by the Group, amounted to approximately RMB3,292,000 (2015: attributable loss of approximately RMB2,073,000). The Group holds 50% equity interest in Weigao Terumo (Weihai) Medical Products Co., Ltd. ("Weigao Terumo"). The operation of Weigao Terumo is still at its preparation stage. During the Year, loss attributable to the Group was approximately RMB2,828,000 (2015: attributable loss of approximately RMB1,885,000).

The Directors recommended the payment of a final dividend of RMB0.046 per share (2015: RMB0.036), which is subject to the approval by the shareholders of the Company ("Shareholders") at the forthcoming general meeting.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	NOTES	2016 RMB'000	2015 RMB'000
Revenue		**6,730,340**	5,918,930
Cost of sales		**(2,593,772)**	(2,403,372)
Gross profit		**4,136,568**	3,515,558
Other income, gains and losses		**107,390**	96,238
Selling and distribution costs		**(1,839,173)**	(1,544,998)
Administrative expenses		**(731,462)**	(393,316)
Research and development expenses		**(302,679)**	(292,658)
Finance costs	4	**(56,762)**	(44,497)
Share of profit (loss) of joint ventures		**464**	(3,958)
Share of profit of an associate		**–**	601
Gain on disposal of a subsidiary		**–**	2,535
Profit before taxation		**1,314,346**	1,335,505
Income tax expense	5	**(176,754)**	(186,647)
Profit for the year	6	**1,137,592**	1,148,858
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations			
– subsidiaries		**8,749**	7,557
Total comprehensive income for the year		**1,146,341**	1,156,415

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

	NOTES	2016 RMB'000	2015 RMB'000
Profit for the year attributable to:			
Owners of the Company		**1,105,933**	1,112,736
Non-controlling interests		**31,659**	36,122
		1,137,592	1,148,858
Total comprehensive income attributable to:			
Owners of the Company		**1,114,682**	1,120,293
Non-controlling interests		**31,659**	36,122
		1,146,341	1,156,415
Earnings per share			
Basic *(RMB yuan per share)*	*8*	**0.25**	0.25
Diluted *(RMB yuan per share)*		**0.25**	0.25

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2016

	NOTES	31/12/2016 RMB'000	31/12/2015 RMB'000
Non-current assets			
Property, plant and equipment		**5,371,152**	4,965,944
Investment properties		**51,415**	53,186
Deposits paid for acquiring property, plant and equipment		**41,195**	45,373
Prepaid lease payments		**466,117**	476,866
Intangible assets		**7,360**	10,475
Sponsorship rights		**37,958**	–
Interests in joint ventures	*9*	**112,705**	108,241
Available-for-sale investments		**95,411**	25,659
Goodwill		**202,900**	202,900
Deferred tax assets		**59,485**	44,270
Finance lease receivables		**381,741**	60,053
Loan receivables		**246,600**	–
		7,074,039	5,992,967
Current assets			
Inventories	*10*	**915,586**	850,593
Trade and other receivables	*11*	**3,498,819**	2,898,470
Finance lease receivables		**158,993**	18,890
Pledged bank deposits	*12*	**36,980**	46,173
Bank balances and cash	*13*	**4,071,892**	3,712,153
		8,682,270	7,526,279
Current liabilities			
Trade and other payables	*14*	**2,167,224**	1,571,379
Borrowings		**296,400**	369,900
Tax payable		**106,904**	52,920
Deferred income		**8,982**	7,436
Loan from the ultimate holding company		**104,411**	–
		2,683,921	2,001,635

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AT 31 DECEMBER 2016

	NOTES	**31/12/2016** ***RMB'000***	31/12/2015 *RMB'000*
Net current assets		**5,998,349**	5,524,644
		13,072,388	11,517,611
Capital and reserves			
Share capital	*15*	**452,233**	447,637
Reserves		**11,414,344**	10,210,540
Equity attributable to owners of the Company		**11,866,577**	10,658,177
Non-controlling interests		**338,687**	128,646
Total equity		**12,205,264**	10,786,823
Non-current liability			
Borrowings		**791,800**	649,200
Deferred income		**75,324**	81,588
		867,124	730,788
		13,072,388	11,517,611

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. GENERAL

Shandong Weigao Group Medical Polymer Company Limited (the "Company") was established and registered as a joint stock company with limited liability in the People's Republic of China (the "PRC") under the Company Law of the PRC on 28 December 2000 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate and ultimate holding company is Weigao Holding Company Limited ("Weigao Holding"), a company registered in the PRC with limited liability. Its ultimate controlling party is Zhang Huawei, who is also the Chairman of the Company. The address of the registered office of the Company is 312 Shi Chang Road, Weihai, Shandong Province, PRC. The Company has relocated its principal place of business to 18 Xing Shan Road, Weihai, Shandong Province, PRC since May 2013.

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in the research and development, production and sale of single-use medical devices, orthopaedic products and blood purification products.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]

[1] *Effective for annual periods beginning on or after 1 January 2018.*

[2] *Effective for annual periods beginning on or after 1 January 2019.*

[3] *Effective for annual periods beginning on or after a date to be determined.*

[4] *Effective for annual periods beginning on or after 1 January 2017.*

HKFRS 9 *Financial Instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Application of HKFRS 9 in the future, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost, but it is not practicable to provide a reasonable estimate of the effect until the directors perform a detail review.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 *Leases*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of RMB12,001,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

Other than set out above, the Directors do not anticipate that the application of other new and revised HKFRSs will have a material impact on amounts reported in the Group's consolidated financial statements and/or disclosures set out these consolidated financial statements.

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

3. SEGMENT INFORMATION

The Group is principally engaged in the research and development, production and sale of single-use medical device products, orthopaedic products and blood purification products and operates in the PRC.

For management purposes, the Group is currently organised into three operating divisions – single use medical device products, orthopaedic products and blood purification products. These divisions are the basis of the internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (Managing Director) in order to allocate resources to segments and to assess their performance.

Principal activities of the Group's operating segments are as follows:

Single use medical device	–	production and sale of single use consumables such as products infusion sets, syringes, blood transfusion sets and blood bags.
Orthopaedic products	–	production and sale of orthopaedic products.
Blood purification products	–	production and sale of blood purification products and related medical equipment.

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating segments:

2016

	Single use medical device products *RMB'000*	Orthopaedic products *RMB'000*	Blood purification products *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Revenue					
External sales	**4,833,340**	**803,498**	**1,093,502**	**–**	**6,730,340**
Inter-segment sales	**11,331**	**10**	**1,174**	**(12,515)**	**–**
Total	**4,844,671**	**803,508**	**1,094,676**	**(12,515)**	**6,730,340**
Segment profit	**1,064,858**	**45,180**	**118,123**	**–**	**1,228,161**
Unallocated expenses					**6,993**
Unallocated other income, gains and losses					**(1,519)**
Finance lease income					**35,146**
Bank interest income					**45,101**
Share of profit of joint ventures					**464**
Profit before taxation					**1,314,346**

2015

	Single use medical device products *RMB'000*	Orthopaedic products *RMB'000*	Blood purification products *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Revenue					
External sales	4,336,539	657,702	924,689	–	5,918,930
Inter-segment sales	16,058	1,841	–	(17,899)	–
Total	4,352,597	659,543	924,689	(17,899)	5,918,930
Segment profit	928,044	259,099	83,772	–	1,270,915
Unallocated expenses					(2,139)
Unallocated other income, gains and losses					2,468
Bank interest income					65,083
Share of loss of joint ventures					(3,958)
Share of profit of an associate					601
Gain on disposal of a subsidiary					2,535
Profit before taxation					1,335,505

Segment profit represents the profit earned by each segment without allocation of expenses, other income, gains and losses of the corporate function, finance lease income, share of profit (loss) of joint ventures, share of profit of an associate and gain on disposal of a subsidiary. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segments:

2016

	Single use medical device products *RMB'000*	**Orthopaedic products** *RMB'000*	**Blood purification products** *RMB'000*	**Total** *RMB'000*
Assets				
Segment assets	**6,807,478**	**1,273,729**	**2,634,453**	**10,715,660**
Available-for-sale investments				**95,411**
Interests in joint ventures				**112,705**
Investment properties				**51,415**
Deferred tax assets				**59,485**
Finance lease receivables				**540,734**
Pledged bank deposits				**36,980**
Bank balances and cash				**4,071,892**
Other unallocated assets				**72,027**
Consolidated assets				**15,756,309**
Liabilities				
Segment liabilities	**2,380,167**	**157,928**	**873,004**	**3,411,099**
Unallocated other payables				**48,199**
Unallocated borrowings				**90,000**
Other unallocated liabilities				**1,747**
Consolidated liabilities				**3,551,045**

2015

	Single use medical device products *RMB'000*	Orthopaedic products *RMB'000*	Blood purification products *RMB'000*	Total *RMB'000*
Assets				
Segment assets	6,325,188	909,101	2,295,275	9,529,564
Available-for-sale investments				25,659
Interests in joint ventures				108,241
Investment properties				53,186
Deferred tax assets				44,270
Pledged bank deposits				46,173
Bank balances and cash				3,712,153
Consolidated assets				13,519,246
Liabilities				
Segment liabilities	1,886,598	142,844	702,981	2,732,423

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than investment properties, finance lease receivables, pledged bank deposits, bank balances and cash, deferred tax assets, available-for-sale investments, interest in joint ventures and other unallocated assets hold under the finance lease business; and

- all liabilities are allocated to operating segments other than the unallocated liabilities hold under the finance lease business.

Other segment information

2016

	Single use medical device products *RMB'000*	**Orthopaedic products** *RMB'000*	**Blood purification products** *RMB'000*	**Total** *RMB'000*
Amounts included in the measure of segment profit or segment assets:				
Additions to property, plant and equipment	**449,586**	**47,146**	**275,249**	**771,981**
Allowance for bad and doubtful debts	**34,947**	**5,419**	**6,689**	**47,055**
Release of prepaid lease payments	**7,130**	**1,253**	**2,421**	**10,804**
Amortisation of intangible assets	**–**	**3,115**	**–**	**3,115**
Depreciation of property, plant and equipment	**197,358**	**57,762**	**89,161**	**344,281**
Loss on disposal of property, plant and equipment	**(1,122)**	**(15)**	**(2,282)**	**(3,419)**
Research and development expenditure	**208,805**	**57,232**	**36,642**	**302,679**
Share-based payment expenses	**10,781**	**294,889**	**–**	**305,670**
Government grants	**(7,572)**	**(4,574)**	**(9,178)**	**(21,324)**
Rebate of value added tax ("VAT")	**(63,880)**	**–**	**–**	**(63,880)**

2015

	Single use medical device products *RMB'000*	Orthopaedic products *RMB'000*	Blood purification products *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment profit or segment assets:				
Additions to property, plant and equipment	470,029	109,140	607,987	1,187,156
Allowance for bad and doubtful debts	19,812	2,761	5,603	28,176
Release of prepaid lease payments	7,483	193	2,391	10,067
Amortisation of intangible assets	–	3,115	–	3,115
Depreciation of property, plant and equipment	176,089	48,576	86,453	311,118
(Gain) loss on disposal of property, plant and equipment	(2,738)	8	4,735	2,005
Research and development expenditure	207,151	57,738	27,769	292,658
Share-based payment expenses	13,066	–	–	13,066
Government grants	(3,290)	(4,003)	(6,579)	(13,872)
Rebate of VAT	(40,585)	–	–	(40,585)

Revenue from major products

	2016	2015
	RMB'000	*RMB'000*
Sale of single use medical device products		
– Infusion sets	**1,572,897**	1,437,114
– Syringes	**757,702**	689,892
– Pre-filled syringes	**598,839**	445,257
– Needles	**895,272**	821,676
– Blood bags and sampling products	**364,263**	390,217
– PVC granules	**53,003**	55,543
– Other products	**591,364**	496,840
Sale of orthopaedic products	**803,498**	657,702
Sale of blood purification products	**1,093,502**	924,689
	6,730,340	5,918,930

Information about major customers

There is no single customer contributing over 10% of total sales of the Group for both years.

Geographical segment

The Group's operations, assets and most of the customers are located in the PRC. Accordingly, no geographical analysis of non-current assets and revenue is presented.

4. FINANCE COSTS

	2016	2015
	RMB'000	*RMB'000*
Interest on borrowings wholly repayable within five years	**56,762**	47,519
Less: Amount capitalised in construction in progress	**–**	(3,022)
	56,762	44,497

Borrowing costs capitalised during the year of 2015 are calculated by applying a capitalisation rate of 6% per annum.

5. INCOME TAX EXPENSE

	2016	2015
	RMB'000	*RMB'000*
PRC Enterprise Income Tax		
Current tax	**189,697**	200,809
Underprovision (overprovision) in prior years	**2,272**	(121)
Deferred taxation	**(15,215)**	(14,041)
	176,754	186,647

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25%.

The Company, Jierui, Weigao Ortho, and Weihai Weigao Blood Purification Products Company Limited ("Weigao Blood") were recognised as Shandong Province New and High Technical Enterprises（山東省高新技術企業）from the year 2014 to 2016. In accordance with the "Notice of the State Tax Bureau of the Ministry of Finance Regarding Certain Preferential Treatment Policies on Enterprise Income Tax", New and High Technical Enterprise was subject to income tax at a tax rate of 15%.

Jierui has been recognised as a "Social Welfare Entity" and pursuant to Caishui [2007] No. 92 issued by the State Council, with effect from 1 July 2007 to 1 May 2016. Jierui is subject to income tax rate of 15% but an amount equivalent to the total salaries paid to staff with physical disability is further deducted from the taxable income of Jierui and the rebate of VAT is exempted from the PRC income tax. The tax charge provided for the years ended 31 December 2016 and 2015 were made after taking these tax incentives into account.

No provision of Hong Kong taxation has been made for Weigao International Medical Company Limited, and Weigao Medical Holding Company Limited as they did not have assessable profit in Hong Kong during both years.

No provision of overseas taxation has been made for Weigao Medical (Europe) Company Limited and Wellford Capital Limited as they did not have assessable profit during both years.

The charge for the year can be reconciled to the profit per the consolidated statement of profit or loss and other comprehensive income as follows:

	2016	2015
	RMB'000	*RMB'000*
Profit before taxation	**1,314,346**	1,335,505
Taxation at the domestic income tax rate of 15% (2015: 15%)	**197,152**	200,326
Tax effect of share of (profit) loss of joint ventures	**(70)**	594
Tax effect of share of profit of an associate	**–**	(90)
Tax effect of income not taxable for tax purpose	**(12,512)**	(12,306)
Effect of additional tax deduction for research and development expenses *(note)*	**(21,826)**	(17,608)
Additional tax benefit to a Social Welfare Entity	**(5,600)**	(5,572)
Utilisation of tax losses previously not recognised	**(1,266)**	(68)
Tax effect of tax losses and deductible temporary difference not recognised	**7,592**	5,983
Tax effect of expenses not deductible for tax purpose	**7,790**	12,882
Effect of different tax rates of subsidiaries	**3,222**	2,627
Underprovision (overprovision) in prior years	**2,272**	(121)
Taxation	**176,754**	186,647

Note: Additional tax deduction was granted by the PRC tax authority in respect of the research and development cost of RMB145,507,000 (2015: RMB117,387,000) incurred in new products.

6. PROFIT FOR THE YEAR

	2016	2015
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging:		
Allowances for bad and doubtful debts	**55,004**	28,176
Amortisation of intangible assets	**3,115**	3,115
Auditors' remuneration	**3,848**	3,601
Depreciation of property, plant and equipment	**344,281**	311,118
Depreciation of investment properties	**1,771**	2,139
Prepaid lease payments charged to profit or loss	**10,804**	10,067
Rental payments in respect of premises under operating leases	**14,211**	12,633
Research and development expenditure	**302,679**	292,658
Cost of inventories recognised as an expense	**2,593,772**	2,403,372
Staff costs, including directors' and supervisors' remuneration		
– Retirement benefits scheme contributions	**105,968**	83,317
– Salaries and other allowances	**1,210,568**	1,058,419
– Share-based payment expenses *(note 16)*	**305,670**	13,066
Total staff costs	**1,622,206**	1,154,802
Loss on disposal of property, plant and equipment	**3,419**	2,005

7. DIVIDENDS

	2016	2015
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year:		
2016 Interim – RMB0.041 (2015: interim dividend – RMB0.039) per share	**185,416**	174,579
2015 Final – RMB0.036 (2014: final dividend – RMB0.035) per share	**162,804**	156,673
Total	**348,220**	331,252
Less: distribution to the shares hold by the trustees under a share award scheme *(note 16)*	**3,539**	–
	344,681	331,252

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2016 of RMB0.046 (2015: RMB0.036) per share, amounting to RMB208,027,000 (2015: RMB162,804,000) in total, has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company for the each of reporting period is based on the following data:

	2016	2015
	RMB'000	*RMB'000*
Earnings		
Profit for the year attributable to owners of the Company	**1,105,933**	1,112,736

	2016	2015
	'000	*'000*
Number of shares		
Number of shares for the purpose of basic earnings per share	**4,476,372**	4,476,372
Effect of dilutive potential ordinary shares:		
Incentive shares *(in thousands)*	**1,533**	1,384
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,477,905**	4,477,756

9. INTERESTS IN JOINT VENTURES

	31/12/2016	31/12/2015
	RMB'000	*RMB'000*
Cost of unlisted investment, at cost	**117,990**	117,990
Share of post-acquisition loss	**(5,285)**	(9,749)
	112,705	108,241

Details of the Group's joint ventures as at 31 December 2016 and 2015 are as follows:

Name	**Form of business structure**	**Place of incorporation or registration/ operation**	**Proportion of nominal value of registered capital held by the Group**		**Principal activities**
			2016	2015	
Weigao Nikkiso (Weihai) Dialysis Equipment Co., Ltd. ("Weigao Nikkiso") *(i)*	Sino-foreign joint venture	PRC	**51%**	51%	Manufacture, sale and after-sale service of Nikkiso technology-based medical products
Weigao Terumo (Weihai) Medical Products Co., Ltd. ("Weigao Terumo") *(ii)*	Sino-foreign joint venture	PRC	**50%**	50%	Production and sales of medical products

Note:

i Pursuant to the terms in the Weigao Nikkiso Co-operation Agreement between the shareholders, the registered capital of USD5,610,000 (equivalent to RMB37,990,000) was contributed by Weigao Blood and USD5,390,000 (equivalent to RMB36,500,000) was contributed by Nikkiso Company Limited（日本日機裝株式會社）("Nikkiso"). Under the Memorandum and Article of Weigao Nikkiso, Weigao Blood is entitled to 50% voting right and has 51% rights to the net assets of Weigao Nikkiso, thus investment in Weigao Nikkiso is classified as investment in joint venture.

ii Weigao Terumo was established on 6 December 2012. Pursuant to the terms in the Weigao Terumo Agreement between the shareholders, the registered capital of RMB160,000,000 is to be contributed by Weigao Blood and Terumo (China) Investment Company Limited（泰爾茂（中國）投資有限公司）("Terumo"). Under the Memorandum and Article of Weigao Terumo, Weigao Blood is entitled to 50% voting right and has 50% rights to the net assets of Weigao Terumo, thus investment in Weigao Terumo is classified as investment in joint venture.

Summarised financial information in respect of the Group's joint ventures is set out below. The summarised financial information represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

Weigao Nikkiso

	31/12/2016	31/12/2015
	RMB'000	*RMB'000*
Current assets	**110,015**	87,038
Non-current assets	**16,702**	17,265
Current liabilities	**(42,287)**	(28,140)

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	**14,730**	17,156

	Year ended	Year ended
	31/12/2016	31/12/2015
	RMB'000	*RMB'000*
Revenue	**175,275**	131,389
Profit for the year	**8,267**	1,966

The above profit for the year include the following:

	Year ended	Year ended
	31/12/2016	31/12/2015
	RMB'000	*RMB'000*
Depreciation and amortisation	**2,985**	2,680
Interest income	**55**	51
Income tax expense	**2,240**	2,683

Reconciliation of the above summarised financial information to the carrying amount of the interest in Weigao Nikkiso recognised in the consolidated financial statements:

	31/12/2016	31/12/2015
	RMB'000	*RMB'000*
Net assets of Weigao Nikkiso	**84,430**	76,163
Proportion of the Group's ownership interest in Weigao Nikkiso *(%)*	**51**	51
The effect of net profit adjustments caused by the offset of unrealised insider trading	**–**	(3,076)
Carrying amount of the Group's interest in Weigao Nikkiso	**43,059**	35,767

Weigao Terumo

	31/12/2016	31/12/2015
	RMB'000	*RMB'000*
Current assets	**22,845**	24,435
Non-current assets	**147,374**	131,122
Current liabilities	**(10,927)**	(10,608)
Non-current liabilities	**(20,000)**	–
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**8,453**	11,150

	Year ended 31/12/2016	Year ended 31/12/2015
	RMB'000	*RMB'000*
Revenue	**–**	–
Loss for the year	**(5,657)**	(3,770)

The above loss for the year include the following:

	Year ended 31/12/2016 RMB'000	Year ended 31/12/2015 RMB'000
Depreciation and amortisation	**5,353**	3,594

Reconciliation of the above summarised financial information to the carrying amount of the interest in Weigao Terumo recognised in the consolidated financial statements:

	31/12/2016 RMB'000	31/12/2015 RMB'000
Net assets of Weigao Terumo	**139,292**	144,949
Proportion of the Group's ownership interest in Weigao Terumo *(%)*	**50**	50
Carrying amount of the Group's interest in Weigao Terumo	**69,646**	72,474

10. INVENTORIES

	31/12/2016 RMB'000	31/12/2015 RMB'000
Raw materials	**125,349**	165,734
Finished goods	**790,237**	684,859
	915,586	850,593

11. TRADE AND OTHER RECEIVABLES

	31/12/2016	31/12/2015
	RMB'000	*RMB'000*
Trade receivables	**3,119,246**	2,591,553
Less: Allowance for bad and doubtful debts	**(188,844)**	(143,006)
	2,930,402	2,448,547
Bills receivable	**251,373**	242,363
Other receivables	**214,952**	104,586
Prepayments	**89,579**	91,841
Prepaid lease payments	**12,513**	11,133
	3,498,819	2,898,470

All the bills receivable will be matured within six month.

Included in trade receivables are an amount due from fellow subsidiaries of RMB11,499,000 (2015: RMB3,856,000), and an amount due from ultimate holding company of RMB74,000 (2015: nil). The amounts are unsecured, interest-free and repayable on demand.

Included in other receivables are an amount due from fellow subsidiaries of RMB91,120,000 (2015: RMB32,278,000), and an amount due from ultimate holding company of RMB11,933,000 (2015: RMB553,000). The amounts are unsecured, interest-free and repayable on demand.

Included in prepayments are an amount paid to fellow subsidiaries of RMB5,346,000 (2015: RMB755,000), and an amount paid to ultimate holding company of RMB260,000 (2015: RMB104,000).

The Group allows a credit period of 90 – 180 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date, which approximated the revenue recognition date, at the end of the reporting period.

	31/12/2016	31/12/2015
	RMB'000	*RMB'000*
0 to 90 days	**1,609,794**	1,350,524
91 to 180 days	**726,236**	525,723
181 to 365 days	**426,610**	413,112
Over 365 days	**167,762**	159,188
Trade receivables	**2,930,402**	2,448,547

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed once a year. 80% (31 December 2015: 77%) of the trade receivables that are neither past due nor impaired have good repayment history with the Group.

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB594,372,000 (2015: RMB572,300,000) which are past due at the reporting date for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired:

	31/12/2016	31/12/2015
	RMB'000	*RMB'000*
Overdue by		
0 to 180 days	**426,610**	413,112
Over 181 days	**167,762**	159,188
	594,372	572,300

The Group has made impairment allowances in full for all receivables over 3 years because from historical experience receivables past due beyond 3 years are generally not recoverable.

Movement in the allowance for bad and doubtful debts:

	2016	2015
	RMB'000	*RMB'000*
At 1 January	**143,006**	115,999
Impairment losses recognised on trade receivables	**48,352**	29,489
Impairment losses reversed	**(1,126)**	(1,173)
Amounts written off as uncollectible	**(1,388)**	(1,309)
At 31 December	**188,844**	143,006

Other receivables are unsecured, interest-free and have no fixed term of repayment. In the opinion of the directors of the Company, the amounts are expected to be recovered in the next twelve months. The aging analysis of other receivables net of allowance for bad and doubtful debts is stated as follows:

	31/12/2016	31/12/2015
	RMB'000	*RMB'000*
0 to 90 days	**133,433**	59,844
91 to 180 days	**18,167**	12,773
181 to 365 days	**51,685**	25,534
Over 365 days	**11,667**	6,435
	214,952	104,586

The Group has made impairment allowances in full for all other receivables over 3 years because from historical experience other receivables past due beyond 3 years are generally not recoverable.

Movement in the allowance for bad and doubtful debts:

	2016	2015
	RMB'000	*RMB'000*
At 1 January	**2,066**	2,205
Impairment losses recognised on other receivables	**833**	105
Impairment losses reversed	**(440)**	(244)
At 31 December	**2,459**	2,066

Receivables that were not impaired relate to a wide range of counter parties for whom there was no recent history of default and with good credit quality.

12. PLEDGED BANK DEPOSITS

As at 31 December 2016, pledged bank balances represent deposits pledged to banks to secure trade facilities such as bills payable and letter of credit amounting to RMB36,980,000 (2015: RMB46,173,000).

The pledged bank balances carry fixed interest rates range from 0.3% to 1.65% per annum as at 31 December 2016 (2015: 3.15%).

13. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The deposits carry interest rates range from 0.35% to 3.3% (2015: 0.35% to 3%) per annum.

14. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	31/12/2016	31/12/2015
	RMB'000	*RMB'000*
0 to 90 days	**391,252**	320,914
91 to 180 days	**65,150**	62,427
181 to 365 days	**10,627**	8,615
Over 365 days	**29,109**	27,837
Trade payables	**496,138**	419,793
Bills payable	**98,010**	58,860
Advances from customers	**90,758**	50,870
Other tax payables	**101,304**	85,136
Construction cost and retention payables	**243,757**	95,623
Selling expense payables	**550,186**	453,191
Other payables	**494,913**	407,906
Dividend payables	**92,158**	–
	2,167,224	1,571,379

The normal credit period taken for trade purchases is 90-120 days. All the bills payable will mature within six months.

Included in trade payables are an amount due to fellow subsidiaries of RMB30,522,000 (2015: RMB4,650,000) and an amount due to a joint venture of RMB45,883,000 (2015: RMB30,399,000). The amounts are unsecured, interest-free and repayable on demand.

Included in advances from customers is an amount received from fellow subsidiaries of RMB864,000 (2015: RMB729,000).

Included in other payables are an amount due to fellow subsidiaries of RMB369,000 (2015: nil), and an amount due to ultimate holding company of RMB22,173,000 (2015: RMB13,981,000). The amounts are unsecured, interest-free and repayable on demand.

Included in dividend payables is an amount due to ultimate holding company of RMB88,550,000 (2015: nil). The amounts are unsecured, interest-free and repayable on demand.

15. SHARE CAPITAL

	Nominal value of each share	Number of Non-listed shares	Number of H shares	Total number of shares	Value
	RMB	*(i)*	*(i)*		*RMB'000*
Registered:					
At 1 January 2016 and 31 December 2016	0.1	2,638,600,000	1,883,732,324	4,522,332,324	452,233
Issued and fully paid:					
At 1 January 2015 and 31 December 2015	0.1	2,592,640,000	1,883,732,324	4,476,372,324	447,637
Ordinary shares issued *(ii)*	0.1	45,960,000	–	45,960,000	4,596
At 31 December 2016	0.1	2,638,600,000	1,883,732,324	4,522,332,324	452,233

Note:

i. Non-listed shares and H shares are all ordinary shares in the share capital of the Company. However, H shares may only be subscribed for by, and traded in currencies other than RMB between, legal or natural persons of Hong Kong, the Macau Special Administrative Region, Taiwan or any country other than the PRC. Non-listed shares must be subscribed for and traded in RMB. All dividends in respect of H Shares are to be paid by the company in Hong Kong dollars whereas all dividends in respect of non-listed shares are to be paid by the Company in RMB. The non-listed shares and the H shares rank pari passu with each other in all other respects and in particular, rank equally for all dividends or distributions declared, paid or made.

ii. The Company issued ordinary shares of 45,960,000 shares with consideration of RMB101,112,000 in 2016 for the purpose of share award scheme (see note 16 (a)).

16. SHARE-BASED PAYMENTS

(a) Share Award Scheme of the Company

On 17 November 2014, the Company's share award scheme (the " Incentive Share Scheme") was adopted by the extraordinary general meeting, the class meeting of holders of H shares and the class meeting of holders of non-listed shares of the Company. The maximum number of non-listed Shares which may be issued under the share award scheme would be 223,818,616, which represent 5% of the existing issued share capital of the Company or approximately 4.76% of the issued share capital of the Company as enlarged by the issue of the 223,818,616 non-listed shares, respectively, as incentive shares to key personnel of the Group, and other persons as approved by the Remuneration Committee (the "Selected Employee"), in batches in subsequent years. The life of the Incentive Share Scheme is for 10 years. Details of the Incentive Share Scheme are set out in the Company's announcement dated 15 August 2014.

According to the Incentive Share Scheme, the incentive shares will be granted to the Selected Employee, subject to vesting conditions.

According to the Incentive Share Scheme, for Selected Employee with a domestic identity, the trustee will administer the Incentive Shares, which may be organised in forms of companies owned by the employees, limited partnership, or qualified trust companies in the PRC, or for Selected Employee with a foreign identity, the trustee will hold the Incentive Shares outside the PRC (the "Trustees").

On 11 December 2015, the Company granted first 45,960,000 incentive shares to 111 Selected Employees. On 4 January 2016, the Trustees subscribed the shares with the consideration of RMB101,112,000 at the grant price of RMB2.20 per share.

The estimated fair value of the incentive shares as at grant date amounted to RMB104,139,000 which determined by market price of listing shares of the Company.

For grants of shares that are satisfying specified vesting conditions, the difference between the fair value and the grant price of the vested shares is expensed on a straight-line basis over the periods in which services are expected to be rendered by the relevant employees. The Group recognised the incentive share expenses of approximately RMB10,781,000 (2015: RMB13,066,000) into the profit or loss during the current year.

Three limited partnerships (named Weihai Chang Hong Enterprise Management Consulting Centre (Limited Partnership)(威海長弘企業管理諮詢中心(有限合夥)), Weihai Yang Fan Enterprise Management Consulting Centre (Limited Partnership)(威海揚帆企業管理諮詢中心(有限合夥)) and Weihai Hong Tu Enterprise Management Consulting Centre (Limited Partnership)(威海宏圖企業管理諮詢中心(有限合夥)), respectively, the "Trustees") were set up for the purpose of administering the Incentive Share Scheme and holding the shares, and hereby regarded as special purpose entities of the Company and consolidated to the Group accordingly.

The movement in the incentive shares under the Incentive Share Scheme during the Period are as follows:

			As at 31/12/2015			As at 31/12/2016				
Grant Date	Grantees	Grant Price	Granted	Vested	Unvested	Granted	Vested	Unvested	Vesting Date	Lock Up Period
11/12/2015	111 Employees	RMB2.2 per share	45,960,000	7,180,000	38,780,000	45,960,000	14,380,000	31,580,000	To be vested in five tranches with the vesting date on 31 December of each year from 2015 to 2019	2 years following vested

(b) Share Arrangement of Weigao Ortho

On 12 May 2016, two limited partnerships (named Weihai Hong Yang Rui Information Technology Centre (Limited Partnership)(威海弘陽瑞信息技術中心(有限合夥)), and Weihai Glory Trading Centre (Limited Partnership)(威海永耀貿易中心(有限合夥)), respectively), subscribe 22,222,222 shares of Weigao Ortho, which represent 10% of the enlarged equity interests in Weigao Ortho, at a total consideration of RMB311,111,000. The two limited partnerships are controlled and beneficially owned by members of the management team of Weigao Ortho. The subscription aims to recognise the contribution of and incentivise the members of the management team, align their interests with those of Weigao Ortho and encourage them to optimise their performance and efficiency so as to maximise the equity return of the Group.

The fair value of the shares set out above at the subscription date is RMB606,000,000, which is determined by reference to the fair value of the entire equity interests in Weigao Ortho of RMB6,060,000,000 as at 31 December 2015, arrived at on the basis of a valuation carried out by China Alliance Appraisal Co., LTD (北京中同華資產評估有限公司), an independent qualified professional valuers not connected with the Group as at 14 June 2016. The fair value of Weigao Ortho is estimated by applying an income approach and the key model inputs used are set out below:

- assumed discount rate of 11%; and
- assumed growth rates range from 6% to 20%.

The Group recognised the difference of RMB294,889,000 between the fair value and gross proceeds, as a share-based payment expense in profit or loss for the current year.

MANAGEMENT DISCUSSION AND ANALYSIS

Optimization of product mix

During the Year, the gross profit margin of the Group increased to 61.5% from 59.4%, which was mainly attributable to the on-going product mix optimization. In addition, the continuous management enhancement and technological updating, as well as decline in raw materials purchase costs also contributed to such increase.

1. Consumables: the Group recorded a turnover for consumable products of approximately RMB4,833,340,000, representing an increase of 11.5% when compared with the previous year.

   During the Year, the sales of the Group's specialized infusion sets with precision filter, infusion sets for special use and the infusion sets made of proprietary non-PVC based material continued to grow. The turnover of infusion sets of the Group amounted to approximately RMB1,572,897,000, representing an increase of 9.4% over last year. The Directors believe that specialized infusion sets with precision filter, infusion sets for clinical special use and non-PVC based infusion sets have development potential in the PRC. The Group will continue to consolidate its core competitiveness in this sector.

   Turnover for needle products of the Group was approximately RMB895,272,000, representing an increase of 9.0% when compared with the previous year. During the Year, in view of the intensive competition from domestic needle products manufacturers, the Company made active adjustments to product mix and ancillary marketing strategies and continued to increase marketing investments and intensified the efforts in new products research and development, whereby leading to an increase in overall revenue of such kind of products through sales of safety intravenous catheter needles and intravenous catheter needles ancillary consumables. The Company would continue to increase its ongoing investments in needle products to enable such business to become one of the important segments for the future development of the Company.

Turnover of pre-filled syringes and pre-filled flush syringe products for the Year amounted to approximately RMB598,839,000, representing an increase of 34.5% when compared with last year. The pre-filled syringes and pre-filled flush syringes achieved a sound utilization of production capacity. With market penetration of pre-filled syringes in multiple industries in packing material of cosmetic surgery and biopharmaceutical products, it overcame the adverse impact of incidents in the vaccine industry in China and still maintained a rapid growth. Pre-filled flush syringes continued to maintain a relatively high growth momentum, whereby driving the overall growth of consumables. The Group continued to establish a favourable position in such market.

Turnover of wound management products for the Year amounted to approximately RMB171,624,000, representing an increase of 66.7% when compared with last year. Market development for anastomat, sutures and functional dressing progressed smoothly with higher sales growth.

2. The blood purification business of Weigao Blood Purification Products Company Limited ("Weigao Blood Purification", a subsidiary of the Company) achieved a healthy growth. During the Year, Weigao Blood Purification recorded a turnover of approximately RMB1,093,502,000, representing an increase of 18.3% when compared with last year. Turnover of haemodialysis consumable products was approximately RMB883,008,000, representing an increase of 20.1% when compared with last year. Turnover of haemodialysis equipments was approximately RMB210,494,000, representing an increase of 11.1% when compared with last year.

3. Orthopaedic business recorded a turnover of approximately RMB803,498,000 during the Year, representing an increase of 22.2% as compared with last year. During the Year, orthopaedic segment generated better sales growth through down stream channel distribution, logistics platform establishment and commenced direct sales business. The spine and joint products, which were preliminarily launched to the market one after another, provided strong supports for sales growth.

   During the Year, as a result of product mix adjustment, the percentage of turnover from high value-added products (products with gross profit margins over 60%) to total turnover maintained at 56.7% (2015: 55.8%).

RESEARCH AND DEVELOPMENT

For the twelve months ended 31 December 2016, product registration certificates for 46 new products were obtained by the Group. The research and development for 63 products were completed for which applications for product registration certificates are underway. The Group obtained 61 new patents and 100 new patents are under application.

The strategy of placing strong emphasis on research and development has enhanced the competitiveness and laid a foundation for the Company to fully leverage on its customer resources and provided the Group with new profit growth drivers.

For the twelve months ended 31 December 2016, the Group had over 410 product registration certificates and over 480 patents, of which 72 were patents on invention.

In view of the need for the strategic adjustments to product mix, the Group continued to increase the investments in the research and development in existing products series and new medical devices, so as to further improve its product series and expand product range. The Group continued to maintain the leading position in research and development capability in China. For the twelve months ended 31 December 2016, total research and development expenses amounted to approximately RMB302,679,000 (2015: approximately RMB292,658,000), representing 4.5% (2015: 4.9%) of the revenue of the Group.

PRODUCTION

During the Year, in order to constantly expand production capacity, the Group continued to expand its production facilities including pre-filled flush syringe workshop and blood dialyzer workshop to satisfy the sales demand for future market growth.

SALES AND MARKETING

The Group continually optimized marketing management, improved the marketing management procedures and functions of consumables segment during the Year, and further enhanced the front-line marketing management efficiency to quickly response to the market. The Group achieved results in key accounts management. At the same time, the Group increased the sales staff headcount, placed more resources to support market channels and continued to promote hospital administrators and medical staff training projects.

During the Year, the Group strengthened its sales management system. The Group focused on its marketing resources on customer development and maintained the relationship with hospitals from the grade-A of tier two or above（二甲級以上醫院）. For the twelve months ended 31 December 2016, the Group newly added 110 customers, among which hospitals, other medical institutes and distributors increased by 14, 35 and 61 respectively. As at the date of this announcement, the Group has a total customer base of 5,408 (including 3,146 hospitals, 414 blood stations, 678 other medical units and 1,170 distributors).

Sales comparison by geographical regions for the Year when compared with last year is set out as follows:

TURNOVER BY GEOGRAPHICAL SEGMENTS

	2016	2015	Increase/ (Decrease) over corresponding period%
	RMB'000	*RMB'000*	*%*
Eastern and Central	**2,992,813**	2,576,847	16.1
Northern	**1,382,282**	1,225,248	12.8
Northeast	**664,994**	576,950	15.3
Southern	**604,904**	554,030	9.2
Southwest	**595,432**	534,093	11.5
Northwest	**226,537**	182,262	24.3
Overseas	**263,378**	269,500	(2.3)
Sub-total	**6,730,340**	5,918,930	13.7

The integration of sales channels has strengthened the Group's market penetration and influence over the direct sales to high-end customers. It enhanced sales contribution per customer and average sales per customer were increased by approximately 11.4% when compared with last year. It continued to drive up the product penetration to high-end customers and was an important approach in generating revenue growth for the Group.

Adjustment in product mix was another important factor in enhancing the results for the Year. During the Year, the Group focused on sales and marketing of high value-added infusion sets. It has increased the proportion of revenue from high value-added products over its total revenue. Comparison of sales revenue of principal products with that in last year is as follows:

	For the twelve months ended 31 December			**For the six months ended 31 December**		
Product category	**2016**	2015	Over corresponding period	**2016**	2015	Over corresponding period
	RMB'000	*RMB'000*	*%*	***RMB'000***	*RMB'000*	*%*
Infusion sets	**1,572,897**	1,437,114	9.4	**814,992**	739,287	10.2
Needles	**895,272**	821,676	9.0	**468,449**	408,988	14.5
Syringes	**757,702**	689,892	9.8	**389,080**	355,609	9.4
Pre-filled syringes	**598,839**	445,257	34.5	**307,107**	211,160	45.4
Blood bags	**274,623**	315,814	(13.0)	**141,973**	155,360	(8.6)
Wound management	**171,624**	102,956	66.7	**87,668**	57,820	51.6
Blood sampling products	**89,640**	74,403	20.5	**46,283**	39,998	15.7
PVC granules	**53,003**	55,543	(4.6)	**25,939**	28,466	(8.9)
Others	**419,740**	393,884	6.6	**200,339**	214,957	(6.8)
Sub-total for single-use consumables	**4,833,340**	4,336,539	11.5	**2,481,830**	2,211,645	12.2
Orthopaedic products	**803,498**	657,702	22.2	**462,986**	301,730	53.4
Blood purification consumables	**883,008**	735,234	20.1	**477,847**	413,091	15.7
Blood purification equipments	**210,494**	189,455	11.1	**112,251**	115,580	(2.9)
Total	**6,730,340**	5,918,930	13.7	**3,534,914**	3,042,046	16.2

HUMAN RESOURCES

As at 31 December 2016, the Group employed a total of 10,575 employees. The breakdown by departments when compared with last year is as follows:

Department

	2016	2015
Production	**5,882**	5,769
Sales and marketing	**2,642**	2,386
Research and development	**1,099**	991
Finance and administration	**495**	408
Quality control	**218**	158
Management	**172**	112
Purchasing	**67**	37
Total	**10,575**	9,861

Save for the 4 employees (including company secretary) who are resided in Hong Kong and Europe, all the employees of the Group are resided in Mainland China. During the Year, total cost of salaries, welfare and social benefits of the Group amounted to approximately RMB1,622,206,000 (2015: RMB1,154,802,000).

Remuneration System

The Group's remuneration policy has been determined based on its performance, changes in the local consumption power and competition in human resources market. The remuneration policy so determined has become the basis of determining the salary level of employees recruited for different positions. The salary of each employee is determined according to the employee's performance, ability, employment conditions and the salary standards set by the Company. Remuneration of directors is proposed by the Remuneration Committee with reference to the operating results of the Company, personal performance of the directors and market competition. The proposed remuneration of directors is proposed by the Board subject to approval by shareholders at forthcoming annual general meeting.

FINANCIAL REVIEW

For the year ended 31 December 2016, the Group recorded a turnover of RMB6,730,340,000, representing an increase of 13.7% over the previous financial year. Net profit attributable to the owners of the Company was approximately RMB1,105,933,000 (2015: net profit attributable to the owners of the Company of approximately RMB1,112,736,000), representing a decrease of approximately 0.6% as compared with the previous year. Net profit attributable to the owners of the Company (excluding extraordinary items) was approximately RMB1,308,964,000 (2015: net profit attributable to the owners of the Company (excluding extraordinary items) of approximately RMB1,112,736,000), representing an increase of approximately 17.6% over the previous year.

Financial Summary

	2016	2015	Growth
	RMB'000	*RMB'000*	*%*
Turnover	**6,730,340**	5,918,930	13.7
Gross profit	**4,136,568**	3,515,558	17.7
Net profit attributable to the owners of the Company	**1,105,933**	1,112,736	(0.6)
Net profit attributable to the owners of the Company (excluding extraordinary items)	**1,308,964**	1,112,736	17.6

During the Year, extraordinary items comprised expenses balance of RMB294,889,000 incurred due to the implementation of orthopaedic share award scheme, among which approximately RMB203,031,000 (2015: nil) had affected the net profit attributable to owners of the Company.

Liquidity and Financial Resources

The Group has maintained a sound financial position during the Year. As at 31 December 2016, the Group's cash and bank balance amounted to approximately RMB4,071,892,000. For the year ended 31 December 2016, net cash flow from operating activities of the Group amounted to approximately RMB1,053,139,000. The Group has maintained a sound cash flow position.

Total interest expenses of the Group for the year ended 31 December 2016 were approximately RMB56,762,000 (2015: approximately RMB44,497,000).

Gearing Ratio

As at 31 December 2016, total net cash of the Group amounted to approximately RMB2,879,281,000 (2015: RMB2,693,053,000). The change in the total net cash was mainly due to well-management in cash.

Foreign Exchange Risks

The Group's purchases and sales are mainly conducted in the PRC. All of its assets, liabilities and transactions are denominated in RMB. For the year ended 31 December 2016, the Group had not encountered any material difficulty due to currency fluctuation nor affecting its own operating funds. For the twelve months ended 31 December 2016, the Group had no significant exposure to foreign exchange fluctuation or hedging for such risk.

Due to the change in exchange rates, foreign exchange loss equivalent to RMB5,518,000 for the year ended 31 December 2016 was recognised (2015: foreign exchange loss equivalent to RMB3,424,000) by the Company.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2016.

MATERIAL INVESTMENTS/FUTURE MATERIAL INVESTMENT PLANS

1. During the Year, the Group continued to invest approximately RMB621,104,000 on purchase of production facilities and plant construction for the purpose of enhancing the overall construction of the industrial zone for the Group's medical consumables.

2. In 2017, the Group plans to invest RMB290,000,000 on purchase of two dialyzer production lines of the fourth phase of blood purification, which are expected to be in production successively at the end of 2017 and at the beginning of 2018.

3. The new production line of pre-filled syringes with a planned investment of RMB80,000,000 in 2017 is expected to be in production by the end of 2019.

4. The upgrading and reconfiguration of the single-use consumables production equipment is ongoing in 2017. It is expected that an additional RMB100,000,000 will be invested to further raise the level of production automation.

Save for the above material investments and investment plans, the Group had no material capital commitments or any future plans involving significant investments or capital assets acquisition as at 31 December 2016. Other than the deemed disposal of interest in Weigao Blood Purification as stated in the announcement dated 23 January 2017. There was no material acquisition and disposal of any other subsidiaries and associates during the Year.

Capital Commitments

As at 31 December 2016, the capital commitments of the Group and the Company contracted but not provided for in respect of the acquisition of property, plant and equipment amounted to approximately RMB472,729,000 (2015: RMB406,092,000). The above amounts will be financed by the internal resources of the Group.

Pledge of the Group's Assets

As at 31 December 2016, the Group did not pledge the land use rights and buildings (2015: RMB Nil), but the Group had pledged the equity interest in Weigao Jierui, a wholly-owned subsidiary of the Group, to secure the long-term borrowings from International Finance Corporation, and pledged bank deposits of RMB36,980,000 (2015: RMB46,173,000) to secure the bills and banking facilities granted to the Group.

Reserves and Distributable Reserves

As at 31 December 2016, total reserves of the Group amounted to RMB11,414,344,000 (2015: RMB10,210,540,000).

Under the PRC laws and regulations, the Company's distributable reserves will be based on the lower of the amount calculated according to the PRC accounting principles and rules and the amount calculated according to the Hong Kong generally accepted accounting principles. As at 31 December 2016, the distributable reserves of the Company were approximately RMB2,942,314,000 (2015: RMB2,667,709,000).

REVIEW AND OUTLOOK

In 2016, by overcoming the impact from various adverse factors such as lower tender prices, restricted usage of infusion and government in regulating distribution arrangement in medical device sector, the Company continued to adhere to product mix optimisation and adjustment strategy, constantly improved and upgraded product functionality and increased investment in technical renovation, with an aim to enhance production efficiency, improve product quality and constantly launch new products. In addition to enhancing the sales management strategy and integrating marketing resources, sharing of key accounts and financial arrangements to facilitate sales as well as implementing staff incentive arrangement, the Company continued to maintain growth in revenue and profit despite obvious slowdown in industry growth and intensifying competition.

During the year, the Company entered into agreements including transferring of its 81% equity interest in Weigao Ortho to a company listed on the Shenzhen Stock Exchange enabling Weigao Ortho to build its identity as a separately listed group. As of the date of this announcement, the relevant PRC authorities have not given approval to the transactions contemplated under the agreements. The Board considers that the continuous growth of Weigao Ortho will not be adversely impacted whether the transactions contemplated under the agreements be implemented or not.

Looking Forward to 2017

Through proprietary research and development and leveraging on the cooperation with research institutes, the Company will strengthen product upgrading and product research and development capabilities, further consolidate existing product lines, highlight product operation safety and patient application safety, improve patient treatment experience and quicken the pace in launching pipeline products, offsetting numerous adverse impacts to maintain its competitive edge. During the Year, the Company will launch or reinforce a series of new products including non DEHP infusion sets, irradiation infusion sets, central venous catheters, artery blood sampling needles, pre-filled syringes (cyclo olefin polymer), flush syringes, peritoneal dialysis products, and orthopedic spines and joints.

In view of the effectiveness achieved by key accounts management, the Company will continue such strategy and increase customer contribution by promoting various products via the key accounts management. By developing the financing lease business around the Company's industry chain and forming synergies and driving sales between financial services and product sales.

Regarding the in-depth implementation of national medical reform policies such as "two-invoice system" and lower tender prices, the Company considers that despite such policies may have adverse impact on the financial performance to a certain extent in the short term, however, they will facilitate industry concentration in the long-term and benefit the growth of outstanding enterprises in the industry.

As overseas market is the focus of our middle and long-term strategical layout, the Company will proactively develop its overseas business layout and proceed with product registration in Europe and North America, gradually establish long-term stable sales channel. The proportion of sales in overseas markets to the total revenue of the Group is expected to increase gradually.

The Company will selectively improve and extend existing product lines and introduce advanced technologies through equity investments and mergers and acquisitions. The Company will seek for targets in orthopaedic, surgical consumables and wound management segments.

While continuously carrying out technical improvement in production, the Company will continue to improve its product quality, increase production efficiency to maintain cost advantages.

After careful evaluating the competitive situation of the PRC dialysis market and giving comprehensive consideration, the Board of the Company decided for Weigao Blood to issue shares to key managements to maintain its domestic competitiveness of blood purification business.

By relying on its enriched product lines and solid research and development advantages, continue to launch new products and improve product upgrades, insist on adapting to market and future-oriented operating strategy, and motivate employee creativity, the management believes that the Company will maintain its leading position in the PRC market and achieve a stable growth in operating results.

SHARE AWARD SCHEME REGARDING NON-LISTED SHARES OF THE COMPANY

As approved on the extraordinary general meeting and class meetings on 17 November 2014 (the "Adoption Date"), the Company adopted a share award scheme (the "Scheme") regarding a specific mandate to issue a maximum of 223,818,616 Non-listed Shares as incentive shares under the Scheme. The 223,818,616 Non-listed Shares represent 5% of the issued share capital of the Company or approximately 4.76% of the issued share capital of the Company as enlarged by the issue of the 223,818,616 Non-listed Shares on the Adoption Date. The incentive shares allotted to the eligible participants will be subject to a lock-up period and performance target based on certain key performance indicators. The Scheme serves to retain the long-term service of the selected employee and align his/her continuous performance with the development goal of the Group. Details of the Scheme are set out in the circular of the Company dated 30 September 2014.

On 11 December 2015, the Company granted 45,960,000 incentive shares ("batch 1") to 111 selected employees. On 4 January 2016, the trustees subscribed the shares with the consideration of RMB101,112,000 at the grant price of RMB2.20 per share.

SHARE AWARD SCHEME REGARDING NON-LISTED SHARES OF WEIGAO ORTHO

On 12 May 2016, two limited partnerships (named Weihai Hong Yang Rui Information Technology Centre (Limited Partnership)（威海弘陽瑞信息技術中心（有限合夥））, and Weihai Glory Trading Centre (Limited Partnership)（威海永耀貿易中心（有限合夥））, respectively), subscribed 22,222,222 shares which represent 10% equity interests in Weigao Ortho with consideration of RMB311,111,000. The two limited partnerships are controlled and beneficially owned by members of the management team of Weigao Ortho. The subscription aims to recognise the contribution of and incentivise the members of the management team. The difference between the consideration and the fair value of the shares issued of RMB294,889,000 was recognised as share-based payment expenses.

LOAN AGREEMENT WITH INTERNATIONAL FINANCE CORPORATION

On 27 January 2015, the Company entered into a five (5) years loan agreement (the "Loan Agreement") for the principal amount of RMB600 million (approximately HK$672 million) (the "Loan") with the International Finance Corporation ("IFC"), a member of the World Bank Group and the largest global development institution focused exclusively on the private sector. The Loan is repayable in one lump sum on 15 March 2020. The Loan will be used for the business development of Weigao Blood Purification, a 70% owned subsidiary of the Company to increase production capacity of blood dialyzer and related products and to open additional hemodialysis centers in China. The Loan is jointly secured by 100% equity interest of Jierui that owned by the Company and 230,000,000 shares of the Company that owned by Weigao Holding. Details of the Loan Agreement are set out in the announcement of the Company dated 27 January 2015.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year, there was no purchase, sale or redemption of its securities by the Company or any of its subsidiaries.

BOARD PRACTICES AND PROCEDURES

The Code on Corporate Governance Practices (the "CCGP") contained in the Listing Rules which set out the principles of good corporate governance and the Company is required to comply with the code provisions of the CCGP. The Company fully admitted that good corporate governance, as part of the Company's culture, can create values to the Group and the Shareholders efficiently. The Board is committed to continuing to enhance the standards of corporate governance within the Group and to ensure that the Group conducts its businesses in an honest and responsible manner. The Group has adopted practices which meets the code provisions of the CCGP.

DISCLOSURE OF INFORMATION ON DIRECTOR AND SUPERVISOR

Pursuant to Rule 13.51B of the Listing Rules, the changes of information on director and supervisor during the Period are stated as follows:–

1. Mr. Chen Xue Li has been resigned as the non-executive director and Chairman of the Company with effect from 22 March 2016.

2. Mr. Zhang Hua Wei has been appointed as Chairman of the Company with effect from 22 March 2016.

3. Mr. Wang Yi has been appointed as Vice Chairman of the Company with effect from 22 March 2016.

4. Mr. Long Jing has been resigned as the supervisor of the Company with effect from 29 June 2016.

5. Mr. Yue Chun Liang has been appointed as the supervisor of the Company with effect from 29 June 2016.

6. Mr. Li Jia Miao has been resigned as an independent non-executive director of the Company with effect from 30 December 2016.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the standard for securities transactions by Directors. The Company has made enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions.

INTERNAL CONTROL

Directors are responsible for reviewing the internal control and risk management system of the Company periodically to ensure its effectiveness and efficiency. With the support of the internal audit department, they will review the practices, procedures, expenditure and internal control of the Company and its subsidiaries on a regular basis. The management will regularly monitor the concerns as reported by the internal audit department to ensure appropriate remedial measures have been implemented. The Board or senior management can also request the internal audit group to review the specific scope of concerns and report the significant findings of such review to the Board and the audit committee. The Board has conducted a review of the effectiveness of the system of internal control of the Group.

AUDIT COMMITTEE

The Company set up an audit committee with terms of reference in compliance with the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Company. As at the date of the announcement, audit committee has four members comprising Mr. Lo Wai Hung, Mrs. Fu Ming Zhong, and Mrs. Wang Jin Xia being independent non-executive directors and Mrs. Zhou Shu Hua, a non-executive director. During the Year, the audit committee held two meetings and the committee had reviewed and approved the annual report for the year ended 31 December 2015, the interim report of the year 2016. On 22 March 2017, the audit committee had reviewed and approved the financial statements for the year ended 31 December 2016. The interim result and audited annual result for the year ended 31 December 2016 have been reviewed by the audit committee, which was of the opinion that the preparation of such results had complied with the applicable accounting standards and requirements and that adequate disclosure has been made.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive right under the Company's articles of association and the laws of the PRC, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance so as to ensure better transparency and protection of shareholders' interest. The Company has complied with the code provision of the Code on Corporate Governance Practices (the "Code") in Appendix 14 of the Listing Rules throughout the year ended 31 December 2016.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

Attending and Voting in the Annual General Meeting

In order to determine the shareholders who are entitled to attend and vote at the Annual General Meeting, the register of members of the Company for both H Shares and Non-listed Shares will be closed from Saturday, 13 May 2017 to Monday, 12 June 2017 (both days inclusive), during which period no transfer of H Shares or Non-listed Shares will be effected. In order to qualify for attending and voting in the Annual General Meeting, Shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's H Share registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 12 May 2017.

In order to qualify for attending and voting in the Annual General Meeting:–

Latest time to lodge in transfer instrument accompanied by the share certificates for H Shares	4:30 p.m., Friday, 12 May 2017
Closure of register of members of the Company for attending and voting in the Annual General Meeting	Saturday, 13 May 2017 to Monday, 12 June 2017 (both days inclusive)
Latest time to lodge in the reply slip	Monday, 22 May 2017
Date of the Annual General Meeting	Monday, 12 June 2017

Entitlement of Proposed Final dividend

In order to determine entitlement to the proposed final dividend payment, the register of members of the Company for both H Shares and Non-listed Shares will be closed from Saturday, 17 June 2017 to Thursday, 22 June 2017 (both days inclusive), during which period no transfer of H Shares or Non-listed Shares will be effected. In order to qualify for entitlement of the proposed final dividend, holders of H Shares should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's H Share registrar, Tricor Standard Limited, at 22/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 16 June 2017.

In order to qualify to entitle the final dividend for the year ended 31 December 2016:–

Latest time to lodge in transfer instrument accompanied by the share certificates for H Shares	4:30 p.m., Friday, 16 June 2017
Closure of register of members of the Company for entitlement of the final dividend for the year ended 31 December 2016	Saturday, 17 June 2017 to Thursday, 22 June 2017 (both day inclusive)
Record date for the entitlement of the final dividend	Thursday, 22 June 2017
Expected despatch date of the final dividend	Friday , 21 July 2017

The final dividend will be despatched at the risk of those entitled thereto to their respective registered addresses on or before Friday, 21 July 2017.

PROPOSED FINAL DIVIDEND

The Board proposed the distribution of a final dividend for the year ended 31 December 2016 of RMB0.046 (2015: RMB0.036) (before considering any tax effect) per share totaling RMB208,027,000 (2015: RMB162,804,000), which will be subject to the approval of shareholders of the Company at the forthcoming 2016 annual general meeting. Dividend payable to holders of non-listed shares will be paid in Renminbi, whereas dividend payable to holders of the H shares will be declared in Renminbi and paid in Hong Kong dollars, the exchange rate of which will be calculated based on the average exchange rate published by The People's Bank of China during the week prior to the Annual General Meeting. Subject to the approval of the Annual General Meeting, the 2016 final dividend will be paid on 21 July 2017.

In accordance with the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and its implementation rules effective on 1 January 2008, where a PRC domestic enterprise distributes dividends for financial periods beginning from 1 January 2008 to non-resident enterprise shareholders, it is required to withhold 10% enterprise income tax for such non-resident enterprise shareholders. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of the final dividend as enterprise income tax, distribute the final dividend to non-resident enterprise shareholders, i.e. any shareholders who hold the Company's shares in the name of non-individual shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or holders of H Shares registered in the name of other organizations and groups.

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative) (Guo Shui Fa [2009] No. 124) (《國家稅務總局關於印發〈非居民享受稅收協定待遇管理辦法(試行)〉的通知》(國稅發[2009]124號)) (the "Tax Treaties Notice"), the Notice of the State Administration of Taxation on the Questions Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), other relevant laws and regulations and other regulatory documents, the Company shall, as a withholding agent, withhold and pay individual income tax for the individual holders of H shares in respect of the dividend to be distributed to them. However, the individual holders of H shares may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the individual holders of H shares are domiciled and the tax arrangements between Mainland China, Hong Kong or Macau. For individual holders of H shares in general, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H shares in the distribution of the dividend. However, the tax rates applicable to individual holders of H Shares overseas may vary depending on the tax treaties between the PRC and the countries (regions) in which the individual holders of H shares are domiciled, and the Company will withhold and pay individual income tax on behalf of the individual holders of H shares in the distribution of the dividend accordingly.

The Company will identify the country of domicile of the individual holders of H shares according to their registered address on the H share register of members of the Company (the "Registered Address"). If the domicile of an individual holders of H shares is not the same as the Registered Address or if the individual holders of H shares would like to apply for a refund of the additional amount of tax finally withheld and paid, the individual holders of H shares shall notify and provide relevant supporting documents to the Company. Upon examination of the supporting documents by the relevant tax authorities, the Company will follow the guidance given by the tax authorities to implement the relevant tax withholding provisions and arrangements. Individual holders of H shares may either personally or appoint a representative to attend to the procedures in accordance with the requirements under the Tax Treaties Notice if they do not provide the relevant supporting documents to the Company.

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual holders of H shares and for any claims arising from or in connection with any delay in or inaccurate determination of the tax status or tax treatment of the individual holders of H shares or any disputes over the withholding mechanism or arrangements.

Shareholders are recommended to consult their tax advisors regarding the PRC, Hong Kong and other tax implications arising from or in connection with their holding and disposal of the H shares of the Company.

PUBLICATION OF FINANCIAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

This announcement is available for viewing on the websites of the Stock Exchange and the Company. The annual report of the Company for the year ended 31 December 2016 will be dispatched to shareholders of the Company and published on the Stock Exchange and the Company's websites respectively in due course.

By Order of the Board
Shandong Weigao Group Medical Polymer Company Limited
Zhang Hua Wei
Chairman

22 March 2017
Weihai, Shandong Province, the PRC

As at the date of this announcement, the Board Comprises:
Mr. Zhang Hua Wei *(Executive Director)*
Mr. Wang Yi *(Executive Director)*
Mr. Gong Jian Bo *(Executive Director)*
Mr. Xia Lie Bo *(Executive Director)*
Mrs. Zhou Shu Hua *(Non-executive Director)*
Mr. Lo Wai Hung *(Independent non-executive Director*
Mrs. Fu Ming Zhong *(Independent non-executive Director)*
Mrs. Wang Jin Xia *(Independent non-executive Director)*