

Shandong Weigao Group Medical Polymer Company Limited* 山東威高集團醫用高分子製品股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(在中華人民共和國註冊成立的股份有限公司)
(Stock Code 股票號碼: 1066)

* For identification purposes only
僅供識別



Annual Report 2016 年報

WEGO 威高

CONTENTS

目錄

PAGE(S)
頁次

CORPORATE INFORMATION	公司資料	2
CORPORATE PROFILE	公司簡介	4
CHAIRMAN'S STATEMENT	主席報告書	5
MANAGEMENT DISCUSSION AND ANALYSIS	管理層討論與分析	11
REPORT OF THE SUPERVISORY COMMITTEE	監事會報告書	23
REPORT OF THE DIRECTORS	董事會報告	25
CORPORATE GOVERNANCE REPORT	企業管治報告	43
DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT	董事、監事及高級管理人員	64
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT	環境、社會及管治報告	72
INDEPENDENT AUDITOR'S REPORT	獨立核數師報告書	85
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	綜合損益及其他全面收入報表	93
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	綜合財務狀況表	94
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	綜合權益變動報表	96
CONSOLIDATED STATEMENT OF CASH FLOWS	綜合現金流量報表	98
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	綜合財務報表附註	100
FINANCIAL SUMMARY	財務摘要	208

DIRECTORS AND SUPERVISORS

Executive Directors

Mr. Zhang Hua Wei
Mr. Wang Yi
Mr. Gong Jian Bo
Mr. Xia Lie Bo

Non-executive Directors

Mrs. Zhou Shu Hua

Independent non-executive Directors

Mr. Lo Wai Hung
Mrs. Fu Ming Zhong
Mrs. Wang Jin Xia

Supervisors

Mrs. Bi Dong Mei
Mrs. Chen Xiao Yun
Mr. Yue Chun Liang

CORPORATE INFORMATION

Registered office and principal place of business in the People's Republic of China (the "PRC")

18 Xingshan Road
Torch Hi-tech Science Park
Weihai
Shandong Province
PRC

Principal place of business in Hong Kong

801, Chinachem Century Tower
178 Gloucester Road
Wanchai
Hong Kong

Company secretary

Mrs. Wong Miu Ling, Phillis, *FCIS and FCS*

Compliance officer

Mr. Zhang Hua Wei

董事及監事

執行董事

張華威先生
王毅先生
弓劍波先生
夏列波先生

非執行董事

周淑華女士

獨立非執行董事

盧偉雄先生
付明仲女士
王錦霞女士

監事

畢冬梅女士
陳曉雲女士
岳春良先生

公司資料

中華人民共和國（「中國」）註冊辦事處及主要營業地點

中國
山東省
威海市
火炬高新技術產業開發區
興山路18號

香港主要營業地點

香港
灣仔
告士打道178號
華懋世紀廣場801室

公司秘書

黃妙玲女士 *FCIS* 及 *FCS*

監察主任

張華威先生

Audit Committee

Mr. Lo Wai Hung (*Chairman*)
Mrs. Fu Ming Zhong
Mrs. Wang Jin Xia
Mrs. Zhou Shu Hua

Remuneration Committee

Mr. Lo Wai Hung (*Chairman*)
Mrs. Fu Ming Zhong
Mrs. Wang Jin Xia
Mrs. Zhou Shu Hua

Corporate Governance Committee

Mr. Zhang Hua Wei (*Chairman*)
Mr. Lo Wai Hung
Mrs. Fu Ming Zhong
Mrs. Wang Jin Xia

Nomination Committee

Mr. Lo Wai Hung (*Chairman*)
Mrs. Fu Ming Zhong
Mrs. Wang Jin Xia
Mrs. Zhou Shu Hua

Authorised representatives

Mr. Zhang Hua Wei
Ms. Wong Miu Ling, Phillis

Auditors

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong share registrars and transfer office

Tricor Standard Limited
Level 22, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Principal bankers

1. Agriculture Bank of China, Weihai Branch
2. Bank of China, Weihai Branch

Website of the Company

www.weigaogroup.com

Stock Code

1066

審核委員會

盧偉雄先生 (*主席*)
付明仲女士
王錦霞女士
周淑華女士

薪酬委員會

盧偉雄先生 (*主席*)
付明仲女士
王錦霞女士
周淑華女士

企業管治委員會

張華威先生 (*主席*)
盧偉雄先生
付明仲女士
王錦霞女士

提名委員會

盧偉雄先生 (*主席*)
付明仲女士
王錦霞女士
周淑華女士

授權代表

張華威先生
黃妙玲女士

核數師

德勤•關黃陳方會計師行
執業會計師

香港股份過戶登記處

卓佳標準有限公司
香港
灣仔
皇后大道東183號
合和中心22樓

主要往來銀行

1. 中國農業銀行－威海市分行
2. 中國銀行－威海市分行

本公司網址

www.weigaogroup.com

股份代號

1066

**SHANDONG WEIGAO GROUP MEDICAL
POLYMER COMPANY LIMITED**

Shandong Weigao Group Medical Polymer Company Limited (the “Company”) and its subsidiaries (together the “Group”) is principally engaged in the research and development, production and sale of single-use medical devices. The Group has a wide range of products, which includes: i) consumables (infusion sets, syringes, medical needles, blood bags, pre-filled syringes, wound management, blood sampling products, and others); ii) orthopedic materials and iii) blood purification consumables and equipment. The Company is recognised as an industrialization base to commercialise products developed by the State High-tech Research and Development (863) Program, the State High-tech Enterprise and the State Technology Center. The Group’s main production facilities are situated in Weihai, Shandong Province.

The Group is incorporated in the People’s Republic of China. The Group has an extensive sales network comprising 29 sales offices, 33 customer service centers and 234 cities with sales representatives. As at the date of this report, the Group has an total customer base of 5,408 (including 3,146 hospitals, 414 blood stations, 678 other medical units and 1,170 distributors).

The Group produces a wide range of products in following major categories, namely:–

- I. Single use medical consumables and materials (including infusion (transfusion) sets, syringes, blood bags and blood component segregators consumable, blood sampling products, pre-filled syringes for pre-pack medication and medical needles which mainly include intravenous needles, syringe needles, intravenous catheter needles, wound management, blood sampling needles and irregular needles;
- II. Orthopedic materials and instruments, including trauma products of steel plates and screws, spinal implants and artificial joints; and
- III. Blood purification consumables and equipment, including puncture needles, extracorporeal blood circuit for blood purification sets, dialyzers and related consumables.

關於山東威高集團醫用高分子製品股份有限公司

山東威高集團醫用高分子製品股份有限公司(「本公司」)及其附屬公司(統稱「本集團」)主要從事研究及開發、生產及銷售一次性醫療器械。本集團提供不同種類產品，包括：i) 耗材(輸液器、注射器、醫用針製品、血袋、預充式注射器、創傷手術護理、採血產品及其他)；ii) 骨科材料及iii) 血液淨化耗材及設備。本公司為中國國家高技術研究發展(863)計劃成果產業化基地、國家級高新技術企業及國家企業技術中心。本集團主要生產基地位於山東省威海市。

本集團在中華人民共和國註冊成立，擁有一個由29個銷售辦事處、33個客戶服務中心和234個具有銷售代表之城市組成的龐大銷售網絡。於本報告日期，本集團擁有總計5,408家(包括3,146家醫院、414家血站、678家其他醫療單位及1,170家經銷商)的客戶基礎。

本集團生產的多種產品，主要可分為以下系列，即：

- I. 一次性使用醫療耗材及原料，其中包括輸液(血)器、注射器、血袋與血液成份分離耗材、採血系列耗材、用於藥品包裝的預充式注射器及醫用針製品，主要包括靜脈針、注射針、留置針、創傷手術護理、採血針、異形針等系列製品等；
- II. 骨科材料及工具，主要包括鋼板、螺釘等創傷治療耗材、脊柱系列耗材及人工關節系列耗材；及
- III. 血液淨化系列耗材及設備，主要包括穿刺針、血液淨化裝置之體外循環管路、透析器等有關耗材。

On behalf of the board of directors (the "Board") of Shandong Weigao Group Medical Polymer Company Limited, I would like to present the audited consolidated results of the Group for the year ended 31 December 2016 (the "Year"). The Group's results in 2016 have continued to grow steadily, with prominent effect from the optimization adjustment to product mix, which laid a foundation for our future development.

本人欣然代表山東威高集團醫用高分子製品股份有限公司董事會（「董事會」）提呈本集團截至二零一六年十二月三十一日止年度（「本年度」）的經審核綜合業績。本集團二零一六年度業績持續穩步增長，產品結構調整與優化的效果顯著，為未來發展奠定了基礎。

FINANCIAL SUMMARY

Financial Summary

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	Growth 增長 %
Turnover	營業額	6,730,340	5,918,930	13.7
Gross profit	毛利	4,136,568	3,515,558	17.7
Net profit attributable to the owners of the Company	本公司擁有人應佔純利	1,105,933	1,112,736	(0.6)
Net profit attributable to the owners of the Company excluding extraordinary items	不計特殊項目本公司擁有人應佔純利	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.

財務摘要

財務摘要

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	Growth 增長 %
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Net profit attributable to the owners of the Company	本公司擁有人應佔純利	1,105,933	1,112,736	(0.6)
Net profit attributable to the owners of the Company excluding extraordinary items	不計特殊項目本公司擁有人應佔純利	1,308,964	1,112,736	17.6

年內，特殊項目指因實施骨科股份獎勵計劃產生之開支結餘人民幣294,889,000元，其中影響本公司擁有人應佔純利約為人民幣203,031,000元（二零一五年：無）。

CHAIRMAN'S STATEMENT

主席報告書

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.

股東週年大會及暫停辦理股份過戶登記手續

出席股東週年大會並於會上投票

為釐定股東出席股東週年大會並於會上投票的資格，本公司將於二零一七年五月十三日（星期六）至二零一七年六月十二日（星期一）（首尾兩日包括在內）暫停H股及非上市股份的過戶登記，於該期間將不會辦理H股和非上市股份的過戶登記手續。為符合資格出席股東週年大會並於會上投票，股東應確保所有過戶文件連同有關股票不遲於二零一七年五月十二日（星期五）下午四時三十分送交本公司的H股過戶登記處卓佳標準有限公司，地址為香港皇后大道東183號合和中心22樓，以辦理登記手續。

為符合資格出席股東週年大會並於會上投票：

交回過戶文件連同H股股票之最後時限	二零一七年五月十二日（星期五）下午四時三十分
本公司暫停股份過戶登記以出席股東週年大會並於會上投票	二零一七年五月十三日（星期六）至二零一七年六月十二日（星期一）（首尾兩日包括在內）
交回回條之最後時限	二零一七年五月二十二日（星期一）
股東週年大會日期	二零一七年六月十二日（星期一）

建議末期股息之權利

為確定股東收取建議末期股息付款之權利，本公司將於二零一七年六月十七日（星期六）至二零一七年六月二十二日（星期四）（首尾兩日包括在內）暫停H股及非上市股份的過戶登記，於該期間將不會辦理H股或非上市股份的過戶登記手續。為符合資格收取建議末期股息之權利，H股持有人應確保所有過戶文件連同有關股票不遲於二零一七年六月十六日（星期五）下午四時三十分送交本公司之H股過戶登記處卓佳標準有限公司，地址為香港灣仔皇后大道東183號合和中心22樓，以辦理登記手續。

**ANNUAL GENERAL MEETING AND CLOSURE
OF REGISTER OF MEMBERS** (continued)

Entitlement of Proposed Final dividend (continued)

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 was approximately 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 and holders of H shares participating in the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect 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.

股東週年大會及暫停辦理股份過戶登記手續 (續)

建議末期股息之權利 (續)

為符合資格獲派截至二零一六年十二月三十一日止年度之末期股息：

交回過戶文件連同H股股票之最後時限	二零一七年六月十六日 (星期五)下午四時三十分
本公司暫停股份過戶登記以釐定截至二零一六年十二月三十一日止年度之末期股息之權利	二零一七年六月十七日 (星期六)至二零一七年六月二十二日 (星期四) (首尾兩日包括在內)
釐定末期股息權利之記錄日期	二零一七年六月二十二日 (星期四)
預期末期股息寄發日期	二零一七年七月二十一日 (星期五)

末期股息將於二零一七年七月二十一日 (星期五)或之前按有權獲派末期股息之持有人各自之登記地址寄發予彼等，郵誤風險由彼等自行承擔。

建議末期股息

董事會建議派發截至二零一六年十二月三十一日止年度之末期股息每股人民幣0.046元 (二零一五年：每股人民幣0.036元 (未考慮任何稅務影響))，涉及總額約為人民幣208,027,000元 (二零一五年：人民幣162,804,000元)，須於即將舉行之二零一六年股東週年大會獲本公司股東批准後，方可作實。應付非上市股份持有人及滬港通及深港通所涉及的H股持有人的股息將以人民幣支付，而應付H股持有人的股息將以人民幣宣派並以港元支付，匯率將按股東週年大會前一週中國人民銀行公佈之平均匯率計算。待股東週年大會批准後，二零一六年末期股息將於二零一七年七月二十一日派付。

PROPOSED FINAL DIVIDEND (continued)

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"), 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.

建議末期股息 (續)

根據二零零八年一月一日生效之《中華人民共和國企業所得稅法》及其實施規則，凡中國境內企業於二零零八年一月一日開始之財政期間向非居民企業股東派發股息，須按10%的稅率就有關非居民企業股東代扣企業所得稅。因此，作為中國境內企業，本公司將在代扣代繳末期股息中10%企業所得稅後向非居民企業股東（即以非個人股東名義持有本公司股份之任何股東，包括但不限於以香港中央結算（代理人）有限公司、或其他代理人或受託人、或其他組織及團體名義登記的H股股東）派發末期股息。

根據《中華人民共和國個人所得稅法》、《中華人民共和國個人所得稅法實施條例》、《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)（「稅收協定通知」）、其他相關法律及法規以及其他監管檔，作為代扣代理，本公司須就H股個人持有人獲派之股息代扣代繳個人所得稅。然而，H股個人持有人可根據中國與其居民身份所屬國家（地區）簽署的稅收協議及中國內地和香港或澳門之間的稅收安排的規定，享有若干稅收優惠。就H股個人持有人整體而言，本公司將按10%稅率代H股個人持有人代扣代繳派發股息的個人所得稅。然而，海外H股個人持有人之適用稅率可能因中國與其居民身份所屬國家（地區）簽署的稅收協議而有所不同，因此，本公司將就派發股息代H股個人持有人代扣代繳個人所得稅。

PROPOSED FINAL DIVIDEND (continued)

The cash dividends for investors through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect will be paid in Renminbi. Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Caishui [2014] No.81 《關於滬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[2014]81號)》 and the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Caishui [2016] No.127 《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2016]127號)》, for dividend received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors.

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.

建議末期股息 (續)

投資者通過滬港通和深港通取得的現金紅利將以人民幣派發。根據《關於滬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[2014]81號)》和《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)》,對內地個人投資者通過滬港通和深港通投資於香港證券交易所上市的H股取得的股息,有關H股公司按照20%的稅率代投資者代扣個人所得稅。

本公司將根據名列本公司H股股東名冊的H股個人股東的登記地址(「登記地址」)確定其所在國家。如H股個人股東的住所與登記地址不符或希望申請退還最終多扣繳的稅款, H股個人股東須通知本公司並提供相關證明文件,證明文件經相關稅務機關審核後,本公司會遵照稅務機關的指引執行與代扣稅款相關的規定和安排。如H股個人股東未能向本公司提供相關證明文件,可按稅收協定通知的有關規定自行或委託代理人辦理有關手續。

對於H股個人股東的納稅身份或稅務待遇及因H股個人股東的納稅身份或稅務待遇未能及時確定或不準確確定而引致或相關的任何申索或對於代扣機制或安排的任何爭議,本公司概不負責,亦不承擔任何責任。

建議股東就彼等擁有及處置本公司H股所涉及的中國、香港及其他地方的稅務影響,諮詢彼等之稅務顧問。

CHAIRMAN'S STATEMENT 主席報告書

ACKNOWLEDGEMENTS

The Group's various achievements as mentioned above are attributable to the continued supports of the staff, customers and business partners and shareholders. I would like to take this opportunity to express my most sincere thanks for all your contributions!

On behalf of the Board

Zhang Hua Wei

Chairman

22 March 2017

致謝

本人在上文提及本集團各項成就，均有賴於全體僱員、顧客及業務夥伴和各位股東一貫以來不斷的支持。對於彼等的貢獻，本人謹此致以深切感謝！

代表董事會

張華威

主席

二零一七年三月二十二日

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.

產品結構優化調整

年內，本集團毛利率水平從59.4%上升到61.5%，主要得益於產品結構的持續優化，其次，持續進行管理改進、技術更新，及原料採購成本下降也做出了一定的貢獻。

1. 常規耗材：本集團常規產品錄得營業額約人民幣4,833,340,000元，較去年增長11.5%。

年內，本集團特種精密過濾輸液器、特定用途輸液器與發明的非PVC材料所製造之輸液器的銷售保持了增長態勢，帶動本集團輸液器產品錄得銷售額約為人民幣1,572,897,000元，較去年增長9.4%。董事相信，帶有精密過濾器及滿足臨床特定用途之輸液器與非PVC輸液器產品在中國市場具有發展空間，本集團將繼續鞏固在該領域的核心競爭優勢。

本集團的針類製品錄得營業額約人民幣895,272,000元，較去年增長9.0%。本年，國內針類製品廠商的銷售還呈激烈競爭的態勢，本公司積極調整產品結構及配套營銷策略，持續增加市場投入及加大新產品研發力度，透過安全型留置針及留置針配套耗材的銷售帶動該類產品整體收入的增加，公司將加強在針製品業務的持續投入，使該業務成為本公司日後發展的重要領域之一。

OPTIMIZATION OF PRODUCT MIX (continued)

1. (continued)

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.

產品結構優化調整 (續)

1. (續)

年內，預充式注射器及沖管注射器產品錄得營業額約為人民幣598,839,000元，較去年增長34.5%。預充式注射器及沖管注射器產能發揮良好。預充式注射器克服了國內疫苗行業特殊事件的不利影響，充分發揮多個細分美容產品的包裝材料和生物醫藥市場優勢，仍保持較高增長速度。沖管注射器繼續保持超高速增長勢頭，對耗材整體增長起帶動作用。本集團繼續於該領域市場保持優勢地位。

年內，創傷手術護理產品錄得營業額約為人民幣171,624,000元，較去年增長66.7%。吻合器、縫合線及功能性敷料等產品市場拓展良好，銷售額增長較大。

2. 本公司之附屬公司威海威高血液淨化製品有限公司(「威高血液淨化」)之業務健康發展，年內，威高血液淨化營業收入約人民幣1,093,502,000元，較去年增長18.3%；血液透析耗材產品錄得營業額約為人民幣883,008,000元，較去年增長20.1%，血液透析設備錄得營業額約為人民幣210,494,000元，較去年增長11.1%。

OPTIMIZATION OF PRODUCT MIX (continued)

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.

產品結構優化調整 (續)

3. 骨科業務年內營業收入約人民幣803,498,000元，較去年增長22.2%。骨科分部本年通過渠道下沉、搭建物流平台、開闢直銷業務等措施，較好的拉動了銷售的增長。前期陸續投入市場的脊柱類、關節類產品為銷售增長提供有力支撐。

受以上產品結構調整舉措的影響，年內，本集團高附加值產品（毛利率超過60%）之營業收入佔營業收入總額之百分比維持在56.7%（二零一五年：55.8%）。

研究與開發

截至二零一六年十二月三十一日止十二個月，本集團新取得產品註冊證46項，已經研發完成、尚在取證過程中的有63項，新獲得專利61項，正在申請中的100項。

注重研發的策略提升了公司的競爭力，為充分利用客戶資源奠定了基礎，並為集團盈利提供了新的增長點。

截至二零一六年十二月三十一日止十二個月，本集團擁有超過410餘項產品註冊證，超過480餘項專利，其中72項是發明專利。

基於產品結構戰略性調整的要求，本集團繼續加大在現有產品系列和多個新醫療器械領域的研發投入，以進一步完善產品系列和拓寬產品領域，持續保持本土研發實力的領先地位。截至二零一六年十二月三十一日止十二個月，研發之總開支約為人民幣302,679,000元（二零一五年：約人民幣292,658,000元），佔收入的4.5%（二零一五年：4.9%）。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

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 report, 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:

生產

年內，本集團為了持續擴大產能，繼續擴建了包括沖管注射器車間、血液透析器車間等生產設施，以滿足未來市場增長的銷售需求。

銷售及市場推廣

本集團持續優化了營銷管理，年內對常規耗材部類營銷管理流程及職能進行完善，進一步提高一線營銷管理效率，以密切回應市場。本集團開展大客戶管理取得成效。同時增加了銷售人員的數量，投放更多資源以支持市場渠道，並繼續推廣院長及醫護人員培訓項目。

年度內，本集團強化了銷售管理體系，將營銷資源重點聚焦於二甲級以上醫院的客戶開發與維護。截至二零一六年十二月三十一日止十二個月，新增客戶110家，其中新增醫院14家，其他醫療單位35家，經銷商61家。於本報告刊發日期，本集團的客戶總數為5,408名（包括醫院3,146家、血站414家、其它醫療單位678家和經銷商1,170家）。

各種產品在不同地區的銷售佔比及與去年對比如下：

TURNOVER BY GEOGRAPHICAL SEGMENTS

營業收入地區分部

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	Increase/ (Decrease) over corresponding period % 較同期 增減 %
Eastern and Central	華東與華中	2,992,813	2,576,847	16.1
Northern	華北	1,382,282	1,225,248	12.8
Northeast	東北	664,994	576,950	15.3
Southern	華南	604,904	554,030	9.2
Southwest	西南	595,432	534,093	11.5
Northwest	西北	226,537	182,262	24.3
Overseas	海外	263,378	269,500	(2.3)
Sub-total	小計	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.

渠道的整合，增強了本集團在直銷高端客戶群的滲透力、影響力，提高了單客戶的貢獻率，使單客戶平均銷售額較去年增長約11.4%。持續推進高端客戶的產品滲透率，是本集團拉動收入增長的一項重要手段。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

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:

產品結構的調整為提升年內業績的另一項重要因素，年內本集團重點推進高附加值輸液器的銷售，使高附值產品收入佔總收入之比例增長。各主導產品銷售收入與上年對比情況如下：

Product category 產品類別	For the twelve months ended 31 December 截至十二月三十一日止十二個月			For the six months ended 31 December 截至十二月三十一日止六個月		
	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	Over corresponding period 較同期 %	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	Over corresponding period 較同期 %
Infusion sets 輸液器	1,572,897	1,437,114	9.4	814,992	739,287	10.2
Needles 醫用針製品	895,272	821,676	9.0	468,449	408,988	14.5
Syringes 注射器	757,702	689,892	9.8	389,080	355,609	9.4
Pre-filled syringes 預充式注射器	598,839	445,257	34.5	307,107	211,160	45.4
Blood bags 血袋製品	274,623	315,814	(13.0)	141,973	155,360	(8.6)
Wound management 創傷手術護理	171,624	102,956	66.7	87,668	57,820	51.6
Blood sampling products 採血產品	89,640	74,403	20.5	46,283	39,998	15.7
PVC granules PVC粒料	53,003	55,543	(4.6)	25,939	28,466	(8.9)
Others 其他	419,740	393,884	6.6	200,339	214,957	(6.8)
Sub-total for single-use consumables 一次性使用耗材小計	4,833,340	4,336,539	11.5	2,481,830	2,211,645	12.2
Orthopaedic products 骨科產品	803,498	657,702	22.2	462,986	301,730	53.4
Blood purification consumables 血液淨化耗材	883,008	735,234	20.1	477,847	413,091	15.7
Blood purification equipments 血液淨化設備	210,494	189,455	11.1	112,251	115,580	(2.9)
Total 總計	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 二零一六年	2015 二零一五年
Production	生產	5,882	5,769
Sales and marketing	銷售及市場推廣	2,642	2,386
Research and development	研發	1,099	991
Finance and administration	財務及行政	495	408
Quality control	質量控制	218	158
Management	管理	172	112
Purchasing	採購	67	37
Total	總計	10,575	9,861

Save for the 4 employees (including company secretary) who are resided in Hong Kong, 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.

人力資源

於二零一六年十二月三十一日，本集團共聘用10,575名僱員，與去年比較的部門分析如下：

部門

		2016 二零一六年	2015 二零一五年
生產		5,882	5,769
銷售及市場推廣		2,642	2,386
研發		1,099	991
財務及行政		495	408
質量控制		218	158
管理		172	112
採購		67	37
總計		10,575	9,861

除4名僱員（包括公司秘書）於香港居住外，本集團的所有僱員均位於中國內地。本年度，本集團在員工薪資、福利、社會保障等的成本總額約為人民幣1,622,206,000元（二零一五年：人民幣1,154,802,000元）。

薪酬訂立制度

本集團的薪酬政策是根據其表現，本地的消費水平變化和人力資源市場競爭狀況釐定。該釐定的薪酬政策作為聘任不同崗位僱員薪資水平的基準。每位僱員的薪資視乎僱員的表現、能力、任職條件及本公司的預定薪資標準而定。董事的酬金是由薪酬委員會經參考本公司的經營業績、董事個人表現及市場競爭情況的基礎上制定薪酬方案，並經股東於股東週年大會上授權董事會釐定。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

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

Turnover	營業額
Gross profit	毛利
Net profit attributable to the owners of the Company	本公司擁有人應佔純利
Net profit attributable to the owners of the Company (excluding extraordinary items)	不計特殊項目本公司擁有人應佔純利

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.

財務回顧

截至二零一六年十二月三十一日止年度，年度營業額達至人民幣6,730,340,000元，較上一財政年度增長了13.7%。本公司擁有人應佔純利約人民幣1,105,933,000元（二零一五年：本公司擁有人應佔純利約人民幣1,112,736,000元），較上一年度下降約0.6%。不計特殊項目的本公司擁有人應佔純利約人民幣1,308,964,000元（二零一五年：不計特殊項目的本公司擁有人應佔純利約人民幣1,112,736,000元），較上一年度上升約17.6%。

財務摘要

	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	Growth 增長 %
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

年內，特殊項目為骨科股權激勵產生之費用294,889,000元中，影響本公司擁有人應佔純利約為人民幣203,031,000元（二零一五年：無）。

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.

流動資金及財務資源

本集團於本年度維持良好的財務狀況。於二零一六年十二月三十一日，本集團現金及銀行結餘約為人民幣4,071,892,000元。截至二零一六年十二月三十一日止年度，本集團經營活動現金流量淨額約為人民幣1,053,139,000元，現金流量狀況健康。

截至二零一六年十二月三十一日止年度，本集團的利息支出總額約為人民幣56,762,000元（二零一五年：約為人民幣44,497,000元）。

資本負債比率

於二零一六年十二月三十一日，本集團淨現金總額約為人民幣2,879,281,000元（二零一五年：人民幣2,693,053,000元）。淨現金總額的變動主要由於現金管理良好所致。

匯率風險

本集團的採購和銷售以中國為主。其所有資產、負債及交易均以人民幣計值。截至二零一六年十二月三十一日止年度，本集團並無因匯率波動而遇到重大困難或自身的營運資金因此受到影響。截至二零一六年十二月三十一日止十二個月，本集團並無任何重大外匯波動及任何相關風險之對沖。

由於匯率變動，本公司於截至二零一六年十二月三十一日止年度，實現匯兌損失合人民幣5,518,000元（二零一五年：匯兌虧損折合人民幣3,424,000元）。

或有負債

本集團截至二零一六年十二月三十一日止，不存在重大的或有負債。

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.

重大投資／未來重大投資計劃

1. 本年度，本集團繼續投資約人民幣621,104,000元，用於購買生產設備與建設廠房，為完善本集團醫療耗材工業園整體建設之用。
2. 2017年計劃投資人民幣290,000,000元購置血液淨化四期兩條透析器生產線，預計2017年末或2018年初陸續投入生產。
3. 2017年計劃投資人民幣80,000,000元的預充注射器新生產線，預計2019年底可投產。
4. 2017年一次性耗材的設備更新與改造項目還在持續進行中，預計繼續投入100,000,000元，進一步提升生產的自動化水平。

除上述重大投資與投資計劃外，於二零一六年十二月三十一日，本集團並無重大資本承擔，無參與重大投資或購入資本資產之未來計劃。日期為二零一七年一月二十三日之公佈所述之視作出售於威高血液淨化之權益除外。於本年度亦無進行任何其他附屬公司及聯營公司之重大收購及出售事項。

資本承擔

於二零一六年十二月三十一日，本集團及本公司已經簽約但尚未作出撥備的購置物業、廠房及設備的資本承擔約為人民幣472,729,000元（二零一五年：人民幣406,092,000元），上述款項將以本集團之內部資源支付。

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).

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 DEHP-free infusion sets, radiation-resistant 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.

本集團資產抵押

於二零一六年十二月三十一日，本集團並無抵押土地使用權及樓宇（二零一五年：人民幣零元），惟本集團已質押對全資子公司威高潔瑞的股權以獲取國際金融公司的長期借款，及已抵押存款人民幣36,980,000元（二零一五年：人民幣46,173,000元）以獲取授予本集團的票據及銀行貸款額度。

儲備及可供分派儲備

於二零一六年十二月三十一日，本集團儲備總額為人民幣11,414,344,000元（二零一五年：人民幣10,210,540,000元）。

根據中國的法律及條例，本公司可供分派的儲備將以按照中國會計原則及規則所計算金額與按照香港公認會計原則所計算金額中的較低者為基準。於二零一六年十二月三十一日，本公司可供分派的儲備約為人民幣2,942,314,000元（二零一五年：人民幣2,667,709,000元）。

展望二零一七年

公司通過自身研發及借助與科研院所的合作，強化產品升級與產品研發能力，進一步鞏固現有產品線，突出產品操作安全與患者使用安全，改善患者治療體驗，更多、更快地推出儲備產品，抵消各種不利因素影響，保持公司競爭優勢。年內公司將推出或強化非鄰苯輸液器、耐輻照輸液器、中心靜脈導管、動脈血氣針、COP（環烯烴聚合物）預灌封注射器、沖管注射器、腹膜透析產品、骨科脊柱和關節等一系列新產品。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

LOOKING FORWARD TO 2017 (continued)

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.

展望二零一七年 (續)

鑒於大客戶平台已取得的成效，公司將繼續保持該策略的延續性，持續將公司各種產品透過大客戶平台提升客戶貢獻。圍繞公司產業鏈開展融資租賃業務，形成金融服務與產品銷售相互拉動。

對於「兩票制」、招標降價等國家醫改政策的深入實施，公司認為該等政策在短期內對業績可能造成一定程度的不利影響，但長期將提高行業集中度，有利於行業內優秀企業的成長。

海外市場是公司中長期戰略佈局之重點，公司將積極開展海外業務佈局，推進產品在歐洲、北美地區的註冊工作，逐步建立長期穩定的銷售渠道，預計海外市場收入佔集團總收入比例將逐步提高。

公司將擇機通過股權投資、併購等手段完善、延伸現有產品線、引進先進技術。重點在骨科、外科耗材及創傷管理領域尋求項目標的。

持續開展生產領域技術改造，不斷提高產品質量、提升生產效率，保持成本優勢。

公司董事會審視中國血液透析市場競爭態勢，綜合權衡，對血液淨化公司實施增資與股權激勵，保持血液淨化業務國內競爭優勢。

管理層相信，憑借公司豐富的產品線及堅實的研發優勢，不斷推出新產品、完善產品升級，堅持適應市場、面向未來的經營策略，激勵僱員的創造性，公司將保持中國市場領先地位、經營業績將穩健增長。

To all shareholders:

The Supervisory Committee (the “Supervisory Committee”) of Shandong Weigao Group Medical Polymer Company Limited, in compliance with the relevant requirements of the Company Law and the Articles of Association of the Company, has conducted its work in accordance with the fiduciary principle, and has taken up an active role to work seriously and with diligence to protect the interests of the Company and its shareholders.

During the Year, the Supervisory Committee had reviewed cautiously the development plans of the Company and provided reasonable suggestions and opinions to the Board. It also strictly and effectively monitored and supervised the Company’s management in making significant policies and decisions to ensure that they are in compliance with the relevant requirements of the Company Law and the Articles of Association of the Company, and in the interests of its shareholders.

We have reviewed and agreed to the report of the Directors, audited financial statements and the dividend to be proposed by the Board for presentation at the forthcoming annual general meeting. We are of the opinion that the Directors, the chief executive officer and other senior management of the Company are able to strictly observe their fiduciary duty, to act diligently, to exercise their authority faithfully in the best interests of the Company and to work in accordance with the Articles of Association of the Company. The transactions between the Company and connected parties are in the interests of the shareholders as a whole and under fair and reasonable price.

As of today, none of the Directors, chief executive officer and senior management staff had been found to have abused their authority, damaged the interests of the Company or infringed upon the interests of its shareholders and employees. None of them was found to be in breach of any laws and regulations or the Articles of Association of the Company.

致各位股東：

山東威高集團醫用高分子製品股份有限公司監事會（「本監事會」）遵照公司法及本公司組織章程細則的有關規定，遵守誠信原則，認真履行職責，保護本公司及其股東利益，勤勉主動地開展工作。

在年度內，本監事會對本公司的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決定是否符合公司法及本公司組織章程細則的有關規定，是否符合股東利益等，進行了嚴謹及有效的監督。

本監事會已審閱並同意董事會提呈予應屆股東週年大會的董事會報告、經審核財務報表及建議派發的股息。本監事會認為本公司董事、行政總裁及其他高級管理人員能夠嚴格遵守誠信原則，工作勤勉盡職並真誠地以本公司最佳利益為出發點行使職權，並按照本公司組織章程細則開展各項工作。本公司與關連人士進行的交易均符合股東的整體利益，且價格公平合理。

本監事會至今並無發現董事、行政總裁及高級管理人員濫用職權，損害本公司利益或侵犯本公司股東和員工權益的行為，亦未發現上述人員違反任何法律法規或本公司的組織章程細則。

REPORT OF THE SUPERVISORY COMMITTEE 監事會報告書

The Supervisory Committee is satisfied with the achievement and cost-effectiveness of the Company in 2016 and has great confidence in the future prospect of the Company.

本監事會對本公司於二零一六年的各項工作和取得的成本效益表示滿意，並對本公司的未來前景充滿信心。

By Order of the Supervisory Committee
**Shandong Weigao Group Medical Polymer
Company Limited**
Bi Dong Mei
Chairman of Supervisory Committee
Weihai, Shandong Province, the PRC

22 March 2017

承監事會命
**山東威高集團醫用高分子製品股份
有限公司**
監事會主席
畢冬梅
中國山東省威海市

二零一七年三月二十二日

The Directors are pleased to submit their annual report, including discussion on the Company's environmental policies and performance on pages 72 to 84 to this report and the audited financial statements of the Group for the year ended 31 December 2016.

The Company was established and registered as a joint stock company with limited liability in the PRC under the Company Law of the PRC on 28 December 2000. The H Shares of the Company were listed on GEM board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 27 February 2004 and were transferred to Main Board of the Stock Exchange on 29 July 2010.

PRINCIPAL ACTIVITIES

Based in Shandong province, the Company is principally engaged in the research and development, production and sale of single-use medical devices. The Group has a wide range of products, which includes: 1) consumables (infusion set, syringes, medical needle, blood bags, pre-filled syringes, wound management, blood sampling products, and other consumables); 2) orthopedic products; and 3) blood purification consumables and equipment. The Group's products are sold under its own brand names, including "Jierui" and "Wego Ortho". The products are sold throughout the PRC and exported to overseas. As at the date of this report, 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).

PROPERTY, PLANT AND EQUIPMENT

The Group acquired property, plant and equipment during the year of 2016 at an aggregate cost of approximately RMB771,981,000 in order to enhance its production capacity. Details of movements in the property, plant and equipment of the Group are set out in note 13 to the financial statements.

SHARE CAPITAL

As at 31 December 2016, there was a total issued share capital of 4,522,332,324 shares of the Company (the "Shares") which include:

董事欣然提呈本集團截至二零一六年十二月三十一日止年度的年報(包括有關本報告第72至84頁之本公司環境政策及表現之討論)及經審核財務報表。

本公司於二零零零年十二月二十八日根據中國公司法在中國成立並註冊為股份有限公司。本公司H股自二零零四年二月二十七日起在香港聯合交易所有限公司(「聯交所」)創業板上市，並於二零一零年七月二十九日轉板至聯交所主板。

主要業務

本公司位於山東省，主要從事研發、生產及銷售一次性醫療器械。本集團的產品種類繁多，包括：1) 耗材(輸液器、注射器、醫用針製品、血袋、預充式注射器、創傷手術護理、採血產品及其他使用耗材)；2) 骨科材料；及3) 血液淨化耗材及設備。本集團以自有品牌包括「潔瑞」及「威高骨科」出售產品。產品銷售中國各地和出口至海外。於本報告日期，本集團擁有總計5,408家(包括3,146家醫院、414家血站、678家其他醫療單位及1,170家經銷商)的客戶基礎。

物業、廠房及設備

本集團為提高產能而於二零一六年年內購置物業、廠房及設備的總成本約人民幣771,981,000元。有關本集團物業、廠房及設備的變動詳情，載於財務報表附註13。

股本

於二零一六年十二月三十一日，本公司全部已發行股本為4,522,332,324股股份(「股份」)，當中包括：

		Number of Shares 股份數目	Approximate percentages 概約百分比
Non-listed Shares	非上市股份	2,638,600,000	58.35%
H Shares	H股	1,883,732,324	41.65%

REPORT OF THE DIRECTORS 董事會報告

SHARE CAPITAL (continued)

The changes in share capital of the Company are set out in note 31 to the financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

As at 31 December 2016, total reserves of the Group amounted to RMB11,414,344,000 (2015: RMB10,220,540,000).

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)

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors of the Company during the Year were:

Executive directors

Mr. Zhang Hua Wei
Mr. Wang Yi
Mr. Gong Jian Bo
Mr. Xia Lie Bo

Non-executive directors

Mr. Chen Xue Li
(resigned with effect from 22 March 2016)
Mrs. Zhou Shu Hua

Independent non-executive directors

Mr. Lo Wai Hung
Mr. Li Jia Miao
(resigned with effect from 30 December 2016)
Mrs. Fu Ming Zhong
Mrs. Wang Jin Xia

股本 (續)

本公司的股本變動載於財務報表附註31。

儲備及可供分派儲備

於二零一六年十二月三十一日，本集團儲備總額為人民幣11,414,344,000元（二零一五年：人民幣10,220,540,000元）。

根據中國的法律及條例，本公司可供分派的儲備將以按照中國會計原則及規則所計算金額與按照香港公認會計原則所計算金額中的較低者為基準。於二零一六年十二月三十一日，本公司可供分派的儲備約為人民幣2,942,314,000元（二零一五年：人民幣2,667,709,000元）。

董事及董事服務合約

年內，本公司的董事為：

執行董事

張華威先生
王毅先生
弓劍波先生
夏列波先生

非執行董事

陳學利先生
(於二零一六年三月二十二日辭任)
周淑華女士

獨立非執行董事

盧偉雄先生
李家淼先生
(於二零一六年十二月三十日辭任)
付明仲女士
王錦霞女士

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS (continued)

Each of the directors entered into service agreements with the Company. The service contracts were signed for an initial term of three years, unless and until terminated by either party by giving notice to the other party with three months' notice in writing. In accordance with the Company's Articles of Association, the service agreements of all directors are renewable for successive three-year terms upon expiry.

The service agreements for directors do not stipulate for any amount of remuneration or bonus payment to be paid for services provided. The executive directors are paid with a fixed sum of annual salaries for holding positions in the Company and entitled to welfare benefits (including retirement benefits and medical insurance) in accordance with the relevant laws and regulations in the PRC. All two non-executive directors waived their directors' remuneration for the year ended 31 December 2016 and accepted a nominal annual fee of RMB1.00.

According to the respective service agreements entered into between the Company and each of the four independent non-executive directors, each of Mrs. Fu Ming Zhong, Mrs. Wang Jin Xia and Mr. Li Jia Miao (resigned on 30 December 2016) received an annual fee of RMB108,000, and Mr. Lo Wai Hung received an annual fee of HK\$180,000.

Apart from the foregoing, no directors have a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

No director, either directly or indirectly, is in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the Year.

董事及董事服務合約 (續)

每名董事已與本公司訂立服務合約。服務合約已簽署初步為期三年，除非及直至任何一方給予另一方三個月的書面通知予以終止。根據本公司的組織章程細則，所有董事的服務協議均可於屆滿時再續三年。

董事的服務協議均無訂明其提供服務可獲取的任何酬金或花紅款額。執行董事獲支付固定年薪以擔任本公司職務，並根據中國有關法律和法規，有權享有各項福利待遇（包括退休福利及醫療保險）。所有兩名非執行董事於截至二零一六年十二月三十一日止年度放棄彼等的董事酬金，收取名義年度袍金人民幣1.00元。

根據本公司與四名獨立非執行董事各自訂立之有關服務協議，付明仲女士、王錦霞女士及李家淼先生（於二零一六年十二月三十日辭任）各自收取年度袍金人民幣108,000元，而盧偉雄先生收取年度袍金180,000港元。

除上述者外，董事概無與本公司訂立本公司不可於一年內未有支付賠償（法定賠償除外）而終止的服務合約。

董事於合約中的權益

概無董事於年內簽訂對本集團業務直接或間接屬重大的任何合約，而本公司、其控股公司或其任何附屬公司或同系附屬公司屬訂約方。

DIRECTORS' INTERESTS AND LONG POSITIONS IN SHARES

As at 31 December 2016, the interests of the directors in the share capital of the Company and their associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")), (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities transactions by Directors of Listed Companies (the "Model Code") contained in the Listing Rules:

(i) Long positions of non-listed Shares of RMB0.10 each of the Company

Name of Director	Types of interests	Capacity	Total number of non-listed Shares	Approximate percentage of the issued share capital of the Company 佔本公司已發行股本的概約百分比
董事姓名	權益類別	身份	非上市股份總數	
Mr. Zhang Hua Wei 張華威先生	Personal 個人	Beneficial owner 實益擁有人	32,400,000	0.716%
Mr. Wang Yi 王毅先生	Personal 個人	Beneficial owner 實益擁有人	23,400,000	0.517%
Mrs. Zhou Shu Hua 周淑華女士	Personal 個人	Beneficial owner 實益擁有人	15,300,000	0.338%

In addition, Mr. Chen Lin, son of Mr. Chen Xue Li is holder of the Company's 200,000 non-listed Shares, representing 0.004% of the issue share capital of the Company.

董事於股份的權益及好倉

於二零一六年十二月三十一日，董事於本公司及其相聯法團（定義見香港法例第571章證券及期貨條例（「證券及期貨條例」）第XV部）之股本中擁有(i)根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所之權益（包括根據證券及期貨條例的相關條文彼等視作或被視為擁有的權益或淡倉），或(ii)將予記入本公司根據證券及期貨條例第352條須存置之登記冊之權益，或(iii)根據上市規則所載的上市公司董事進行證券交易之標準守則（「標準守則」）而須知會本公司及聯交所之權益如下：

(i) 於本公司每股面值人民幣0.10元非上市股份中的好倉

另外，陳學利先生之子陳林先生乃本公司200,000股非上市股份的持有人，佔本公司已發行股本的0.004%。

DIRECTORS' INTERESTS AND LONG POSITIONS IN SHARES (continued)

董事於股份的權益及好倉 (續)

(ii) Long positions in the registered capital of the ultimate holding company, Weigao Holding, an associated corporation of the Company

(ii) 於最終控股公司威高集團公司(本公司相聯法團)註冊資本的好倉

Name of director	Capacity	Amount of registered capital	Approximate percentage of the registered capital of Weigao Holding 佔威高集團註冊資本概約百分比
董事姓名	身份	註冊資本金額	
Weihai Weigao International Medical Investment Holding Company Limited* (Note) 威海威高國際醫療投資控股有限公司(附註)	Registered owner 登記擁有人	1,078,000,000	89.83%
Mr. Chen Xue Li 陳學利先生	Beneficial owner 實益擁有人	69,540,000	5.79%
Mr. Zhang Hua Wei 張華威先生	Beneficial owner 實益擁有人	21,960,000	1.83%
Mrs. Zhou Shu Hua 周淑華女士	Beneficial owner 實益擁有人	12,200,000	1.02%
Mr. Wang Yi 王毅先生	Beneficial owner 實益擁有人	4,880,000	0.41%

Note: 威海威高國際醫療投資控股有限公司 (Weihai Weigao International Medical Investment Holding Company Limited*) is owned as to 61.87% by Mr. Chen Xue Li, 15.96% by Mr. Zhang Hua Wei, 8.87% by Mrs. Zhou Shu Hua, 3.55% by Mr. Wang Yi and 7.09% by Mr. Chen Lin

附註：威海威高國際醫療投資控股有限公司由陳學利先生、張華威先生、周淑華女士、王毅先生及陳林先生分別擁有61.87%、15.96%、8.87%、3.55%及7.09%權益

Other than as disclosed above, none of the Directors nor their associates had any interests or short positions in any shares of the Company or any of its associated corporations as at the date of this report.

除上文披露者外，於本報告日期，概無董事及其聯繫人於本公司或其任何相聯法團任何股份中擁有任何權益或淡倉。

PURCHASE, SALE OR REDEMPTION OF SECURITIES

At no time during the Year were rights to acquire benefits by means of the acquisition of shares in or debenture of the Company granted to any directors or their respective associates or were any such rights exercised by them; or was the Company, its ultimate holding company or any subsidiaries of its ultimate holding company or fellow subsidiaries a party to any arrangement to enable the directors of the Company to acquire such rights in the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2016, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO recorded that other than the interests disclosed above in respect of certain Directors, the following shareholder had notified the Company of relevant interest in the issued share capital of the Company.

購買、出售或贖回證券

於年內任何時間，概無任何董事或彼等各自的聯繫人獲授以收購本公司股份或債券方式獲利的權利，而彼等亦無行使任何該等權利；或本公司、其最終控股公司或其最終控股公司的任何附屬公司或同系附屬公司的任何附屬公司概無訂立任何安排，使本公司董事可收購於本公司或任何其他法人團體的該等權利。

主要股東

於二零一六年十二月三十一日，按本公司根據證券及期貨條例第336節存置的主要股東登記冊所示，除上文披露有關若干董事的權益外，下列股東已知會本公司其於本公司已發行股本中的有關權益。

Name of Shareholder	Capacity	Number of non-listed shares	Percentage of issued non-listed Shares 佔已發行非上市股份百分比	Number of H Shares	Percentage of total issued share capital 佔已發行股本總額的百分比
股東名稱	身份	非上市股份數目		H股數目	
Weigao Holding Company Limited 威高集團有限公司	Beneficial owner 實益擁有人	2,159,755,676	81.85%	0	47.76%

SUBSTANTIAL SHAREHOLDERS (continued)

Save as disclosed above, the following shareholders have disclosed their relevant interests or long positions in the issued share capital of the Company.

Name of substantial shareholder 主要股東名稱	Number of shares interested (See *Notes above) 擁有權益 股份數目 (見上文附註)	% of issued share capital (See *Notes above) 佔已發行 股本百分比 (見上文附註)
JPMorgan Chase & Co.	208,000,064(L) 1,816,000(S) 202,257,867(P)	11.04(L) 0.09(S) 10.73(P)
Joho Partners L.P.	189,747,038(L)	10.07(L)
Karr Robert A.	189,747,038(L)	10.07(L)
RAK Capital, LLC	189,747,038(L)	10.07(L)
Capital Research and Management Company	114,662,000(L)	6.09(L)
BlackRock, Inc.	95,804,532(L) 3,132,000(S)	5.09(L) 0.70(S)

Note: (L) – Long Position, (S)– Short Position, (P) – Lending Pool

*Source: Website of Hong Kong Stock Exchange

MAJOR CUSTOMERS AND SUPPLIERS

In 2016, sales to the Group's five largest customers accounted for 3.1% of the total sales for the year and sales to the largest customer included therein accounted for 0.9% of the total sales of the year. Purchases from the Group's five largest suppliers accounted for 22.5% of the total purchases for the year and purchases from the largest supplier included therein accounted for 9.9% of the total purchases of the Year. During the Year, none of the directors of the Company or any of their associates or any shareholders (which to the knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the top five customers and suppliers of the Group.

主要股東 (續)

除上文披露者外，下列股東已披露彼等於本公司已發行股本中擁有的相關權益或好倉。

Name of substantial shareholder 主要股東名稱	Number of shares interested (See *Notes above) 擁有權益 股份數目 (見上文附註)	% of issued share capital (See *Notes above) 佔已發行 股本百分比 (見上文附註)
JPMorgan Chase & Co.	208,000,064(L) 1,816,000(S) 202,257,867(P)	11.04(L) 0.09(S) 10.73(P)
Joho Partners L.P.	189,747,038(L)	10.07(L)
Karr Robert A.	189,747,038(L)	10.07(L)
RAK Capital, LLC	189,747,038(L)	10.07(L)
Capital Research and Management Company	114,662,000(L)	6.09(L)
BlackRock, Inc.	95,804,532(L) 3,132,000(S)	5.09(L) 0.70(S)

附註：(L)–好倉、(S)–淡倉、(P)–可供借出的股份

*資料來源：香港聯交所網站

主要客戶及供應商

於二零一六年，向本集團五大客戶的銷售佔年內總銷售3.1%，而向其中最大客戶的銷售則佔年內總銷售0.9%。向本集團五大供應商所作採購佔年內總採購額22.5%，而向其中最大供應商所作採購則佔年內總銷售額9.9%。年內，本公司董事、其任何聯繫人或據董事所知擁有本公司已發行股本5%以上的股東概無於本集團五大客戶及供應商中擁有任何實益權益。

SHARE AWARD SCHEME REGARDING NON-LISTED SHARES

On 17 November 2014 (the "Adoption Date"), the Company's share award scheme ("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 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 as of the date of the Adoption Date, 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. On 11 December 2015, the first batch of the Incentive Share Scheme granted 45,960,000 shares. 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 and circular dated 15 August 2014 and 30 September 2014, respectively.

According to the Incentive Share Scheme, the incentive shares will be granted to the Selected Employee, subject to vesting conditions. For the Year, the Company did not grant any incentive shares. Details of the number of incentive Shares issued are set out in note 33(a) on pages 183 to 185 of this report.

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. Details are set out in note 33(b) on pages 185 to 186 of this report.

有關非上市股份之員工股份激勵計劃

於二零一四年十一月十七日(「採納日期」),本公司通過股東特別大會、H股持有人類別大會及本公司非上市股份持有人類別大會採納股份激勵計劃(「激勵股份計劃」)。根據股份激勵計劃可發行非上市股份之最多數目將為223,818,616股,分別相當於本公司截至採納日期之已發行股本5%或經發行223,818,616股非上市股份擴大後本公司已發行股本約4.76%,於隨後年度向本集團主要人員及薪酬委員會批准的其他人士(「受益人」)分批發行作為激勵股份。於二零一五年十二月十一日,第一批激勵股份計劃授出45,960,000股股份。激勵股份計劃之年期為十年。激勵股份計劃之詳情分別載於本公司日期為二零一四年八月十五日及二零一四年九月三十日之公佈及通函內。

根據激勵股份計劃,激勵股份將在歸屬條件的規限下授予受益人。年內,本公司並無授出任何激勵股份。已發行激勵股份數目之詳情載於本年報第183至185頁附註33(a)。

有關威高骨科非上市股份之員工股份激勵計劃

於二零一六年五月十二日,兩家有限合夥企業(即威海弘陽瑞信息技術中心(有限合夥)及威海永耀貿易中心(有限合夥))以代價人民幣311,111,000元認購22,222,222股股份(相當於威高骨科之10%股權)。兩家有限合夥企業均由威高骨科管理團隊成員控制及實益擁有。認購事項旨在嘉許管理團隊的貢獻及激勵管理團隊成員。代價與已發行股份公平值之間的差額人民幣294,889,000元確認為以股份為基礎的付款開支。詳情載於本報告第185至186頁附註33(b)

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 (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 Company shall repay the Loan in one lump sum on 15 March 2020. The Loan will be used to facilitate the business development of Weigao Blood Purification Products Company Limited (“Weigao Blood”) to establish blood dialyzer and related products manufacturing capacity and to open additional hemodialysis centers in China.

Under the share pledge agreement entered into between Weigao Holding Company Limited (“Weigao Holding”), the Company and IFC on 27 January 2015 (the “Share Pledge Agreement”), Weigao Holding must ensure at any time the equivalent market value of the shares pledged shall be equivalent to at least one point five (1.5) times the outstanding amount of the loan. The shares pledged to secure the long-term borrowing is 230 million non-listed shares held by Weigao Holding and the equity interest of the Company in Weihai Jierui Medical Products Company Limited. As at the date of this report, Weigao Holding holds 2,159,755,676 shares in the Company, representing 47.76% of the total issued share capital of the Company. Details of the Loan Agreement are set out in the announcement of the Company dated 27 January 2015.

TERMINATION OF PROPOSED SPIN OFF ON HONG KONG STOCK EXCHANGE

The Company has decided not to proceed with the proposed spin-off of Shandong Weigao Orthopaedic Device Company Limited (“Weigao Ortho”) on the Stock Exchange of Hong Kong Limited taking into account of the market conditions. Reference is made to the announcements of the Company dated 18 February 2015 and 11 March 2016.

與國際金融公司訂立之貸款協議

於二零一五年一月二十七日，本公司與世界銀行集團成員公司及全球最大之專注於私人市場之發展機構國際金融公司（「國際金融公司」）訂立本金額為人民幣600,000,000元（「貸款」）之五(5)年期貸款協議（「貸款協議」）。本公司將於二零二零年三月十五日一筆過償還貸款。貸款將用於促進威海威高血液淨化製品有限公司（「威高血液」）之業務發展，以建立血液透析器及相關產品產能及於中國開設更多血液透析中心。

根據威高集團有限公司（「威高集團公司」）、本公司與國際金融公司於二零一五年一月二十七日訂立之股份質押協議（「股份質押協議」），威高集團公司須確保於任何時間已質押股份之相等市值須相等於尚未償還貸款金額之最少一點五(1.5)倍。已質押以獲得長期借貸之股份乃威高集團所持有之230,000,000股非上市股份及本公司於威海潔瑞醫用製品有限公司之股權。於本報告日期，威高集團公司於本公司持有2,159,755,676股股份，相當於本公司之已發行股本總數之47.76%。貸款協議之詳情載於本公司日期為二零一五年一月二十七日之公佈內。

終止於香港聯交所進行建議分拆

經計及市況，本公司決定不繼續於香港聯合交易所有限公司進行山東威高骨科材料股份有限公司（「威高骨科」）之建議分拆。茲提述本公司日期為二零一五年二月十八日及二零一六年三月十一日之公佈。

PROPOSED MAJOR AND DISCLOSEABLE TRANSACTION

On 14 June 2016, the Company and Shandong Weigao Group Logistic Company Limited (Weigao Logistic), a subsidiary of the Company, entered into the asset transfer agreement with, among others, Zhuhai Winbase International Chemical Tank Terminal Co., Ltd. ("Winbase International"), a company established under the laws of the PRC and the A shares of which are listed on the Shenzhen Stock Exchange, pursuant to which the Company and Weigao Logistic have conditionally agreed to sell, and Winbase International has conditionally agreed to acquire, a 81% equity interest in Weigao Ortho at an aggregate consideration of approximately RMB4,909,000,000. The consideration will be satisfied by (a) the issuance of the Consideration Shares by Winbase International to the Company; and (b) the transfer of the Winbase Assets by Winbase International to Weigao Logistic.

On 14 June 2016, Winbase International and the Company entered into the subscription agreement pursuant to which Winbase International has conditionally agreed to issue, and the Company has conditionally agreed to subscribe 29,732,411 Winbase shares at a cash consideration of RMB300,000,000.

Upon Completion, Winbase international will become a direct non-wholly owned subsidiary of the Company. Details of the transactions above are set out in the Company's announcement dated 15 June 2016.

建議主要及須予披露交易

於二零一六年六月十四日，本公司及本公司附屬公司山東威高集團物流有限公司（「威高物流」）與（其中包括）珠海恒基達鑫國際化工倉儲股份有限公司（「恒基達鑫國際」，一間根據中國法律註冊成立之公司，其A股於深圳證券交易所上市）訂立資產轉讓協議，據此，本公司及威高物流已有條件同意出售，而恒基達鑫國際已有條件同意收購威高骨科之81%股權，總代價約人民幣4,909,000,000元。代價將透過(a)恒基達鑫國際向本公司發行代價股份；及(b)恒基達鑫國際向威高物流轉讓恒基達鑫資產予以支付。

於二零一六年六月十四日，恒基達鑫國際與本公司訂立認購協議，據此，恒基達鑫國際已有條件同意發行，而本公司已有條件同意認購29,732,411股恒基達鑫股份，現金代價為人民幣300,000,000元。

於完成後，恒基達鑫國際將成為本公司之直接非全資附屬公司。上述交易詳情載於本公司日期為二零一六年六月十五日之公佈內。

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors or the management shareholders as defined under the “Listing Rules” of the Company or their respective associates has any interest in a business which competes or may compete with the business of the Group or has any other conflict of interests with the Group.

CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF FRAMEWORK AGREEMENTS

The Company and subsidiaries (collectively the “Group”) renewed the framework purchase agreement, framework sales agreement, framework tenancy agreement and framework services agreement (collectively the “Framework Agreements”) with Weigao Holding Company Limited or its subsidiaries (collectively “Weigao Holding Group”) on 25 November 2016 regarding the respective annual caps for the continuing connected transactions contemplated under the Framework Agreements between the Group and Weigao Holding Group for two years from 1 January 2017 to 31 December 2018. Details of the Framework Agreements were set out in the announcement of the Company dated 25 November 2016.

1. Framework Purchase Agreement

An agreement pursuant to which the Group agrees to purchase and Weigao Holding Group agrees to sell services and medical based products, including and not limited to, medical equipment, medical raw materials, sanitary products, medical packaging materials, pharmaceutical and fitting out services on a non-exclusive basis. The annual cap for the purchase transactions between the Group and Weigao Holding Group shall not exceed RMB302.0 million for the year ended 31 December 2016. During the Year, the actual amount of transactions in relation to the Framework Purchase Agreement was approximately RMB212.9 million.

競爭及利益衝突

本公司的董事或管理層股東（定義見「上市規則」）或其各自的聯繫人概無在與本集團業務構成或可能構成競爭或與本集團有任何其他利益衝突的業務中有任何權益。

有關框架協議之持續關連交易

本公司及附屬公司（統稱「本集團」）與威高集團有限公司或其附屬公司（統稱「威高集團」）於二零一六年十一月二十五日重續框架採購協議、框架銷售協議、框架租賃協議以及框架服務協議（統稱「框架協議」），內容有關本集團與威高集團自二零一七年一月一日起至二零一八年十二月三十一日止兩個年度之框架協議項下擬進行之持續關連交易之有關年度上限。框架協議之詳情載於本公司日期為二零一六年十一月二十五日之公佈內。

1. 框架採購協議

根據該協議，本集團同意按非獨家基準採購，而威高集團同意按非獨家基準出售服務及醫用產品，包括（但不限於）醫療設備、醫用原材料、清潔產品、醫用包裝材料、製藥及裝修服務。於截至二零一六年十二月三十一日止年度，本集團與威高集團之採購交易之年度上限不得超過人民幣302,000,000元。年內，有關框架採購協議之實際交易金額約為人民幣212,900,000元。

**CONTINUING CONNECTED TRANSACTIONS
IN RESPECT OF FRAMEWORK AGREEMENTS**
(continued)

2. Framework Sales Agreement

An agreement pursuant to which the Group agrees to sell and Weigao Holding Group agrees purchase, including and not limited to, medical devices and moulding on a non-exclusive basis. The annual cap for the sales transactions between the Group and Weigao Holding Group shall not exceed RMB44.0 million for the year ended 31 December 2016. During the Year, the actual amount of transactions in relation to the Framework Sales Agreement was approximately RMB28.0 million.

3. Framework Tenancy Agreement

The Group entered into framework tenancy agreement with Weigao Holding Group regarding lease of premises located at industrial zone at Hi-tech Science Park in Weihai in Shandong Province, the PRC. The annual rental cap between the Group and Weigao Holding Group shall not exceed RMB25.0 million for the year ended 31 December 2016. During the Year, the actual rental amount in relation to the Framework Tenancy Agreement was approximately RMB4.2 million.

4. Framework Services Agreement

The Group entered into framework services agreement regarding procurement of factory workers transportation services, dormitory, canteen and catering services provided by Weigao Holding Group to the Group. The annual cap between the Group and Weigao Holding Group shall not exceed RMB78.0 million for the year ended 31 December 2016. During the Year, the actual amount of transactions in relation to the Framework Services Agreement was approximately RMB61.2 million.

Weigao Holding is the controlling shareholder of the Company and is therefore a connected person of the Company, the transactions contemplated under the Framework Agreements constitute continuing connected transactions of the Group for the purpose of Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

有關框架協議之持續關連交易
(續)

2. 框架銷售協議

根據該協議，本集團同意按非獨家基準出售，而威高集團同意按非獨家基準採購包括（但不限於）醫療器械及模具。於截至二零一六年十二月三十一日止年度，本集團與威高集團之銷售交易之年度上限不得超過人民幣44,000,000元。年內，有關框架銷售協議之實際交易金額約為人民幣28,000,000元。

3. 框架租賃協議

根據該協議，本集團與威高集團訂立框架租賃協議，內容有關租賃位於中國山東省威海高新技術產業開發區工業區之物業。於截至二零一六年十二月三十一日止年度，本集團與威高集團之年度租賃上限不得超過人民幣25,000,000元。年內，有關框架租賃協議之實際租金約為人民幣4,200,000元。

4. 框架服務協議

本集團訂立框架服務協議，內容有關威高集團向本集團提供工廠工人運輸服務、宿舍、食堂及餐飲服務。於截至二零一六年十二月三十一日止年度，本集團與威高集團之年度上限不得超過人民幣78,000,000元。年內，有關框架服務協議之實際交易金額約為人民幣61,200,000元。

威高集團公司為本公司之控股股東，因此為本公司之關連人士，故就香港聯合交易所有限公司證券上市規則第14A章而言，框架協議項下擬進行之交易構成本集團之持續關連交易。

CONTINUING CONNECTED TRANSACTION IN RESPECT OF FINANCE LEASE AND FACTORING FRAMEWORK AGREEMENT

有關融資租賃及保理框架協議之 持續關連交易

On 25 November 2016, the Group renewed and entered into the finance leasing and factoring framework agreement with Weigao Holding and its subsidiaries (the "Weigao Holding Group") to provide finance leasing and factoring services to Weigao Holding Group with a principal of not exceeding RMB260,000,000 for two years commencing from 1 January 2017 and expiry 31 December 2018.

於二零一六年十一月二十五日，本集團與威高集團公司及其附屬公司（「威高集團」）重續及訂立融資租賃及保理框架協議以向威高集團提供本金額不超過人民幣260,000,000元的融資租賃及保理服務，自二零一七年一月一日起至二零一八年十二月三十一日止為期兩年。

As one or more applicable percentage ratios (as defined in Rule 14.07 under the Listing Rules) in respect of the transactions contemplated under the financial leasing and factoring framework agreement exceeds 0.1%, but is less than 5.0%. such transactions are therefore only subject to the reporting and announcement requirements under relevant rules in chapter 14A of the Listing Rules but are exempt from the Independent Shareholders' approval requirements. Please refer to the announcements of the Company dated 25 November 2016 for details.

由於有關融資租賃及保理框架協議項下擬進行交易的一項或多項適用百分比率（定義見上市規則第14.07條）超過0.1%但低於5.0%，故根據上市規則第14A章有關規則，有關交易僅須遵守申報及公佈規定，惟獲豁免遵守獨立股東批准規定。有關詳情請參閱本公司日期為二零一六年十一月二十五日之公佈。

The annual cap between the Group and Weigao Holding Group has not exceed RMB260.0 million for the year ended 31 December 2016. During the Year, the actual amount of transactions in relation to the financial leasing and factoring framework agreement was approximately RMB98,834,000.

本集團與威高集團截至二零一六年十二月三十一日止年度之年度上限不得超過人民幣260,000,000元。年內，有關融資租賃及保理框架協議之實際交易金額為約人民幣98,834,000元。

For the year ended 31 December 2016, the Company has complied with the relevant disclosure requirements in respect of continuing connected transactions in accordance with Chapter 14A of the Listing Rules.

截至二零一六年十二月三十一日止年度，本公司已根據上市規則第14A章就持續關連交易遵守相關披露規定。

The auditor of the Company was engaged 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 HKICPA and reported the following conclusion to the Board:

本公司已根據香港鑒證業務準則第3000號（經修訂）「審計或審閱歷史財務資料以外的鑒證工作」，並參照香港會計師公會頒佈的實務說明第740號「關於香港上市規則所述持續關連交易的核數師函件」委聘核數師，並向董事會呈報以下結論：

CONTINUING CONNECTED TRANSACTION IN RESPECT OF FINANCE LEASE AGREEMENT

(continued)

Based on the foregoing, in respect of the continuing connected transactions of the Company:

- (i) have received approval from the Board;
- (ii) were conducted in accordance to the pricing policy;
- (iii) have been entered into in accordance with the relevant agreement governing such transactions; and
- (iv) have not exceeded the cap amount for the financial year ended 31 December 2016 disclosed in the relevant announcement.

CONNECTED TRANSACTION – JOINT VENTURE AGREEMENT

On 7 January 2016, the Company entered into the joint venture agreement with Weigao Holding to establish the joint venture company in China to engage in providing financial services in the PRC, include deposit services, loan services, settlement services, insurance agent services, financial consultation and foreign exchange services, to be approved by relevant financial regulatory authorities, including the China Banking Regulatory Commission. The registered capital of the joint venture company shall be RMB500,000,000 which will be contributed by Weigao Holding which will contribute RMB350,000,000 in cash, representing 70% of the registered capital; and the Company which will contribute RMB150,000,000 in cash, representing 30% of the registered capital. The registered capital is determined based on the investment amount required for operating the joint venture company. Upon receipt of written approval from the China Banking Regulatory Commission on the proposed establishment of the Joint Venture Company, 100% of their respective capital contribution shall be paid within two months. The Company has not yet obtained approval from the China Banking Regulatory Commission as of the date of this report. Please refer to the announcement of the Company dated 7 January 2016.

有關融資租賃協議之持續關連交易 (續)

基於上文所述，有關本公司之持續關連交易：

- (i) 已獲董事會批准；
- (ii) 已根據定價政策進行；
- (iii) 已根據規管該等交易之有關協議進行；及
- (iv) 並無超越有關公佈所披露之截至二零一六年十二月三十一日止財政年度之上限金額。

關連交易－合營協議

於二零一六年一月七日，本公司與威高集團公司訂立合營協議以於中國成立合營公司，以於中國從事提供有關金融監管機構（包括中國銀監會）將予批准的金融服務，包括存款服務、貸款服務、結算服務、保險代理服務、財務諮詢及外匯服務等。合營公司之註冊資本將為人民幣500,000,000元，由威高集團公司將注資現金人民幣350,000,000元（相當於註冊資本的70%）；及本公司將注資現金人民幣150,000,000元（相當於註冊資本的30%）。註冊資本乃根據經營合營公司所需投資金額釐定。在獲得中國銀監會批准籌建合營公司的書面批復後，彼等各自全數注資應於兩個月內支付。截至本報告日期，本公司尚未獲得中國銀監會批准。請參閱本公司日期為二零一六年一月七日之公佈。

EXEMPTED CONNECTED TRANSACTION – DEEMED DISPOSAL OF INTEREST IN WEIGAO BLOOD

On 23 January 2017, Weigao Blood and three subscribers entered into the subscription agreements with the aggregate consideration of RMB536,833,000. Upon completion of the subscription agreements, the equity interest of the Company in Weigao Blood will be reduced from 70% to approximately 49.34%.

For details of the transaction, please refer to the announcement of the Company dated 23 January and 25 January 2017.

The above connected transactions have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors have confirmed that the continuing connected transactions have been entered into (a) in the ordinary and usual course of business of the Company; (b) on normal commercial terms or on terms no less favourable than those available to or from independent third parties; (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests the shareholders of the Company as a whole.

獲豁免關連交易－視作出售於威 高血液之權益

於二零一七年一月二十三日，威高血液與三名認購人訂立認購協議，總代價為人民幣536,833,000元。完成認購協議後，本公司於威高血液之股權將自70%降至約49.34%。

有關交易之詳情，請參閱本公司日期為二零一七年一月二十三日及一月二十五日之公佈。

上述持續關連交易已由本公司獨立非執行董事審閱。獨立非執行董事已確認，持續關連交易是(a)在本公司日常及正常業務過程中；(b)根據一般商業條款或根據不遜於該等向或自獨立第三方提供或獲得的條款；(c)按照規管該等交易的相關協議根據公平合理且符合本公司股東整體利益的條款訂立。

**DISCLOSURE OF INFORMATION ON
DIRECTOR, THE CHIEF FINANCIAL OFFICER
AND SUPERVISOR**

披露董事、財務總監及監事資料

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

根據上市規則第13.51B條，董事及監事資料於本期間之變動載列如下：

1. Mr. Chen Xue Li has been resigned as the non-executive director and Chairman of the Company with effect from 22 March 2016.
1. 陳學利先生已辭任非執行董事及本公司主席，自二零一六年三月二十二日起生效。
2. Mr. Zhang Hua Wei has been appointed as Chairman of the Company with effect from 22 March 2016.
2. 張華威先生已獲委任為本公司主席，自二零一六年三月二十二日起生效。
3. Mr. Wang Yi has been appointed as Vice Chairman of the Company with effect from 22 March 2016.
3. 王毅先生已獲委任為本公司副主席，自二零一六年三月二十二日起生效。
4. Mr. Lo Wai Hung, an independent non-executive director of the Company was also appointed as an independent non-executive director of LT Commercial Real Estate Limited (Stock Code: 112), a company listed on the Stock Code Exchange of Hong Kong Limited effective from 3 March 2017.
4. 本公司獨立非執行董事盧偉雄先生亦已獲委任為勒泰商業地產有限公司（一間於香港聯合交易所有限公司上市之公司，股份代號：112）之獨立非執行董事，自二零一七年三月三日起生效。
5. Mr. Long Jing has been resigned as the supervisor of the Company with effect from 29 June 2016.
5. 龍經先生已辭任本公司監事，自二零一六年六月二十九日起生效。
6. Mr. Yue Chun Liang has been appointed as the supervisor of the Company with effect from 29 June 2016.
6. 岳春良先生已獲委任為本公司監事，自二零一六年六月二十九日起生效。
7. Mr. Li Jia Miao has been resigned as an independent non-executive director of the Company with effect from 30 December 2016.
7. 李家淼先生已辭任本公司獨立非執行董事，自二零一六年十二月三十日起生效。
8. Mr. Cui Jin has been resigned as the Chief Finance Officer of the Company with effect from 17 February 2017.
8. 崔謹先生已辭任本公司財務總監，自二零一七年二月十七日起生效。
9. Mr. Wu Xue Feng has been appointed as the Chief Financial Officer of the Company with effect from 17 February 2017.
9. 吳雪峰先生已獲委任為本公司財務總監，自二零一七年二月十七日起生效。

DIVERSITY OF DIRECTORS

The Company has adopted its diversity policy with respect to the composition of the Board. In assessing candidates running for directorships, the Nomination Committee will consider a number of factors, including but not limited to gender, age, educational background, professional experience, technical expertise and the ability to fulfill the requirements of the Board. Details on the biographies and experience of the Directors are set out on pages 64 to 71 of this report.

PUBLIC FLOAT AND MARKET CAPITALIZATION

Based on the publicly available information known to the Company and to the best of the Directors' knowledge, as of the date of this report, the public float of the Company is in compliance with that stipulated under Rule 8.08 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. As at 31 December 2016, the market capitalization of the Company was approximately HK\$25.9 billion (including H Shares and Non-listed Shares).

DIRECTORS RESPONSIBILITIES IN PREPARING THE GROUP'S FINANCIAL STATEMENTS

The Directors acknowledged the responsibility for preparing the accounts and have confirmed that the preparation of the Group's financial statement is in compliance with the relevant regulations and applicable accounting standards.

In preparing the financial statements for the Year, the Directors adopted appropriate and consistent accounting policies and made prudent and reasonable judgments and estimations.

The financial statements for the Year have been prepared by the Directors on a going concern basis. There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. A statement by the external auditors of the Company regarding their reporting responsibilities on the accounts of the Group is set out in the "Independent Auditor's" in this annual report.

董事多元化

本公司已採納有關董事會組成之董事會成員多元化政策。提名委員會於評估董事候選人時將考慮多項因素，包括但不限於性別、年齡、教育背景、專業經驗、技術專長及達至董事會之要求之能力。董事履歷及經驗詳情載於本報告第64至71頁。

公眾持股量及市值

根據本公司所知之公眾可得資料及就董事所深知，於本報告日期，本公司之公眾持股量符合香港聯合交易所有限公司證券上市規則第8.08條訂明之規定。於二零一六年十二月三十一日，本公司之市值約為259億港元（包括H股及非上市股份）。

董事就編製本集團財務報表承擔之責任

董事承認有編製賬目的責任及已確認本集團財務報表的編製符合有關法規及適用之會計準則。

於編製本年度財務報表時，董事已採用適當及一致的會計政策，並已作出審慎和合理的判斷與估計。

董事已按持續經營基準編製本年度的財務報表。並無可能對本公司持續經營的能力構成重大疑問的事件或情況相關的重大不明朗因素存在。本公司的外聘核數師就其對本集團的賬目應負的報告責任發出的聲明，已載於本年報「獨立核數師報告書」內。

REPORT OF THE DIRECTORS

董事會報告

AUDITORS

A resolution will be proposed at the forthcoming annual general meeting to re-appoint Deloitte Touche Tohmatsu as the auditors of the Company.

On behalf of the Board

Zhang Hua Wei

Chairman

Weihai, Shandong, the PRC
22 March 2017

核數師

在應屆股東週年大會上，將會呈交一項決議案，以重新委任德勤•關黃陳方會計師行作為本公司的核數師。

代表董事會

張華威

主席

中國山東威海
二零一七年三月二十二日

OVERVIEW

The Board of Directors of the Company recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. This report outlines the principles and the code provisions of the Code on Corporate Governance Practices (the “Code”) contained in the Listing Rules, which have been adopted by the Group since its listing on 28 February 2004.

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 specific 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 throughout the year of 2016.

The following summarizes the corporate governance practices of the Company:

The Board of Directors

The Board take responsibility to oversee all major matters of the Company, including the formulation and approval of overall business strategies, internal control and risk management systems, and monitoring the performance of the senior management. The management is responsible for the daily operations of the Group under the leadership of the CEO. The Directors have the responsibility to act objectively in the interests of the Company.

概覽

本公司董事會深知在本集團的管理架構及內部監控程序引入優良的企業管治元素的重要性，藉以達致有效的問責性。本報告概述上市規則所載的企業管治常規守則（「守則」）的原則及守則條文，本集團已自其於二零零四年二月二十八日上市以來採納該守則及守則條文。

遵守董事進行證券交易的標準守則

本公司已採納上市規則附錄十所載的標準守則作為董事進行證券交易的標準。本公司已向全體董事作出特定查詢，而全體董事亦已確認彼等在二零一六年度一直遵守標準守則所載標準及其有關董事進行證券交易的行為守則。

以下概述本公司的企業管治常規：

董事會

董事會負責監察本公司的所有重要事宜，包括制定及批准整體業務策略、內部監控及風險管理系統，以及監督高級管理人員的表現。管理層在行政總裁的領導下負責本集團的日常營運。董事負責以本公司利益客觀行事。

**COMPLIANCE WITH THE MODEL CODE FOR
DIRECTORS' SECURITIES TRANSACTIONS**

(continued)

The Board of Directors (continued)

Currently, the Board comprises eight Directors, including four executive Directors, one non-executive Directors and three independent non-executive Directors. The Directors as at 31 December 2016 are:

Executive Directors:

Mr. Zhang Hua Wei (*Chairman*)
Mr. Wang Yi
Mr. Gong Jian Bo
Mr. Xia Lie Bo

Non-executive Directors:

Mr. Chen Xue Li
(resigned on 22 March 2016)
Mrs. Zhou Shu Hua

Independent non-executive Directors:

Mr. Lo Wai Hung
Mr. Li Jia Miao (*resigned on 30 December 2016*)

Mrs. Fu Ming Zhong
Mrs. Wang Jin Xia

**遵守董事進行證券交易的標準
守則 (續)**

董事會 (續)

目前，董事會由八名董事組成，包括四名執行董事、一名非執行董事以及三名獨立非執行董事。於二零一六年十二月三十一日，董事的具體名單如下：

執行董事：

張華威先生 (主席)
王毅先生
弓劍波先生
夏列波先生

非執行董事：

陳學利先生
(於二零一六年三月二十二日辭任)
周淑華女士

獨立非執行董事：

盧偉雄先生
李家淼先生 (於二零一六年十二月三十日
辭任)
付明仲女士
王錦霞女士

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

(continued)

The Board of Directors (continued)

In compliance of Rule 3.10(1) of the Listing Rules, the Board currently comprises three independent non-executive Directors. Pursuant to paragraph 12B of the Appendix 16 of the Listing Rules, each of the independent non-executive Directors has confirmed by annual confirmation that he/she has complied with the independence criteria set out in Rules 3.13 of the Listing Rules. The Director consider that all three independent non-executive Directors are independent under these independence criteria and are capable to effectively exercise independent judgment. Amongst the three independent non-executive Directors, Mr. Lo Wai Hung has the appropriate professional qualifications and accounting and related financial management expertise required under Rule 3.10 (2) of the Listing Rules.

Board Meetings

Board meetings were held seven times during this year to review and approve financial and operating performance, interim and annual results. Ad-hoc meetings will also be convened if necessary to discuss the overall strategy as well as the operation and financial performance of the Group. Notice of board meeting will be sent to all Directors at least 14 days prior to a regular board meeting. Reasonable notice will be given to Directors for ad-hoc board meetings. Directors may participate either in person or through electronic means of communications.

The Company will adopt the practice to provide relevant materials to all the Directors relating to the matters brought before the meetings. All the Directors will be provided with sufficient resources to discharge their duties, and, upon reasonable requests, the Directors will be able to seek independent professional advice in appropriate circumstances, at the Company's expenses. All Directors will have the opportunity to include matters in the agenda for Board meetings.

遵守董事進行證券交易的標準守則 (續)

董事會 (續)

為符合上市規則第3.10(1)條，董事會目前包括三名獨立非執行董事。根據上市規則附錄十六第12B段，各獨立非執行董事均已以年度確認書確認，彼符合上市規則第3.13條所載獨立身份標準。董事認為，根據此等獨立身份標準，全部三名獨立非執行董事均為獨立人士，能有效作出獨立判斷。在三名獨立非執行董事中，盧偉雄先生具備上市規則第3.10(2)條所規定的適當專業資格及會計以及相關財務管理專業知識。

董事會會議

年內，本公司舉行七次董事會會議，以審核及批准財務及經營業績、中期及年度業績。需要時亦會召開臨時會議，以商討整體策略以及本集團的營運和財務表現。全體董事將於舉行定期董事會會議前最少十四天獲發董事會會議通告，而臨時董事會會議通告則於合理時間內派發予董事。董事可親身或通過電子通訊方式出席。

本公司於大會前向所有董事提供會上討論事項的相關資料。全體董事將獲得充分的資源以履行其職責，並在合理的要求下，董事可於合適情況下尋求獨立專業意見，費用由本公司承擔。全體董事均有機會於董事會會議議程內加入議題。

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

(continued)

遵守董事進行證券交易的標準守則 (續)

Board Meetings (continued)

Number of Board meetings held during the year 2016: 7.

The attendance of each Director at Board meetings during the year ended 31 December 2016 was as follows:

董事會會議 (續)

於二零一六年度舉行的董事會會議次數：七次。

截至二零一六年十二月三十一日止年度，各董事出席董事會會議的情況載列如下：

**Attendance in 2016
於二零一六年的出席率**

Executive Directors

Mr. Zhang Hua Wei
Mr. Wang Yi
Mr. Gong Jian Bo
Mr. Xia Lie Bo

執行董事

張華威先生
王毅先生
弓劍波先生
夏列波先生

100%
100%
100%
100%

Non-executive Directors

Mr. Chen Xue Li
(resigned on 22 March 2016)
Mrs. Zhou Shu Hua

非執行董事

陳學利先生
(於二零一六年三月二十二日辭任)
周淑華女士

100%
100%

Independent non-executive Directors

Mr. Lo Wai Hung
Mr. Li Jia Miao
(resigned on 30 December 2016)
Mrs. Fu Ming Zhong
Mrs. Wang Jin Xia

獨立非執行董事

盧偉雄先生
李家淼先生
(於二零一六年十二月三十日辭任)
付明仲女士
王錦霞女士

100%
71.4%
100%
100%

Minutes of the Board and the committee meetings are recorded, and draft minutes and final version are submitted to Directors for review within reasonable time after the meetings, normally 14 days after the meetings.

董事會及委員會會議均備有記錄，而記錄草稿與最終稿均在大會後合理時間內（一般為大會後十四日內）送交董事審閱。

Secretary of the Board assists the chairman to establish meeting agenda, and each Director may request inclusion of items in the agenda.

董事會秘書協助主席編製會議議程，而各董事可要求在議程內加入議題。

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

(continued)

Board Meetings (continued)

Matters on transactions where Directors are considered having conflict of interests or material interests will not be dealt with by way of written resolutions. The Directors concerned can express views but will not be counted in the quorum of meetings and shall abstain from voting on the relevant resolution(s).

All Directors have access to the company secretary who is responsible for ensuring that the Board procedures are complied with, and advising the Board on compliance matters.

Minutes of the Board and the committee meetings are kept by the company secretary and are open for inspection by Directors.

Chairman and Chief Executive Officer

Under provision A2.1 of the Code, the roles of the Chairman and the CEO should be separate and should not be performed by the same individual. Mr. Zhang Hua Wei is the Chairman of the Board and an executive Director of the Group's business. Mr. Wang Yi is the CEO of the Company and an executive Director of the Company.

The Chairman of the Board is appointed by the Board itself, who is responsible for the leadership of the effective operation of the Board, and ensuring that all major and appropriate issues are discussed by the Board on a timely basis and in a constructive manner. The CEO is appointed by the Board. He is responsible for the management of daily operations of the Company and the implementation of the strategies and plans determined by the Board.

Experience

The executive Directors and non-executive Directors possess administrative leadership, diversified knowledge and extensive management experience in the industry. The independent non-executive Directors possess extensive knowledge, experience and judgment in different areas. The Board will seriously consider the objective views of the independent non-executive Directors for making decisions, and regard this as an effective guidance for the Group's business direction.

遵守董事進行證券交易的標準守則 (續)

董事會會議 (續)

對於董事被視為存在利益衝突或擁有重大權益的交易事宜，將不會通過書面決議案方式處理。有關董事可在會上表達意見，但不會計入會議法定人數，並須就有關決議案放棄表決。

全體董事均可接觸公司秘書，而公司秘書負責確保董事會程序得以遵守，並就合規事宜向董事會提供意見。

董事會及委員會會議的會議記錄均由公司秘書保存，而董事可隨時查閱。

主席與行政總裁

根據守則第A2.1條條文，主席及行政總裁的職責應分開且不得由同一人士擔任。張華威先生為董事會主席兼本集團業務之執行董事。王毅先生為本公司的行政總裁兼本公司執行董事。

董事會主席由董事會自行委任，負責領導董事會，並使其有效運作，同時確保董事會以適時及具建設性的方式討論所有主要及適當的事項。行政總裁由董事會委任，負責管理本公司的日常業務以及執行董事會釐定的戰略及計劃。

經驗

執行董事和非執行董事具有行政領導能力、多元化知識及豐富行業管理經驗。獨立非執行董事擁有不同領域的豐富知識、經驗及判斷力。董事會作決策時將認真考慮獨立非執行董事的客觀意見，以此作為本集團業務方針的有效指引。

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

(continued)

Directors' responsibility

The Board manages the business of the Company on behalf of its shareholders. The Directors consider that they are obliged to fulfill their responsibilities in a prudent, diligent and faithful manner, so as to create value for shareholders and safeguard the best interests of the Company and its shareholders.

Remuneration Committee

The Company established a remuneration committee on 12 August 2005 in accordance with the requirement of the Code. The remuneration committee comprises four independent non-executive Directors, namely Mr. Lo Wai Hung, Mr. Li Jia Miao (resigned on 30 December 2016), Mrs. Fu Ming Zhong, Mrs. Wang Jin Xia and a non-executive director, Mrs. Zhou Shu Hua.

The remuneration committee has reviewed the remuneration policy, the performance and the remuneration of executive Directors and members of senior management, the existing terms of service contracts of the executive Directors. The objective of the remuneration policy is to ensure that the Company is able to attract, retain and motivate high-caliber staff, which is vital to the success of the Company.

In reviewing and determining the remuneration packages of the executive Directors and members of senior management, the remuneration committee considers their responsibilities, skills, expertise and contribution to the Group's performance and whether remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain the best available executive talent.

Remuneration of Directors is subject to annual assessment and recommendation by the Remuneration Committee to the Board for further review and approval, which is subsequently subject to shareholders' approval at annual general meeting. The primary goal of the remuneration policy on executive Directors remuneration packages is to enable the Company to retain and motivate executive Directors by linking their compensation with performance as measured against corporate objectives. Under the policy, a Director is not allowed to approve his own remuneration.

遵守董事進行證券交易的標準守則 (續)

董事責任

董事會代表其股東管理本公司業務。董事認為，彼等須謹慎、勤勉且忠誠地履行職責，為股東創造價值，維護本公司及其股東的最佳利益。

薪酬委員會

本公司已根據守則規定於二零零五年八月十二日成立薪酬委員會。薪酬委員會由四名獨立非執行董事盧偉雄先生、李家焱先生（於二零一六年十二月三十日辭任）、付明仲女士及王錦霞女士及一名非執行董事周淑華女士組成。

薪酬委員會已檢討薪酬政策、執行董事及高級管理層成員的表現及薪酬，以及執行董事的服務合約現有條款。薪酬政策的目標是確保本公司能吸納、挽留及激勵優秀員工，而此對本公司的成功十分重要。

在審閱及釐定執行董事及高級管理層成員的薪酬時，薪酬委員會將考慮他們的職責、技能、專業知識及對本集團業績作出的貢獻，以及薪酬待遇是否具競爭能力，以及是否足以保證本集團能吸引及挽留頂尖的行政人才。

董事酬金須由薪酬委員會進行年度評估並將建議提交董事會，董事會進一步審議並通過之後再提呈股東週年大會經股東批准後方可作實。執行董事的酬金組合政策主旨是使本公司執行董事的酬金及其表現與公司目標掛鈎有助激勵執行董事的工作表現及留任。根據該政策，董事不可批准其本身的薪酬。

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

(continued)

Remuneration Committee (continued)

During the Year, one meeting has been held by the remuneration committee. All members of the remuneration committee attended the meeting during which the remuneration package of directors, supervisors and senior management of the Company for the year 2016 was approved after consideration. The chairman of the remuneration committee reports the findings and provides recommendations to the Board after each meeting.

Nomination Committee

The Company established a nomination committee on 21 May 2012 in accordance with the requirement of the Code. The nomination committee comprises Mr. Lo Wai Hung, Mr. Li Jia Miao (resigned on 30 December 2016), Mrs. Fu Ming Zhong, Mrs. Wang Jin Xia and Mrs. Zhou Shu Hua. The chairman of the nomination committee is Mr. Lo Wai Hung. The terms of reference of the nomination committee have been defined. The principal duties include:-

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy.
- to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships.
- to assess the independence of independent non-executive directors.
- to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman of the Board and the chief executive.

遵守董事進行證券交易的標準守則 (續)

薪酬委員會 (續)

年內，薪酬委員會舉行過一次會議。所有薪酬委員會成員均參加了會議。會議審議通過了本公司二零一六年度董事、監事及高級管理人員薪金方案。薪酬委員會主席於每次會議後向董事會匯報討論結果，並提供建議。

提名委員會

本公司已根據守則規定於二零一二年五月二十一日成立提名委員會。提名委員會由盧偉雄先生、李家淼先生（於二零一六年十二月三十日辭任）、付明仲女士、王錦霞女士及周淑華女士組成。盧偉雄先生為提名委員會主席。提名委員會之職權範圍已界定。主要職責包括：

- 至少每年檢討董事會的架構、人數及組成（包括技能、知識及經驗方面），並就任何為配合本公司的公司策略而擬對董事會作出的變動提出建議。
- 物色具備合適資格成為董事會成員的人士，並挑選提名有關人士出任董事或就此向董事會提供意見。
- 評核獨立非執行董事的獨立性。
- 就董事委任或重新委任以及董事（尤其是董事會主席及行政總裁）繼任計劃向董事會提出建議。

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

(continued)

Nomination Committee (continued)

The Nomination Committee provided with sufficient resources to perform its duties and shall have access to independent professional advice if necessary. All members of the Nomination Committee have access to the advice and services of the company secretary, and separate and independent access to the Company's senior management for obtaining necessary information.

Each of the Directors of the Company has entered into a service contract with the Company for a specific term of three years, and are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company.

The Company has not experienced any casual vacancy for members of the Board. In the event that there is such circumstance, the Director appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after his appointment.

The Board selects and nominates Director candidates based on whether they possess the skills and experience needed for the Group's development.

Corporate Governance Committee

The Company established a corporate governance committee on 30 May 2013. The corporate governance committee comprises Mr. Zhang Hua Wei as the chairman of the committee, Mr. Lo Wai Hung, Mr. Li Jia Miao (resigned on 30 December 2016), Mrs. Fu Ming Zhong and Mrs. Wang Jin Xia as members. The terms of reference of the corporate governance committee have been defined. The principal duties include:-

- (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the board;
- (b) to review and monitor the training and continuous professional development of directors and senior management;

遵守董事進行證券交易的標準守則 (續)

提名委員會 (續)

提名委員會已獲提供充足資源以履行其職責，及在有需要時可尋求獨立專業意見。提名委員會的所有成員均可聯絡公司秘書及獲取其服務，個別成員亦可聯絡本公司的高級管理人員以獲取所需資料。

本公司各董事均與本公司訂立一份指定任期為三年的服務合約，並須根據本公司的組織章程細則輪值告退及膺選連任。

本公司未曾出現過董事會成員臨時空缺的情況。倘出現該等情況，為填補臨時空缺而獲委任的董事將在接受委任後的首次股東大會上接受股東選舉。

董事會根據本集團發展需要的技能與經驗來挑選及提名董事候選人。

企業管治委員會

本公司於二零一三年五月三十日成立企業管治委員會。企業管治委員會包括張華威先生（作為委員會主席）、盧偉雄先生、李家森先生（於二零一六年十二月三十日辭任）、付明仲女士及王錦霞女士（作為成員）。企業管治委員會之職權範圍已界定。主要職責包括：

- (a) 制定及檢討本公司的企業管治政策及常規，並向董事會提出建議；
- (b) 檢討及監察董事及高級管理人員的培訓及持續專業發展；

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

(continued)

Corporate Governance Committee (continued)

- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
- (e) to review the Company's compliance with the code and disclosure in the corporate governance report.

The Corporate Governance Committee will be provided with sufficient resources to perform its duties and shall have access to independent professional advice if necessary. All members of the Corporate Governance Committee will have access to the advice and services of the company secretary and separate and independent access to the Company's senior management for obtaining necessary information.

ACCOUNTABILITY AND AUDIT

Financial Reporting

All Directors are provided with explanations and information by the management of the Company so as to enable them to have discussions and make assessment at Board meetings.

All Directors acknowledge the responsibility for the preparation of its accounts, with the responsibility statement in respect to the financial reports made by the Directors set out in this annual report. The auditors have also made a statement about their responsibilities in the auditor's report.

The Board presents a comprehensive, balanced and understandable assessment on the position and prospects of the Group in all shareholder communications.

遵守董事進行證券交易的標準守則 (續)

企業管治委員會 (續)

- (c) 檢討及監察本公司在遵守法律及監管規定方面的政策及常規；
- (d) 制定、檢討及監察僱員及董事的操守準則及合規手冊（如有）；及
- (e) 檢討本公司遵守守則的情況及在企業管治報告內的披露。

企業管治委員會將獲提供充足資源以履行其職責，及在有需要時可尋求獨立專業意見。企業管治委員會的所有成員將可聯絡公司秘書及獲取其服務，個別成員亦可聯絡本公司的高級管理人員以獲取所需資料。

問責及核數

財務報告

全體董事均能夠獲得本公司管理層提供的解釋及資料，以供其在董事會會議上討論與評審。

本公司的全體董事均知悉其編製賬目的責任，於本年報內載有董事就財務報告作出的責任聲明。核數師亦已於核數師報告中就彼等的責任作出了聲明。

董事會於所有股東通訊中，對本集團的狀況及前景作出了全面、均衡及易於理解的評估。

ACCOUNTABILITY AND AUDIT (continued)

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.

The Board has considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training program and budget.

Audit Committee

As at the date of this report, the audit committee of the Company comprises three independent non-executive Directors, namely Mr. Lo Wai Hung (chairman of the audit committee), Mr. Li Jia Miao (resigned on 30 December 2016), Mrs. Fu Ming Zhong, Mrs. Wang Jin Xia and a non-executive Director, Mrs. Zhou Shu Hua. The terms of reference of the audit committee have been clearly defined. Its principal responsibilities include:

- To be primarily responsible for making recommendations to the Board regarding the appointment, reappointment and removal of external auditors; to formulate the remuneration and terms of engagement of external auditors and to propose the Board to submit the same at the general meeting for consideration. To approve the remuneration and terms of engagement of the external auditors when the general meeting is authorizing the Board to determine the remuneration of the auditors, and to address any questions regarding the resignation or retirement of that auditor.

問責及核數 (續)

內部監控

董事負責定期檢討本公司的內部監控及風險管理系統，確保其有效性及效率。在內部核數部門的支持下，彼等將定期對本公司及其附屬公司的常規、程序、開支及內部監控進行檢討。管理層將定期監察內部核數部門所匯報的關注事項，確保實施適當的補救措施。董事會或高級管理人員亦可要求內部審核小組對特定的關注範圍進行檢討，並向董事會及審核委員會匯報重要的檢討結果。

董事會已審查本集團內部監控系統的效能。

董事會已考慮資源的充足性、本公司會計及財務報告部門員工的資歷及經驗以及彼等的培訓計劃及預算。

審核委員會

截至本報告日期，本公司的審核委員會由三位獨立非執行董事盧偉雄先生（審核委員會主席）、李家焱先生（於二零一六年十二月三十日辭任）、付明仲女士及王錦霞女士以及一位非執行董事周淑華女士組成。審核委員會的職權範圍已清晰界定，其主要職責包括：

- 主要負責就外聘核數師的委任、重新委任及罷免向董事會提供建議；制訂外聘核數師的薪酬及聘用條款，並提請董事會提交股東大會審議。在股東大會授權董事會確定核數師的薪酬時，批准外聘核數師的薪酬及聘用條款；及處理任何有關核數師辭職或退任的問題。

ACCOUNTABILITY AND AUDIT (continued)

Audit Committee (continued)

- To review and oversee the independence and objectivity of engaging external auditors and the effectiveness of the audit process in accordance with applicable standards. The Committee shall discuss with the auditors regarding the nature and scope of the audit and the relevant reporting obligations before commencing the audit.
- To develop and implement policy in engaging external auditors to provide non-auditing services. For the purpose of this requirement, external auditors includes any entity that is under common control, ownership or management with that audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm domestically or internationally. The Committee shall report to the Board, in respect of any matters in which it considers that an action or improvement is needed and to make recommendations as to the steps to be taken.
- To monitor the completeness of the financial statements of the Company and the annual report and accounts and half-year report of the Company and to review the significant opinion of the respective financial reporting contained therein. In this regard, the committee will review the relevant statements and reports of the respective annual report and accounts and half-year report of the Company before submitting the same to the Board.
- To oversee the financial reporting system and internal control procedures of the Company.

問責及核數 (續)

審核委員會 (續)

- 按適用的標準檢討及監察外聘核數師是否獨立客觀及核數程序是否有效。委員會應於核數工作開始前與核數師討論核數性質及範疇及有關申報責任。
- 就外聘核數師提供非核數服務制定政策，並予以執行。就此規定而言，外聘核數師包括與該核數公司處於同一控制權、所有權或管理權之下的任何機構，或一個合理知悉所有有關資料的第三方，在合理情況下會斷定該機構屬於該核數公司的本土或國際業務的一部分的任何機構。委員會應就其認為必須採取的行動或改善的事項向董事會報告，並建議可採取的步驟。
- 監察本公司的財務報表及本公司年度報告及賬目及半年度報告的完整性，並審閱報表及報告所載有關財務申報的重大意見。在這方面，委員會在向董事會提交有關本公司年度報告及賬目及半年度報告前審閱有關報表及報告。
- 監管本公司財務申報制度及內部監控程序。

ACCOUNTABILITY AND AUDIT (continued)

Audit Committee (continued)

During the Year, the audit committee has convened two meetings, at which, they have primarily discussed and reviewed the interim and annual results and have discussed and considered the internal control procedures of the Group. The attendance of each Director is set out below:

		Attendance in 2016 於二零一六年 的出席率
Independent non-executive Directors	獨立非執行董事	
Mr. Lo Wai Hung	盧偉雄先生	100%
Mr. Li Jia Miao (resigned on 30 December 2016)	李家淼先生 (於二零一六年十二月三十日辭任)	100%
Mrs. Fu Ming Zhong	付明仲女士	100%
Mrs. Wang Jin Xia	王錦霞女士	100%
Non-executive Director	非執行董事	
Mrs. Zhou Shu Hua	周淑華女士	100%

The scope of responsibilities of the audit committee is available on the websites of Company and the Stock Exchange of Hong Kong Limited.

There was no disagreement between the audit committee and the Board in respect of the selection, appointment, resignation or removal of external auditors during the year of 2016.

The audit committee can consult independent professional advice in accordance with stated procedures at the expense of the Company.

In 2016, the audit fees paid to the external auditors by the Company was approximately RMB3,848,000.

Mandate Granted to the Board

The Board should assume the responsibility for the leadership and monitoring of the Company, and is collectively responsible for promoting the success of the Company. The responsibilities of the Board are defined explicitly in the Articles of Association of the Company.

問責及核數 (續)

審核委員會 (續)

於本年度，審核委員會共召開兩次會議，會上主要討論與審閱中期及年度業績，並就本集團內部監控程序進行了討論與審議。各董事的出席率如下：

審核委員會的職權範圍可於本公司及香港聯合交易所有限公司網站查閱。

於二零一六年度，審核委員會與董事會在外聘核數師的挑選、委聘、辭任或罷免方面並無分歧。

審核委員會可按既定程序諮詢獨立專業意見，費用由本公司支付。

於二零一六年，本公司向外聘核數師支付的核數費用約為人民幣3,848,000元。

董事會的授權

董事會應負有領導及監控本公司的責任，同時集體負責促進本公司成功。董事會的職權已在本公司的組織章程細則內清晰界定。

ACCOUNTABILITY AND AUDIT (continued)

問責及核數 (續)

Mandate Granted to the Board (continued)

董事會的授權 (續)

- | | |
|---|---|
| (1) to be responsible for convening shareholders' meetings and report on its work at shareholders' meetings; | (一) 負責召集股東大會，並於股東大會報告工作； |
| (2) to implement the resolutions passed at shareholders' meetings; | (二) 執行股東大會通過的決議案； |
| (3) to determine the business plans and investment plans of the Company; | (三) 決定本公司的經營計劃和投資方案； |
| (4) to formulate the annual fiscal budgets and final accounts of the Company; | (四) 制訂本公司的年度財務預算方案及決算方案； |
| (5) to formulate profit distribution proposals and loss recovery proposals of the Company; | (五) 制訂本公司的利潤分配方案和彌補虧損方案； |
| (6) to formulate proposals for increasing or reducing of the registered capital of the Company and proposals for issue of debentures of the Company; | (六) 制訂本公司增加或削減註冊資本的方案以及發行本公司債券的方案； |
| (7) to draft proposals for the merger, division and dissolution of the Company; | (七) 擬定本公司合併、分拆及解散的方案； |
| (8) to determine the establishment of the internal management bodies of the Company; | (八) 決定本公司內部管理機構的組成； |
| (9) to appoint or dismiss the general manager of the Company, and to appoint or dismiss the deputy general manager and other senior management, including the person in charge of finance, pursuant to the recommendations of the general manager, as well as to determine their compensations; | (九) 聘任或解聘本公司總經理，並根據總經理的推薦，聘任或解聘副總經理和其他高級管理人員（包括財務負責人），並釐定其報酬； |
| (10) to formulate the basic management system of the Company; | (十) 制訂本公司的基本管理制度； |
| (11) to formulate proposals for amendments to the Articles of Association of the Company; and | (十一) 制訂本公司組織章程細則的修改方案；及 |
| (12) to exercise other functions as stipulated by the articles of association or granted by the shareholders' meetings. | (十二) 行使本公司組織章程細則規定或股東大會授予的其他職能。 |

ACCOUNTABILITY AND AUDIT (continued)

Mandate Granted to the Board (continued)

The Board has granted authority to the chief executive officer to implement the following strategies and to be responsible for the day-to-day operation:

- (1) to be in charge of the management of production and operation and to organize the implementation of the resolutions of the Board;
- (2) to organize the implementation of the annual business plans and investment plans of the Company;
- (3) to draft proposals for the establishment of internal management bodies of the Company;
- (4) to draft the basis management system of the Company;
- (5) to formulate the basic rules and regulations of the Company;
- (6) to propose the appointment or removal of the deputy general manager and other senior management, including the person in charge of finance, of the Company;
- (7) to appoint or dismiss the management personnel other than those required to be appointed or dismissed by the Board; and
- (8) to exercise other functions granted by the Articles of Association and the Board.

The chief executive officer grants authorisation to chief financial officer, and senior management within his terms of reference.

The Board is supported by four committees, namely the audit committee, the remuneration committee, nomination committee and corporate governance committee. Each of the committees has its defined terms of reference covering its duties, rights and functions. The chairman of the respective committees report to the Board regularly and make recommendations on matters discussed as appropriate.

問責及核數 (續)

董事會的授權 (續)

董事會授權行政總裁執行以下各項策略及負責日常業務：

- (一) 負責本公司的生產經營管理工作並組織實施董事會決議案；
- (二) 組織實施本公司年度經營計劃和投資方案；
- (三) 擬訂本公司內部管理機構的組成方案；
- (四) 擬訂本公司的基本管理制度；
- (五) 制訂本公司的基本規章；
- (六) 提請聘任或罷免本公司副總經理和其他高級管理人員（包括財務負責人）；
- (七) 聘任或解聘管理人員，惟應由董事會聘任或解聘者除外；及
- (八) 行使組織章程細則和董事會授予的其他職權。

行政總裁在其職權範圍內向財務總監及高級管理人員授權。

董事會下設四個委員會：即審核委員會、薪酬委員會、提名委員會及企業管治委員會。每個委員會各有涵蓋其責任、權利和職能的職權範圍。各委員會的主席會定期向董事會匯報，並按情況需要就討論事宜提出建議。

ACCOUNTABILITY AND AUDIT (continued)

Investor Relations

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to its shareholders. Information of the Company is disseminated to the shareholders in the following manner:

- delivery of the interim and annual results and reports to all shareholders;
- publication of announcements on the interim and annual results on the Stock Exchange website, and issue of other announcements and shareholders' circulars in accordance with the continuing disclosure obligations under the Listing Rules; and
- the general meeting of the Company is also an effective communication channel between the Board and shareholders.

The Board has maintained an on-going dialogue with Shareholders and investors, and will regularly review this policy to ensure its effectiveness. Information will be communicated to Shareholders and investors mainly through the Company's financial reports (interim and annual announcements and reports), annual general meetings and other general meetings that may be convened, as well as by making available all the information submitted by the Company to the website of the Stock Exchange and its corporate communications on the Company's website. Shareholders can direct their questions about their shareholdings to the Company's branch share registrar in Hong Kong. Shareholders and investors may at any time make a request for the Company's information to the extent such information is publicly available.

Communications with shareholders

Separate resolutions are proposed at general meetings on each substantially separate issue, including the election of individual Director.

The shareholders' meeting provides an effective forum for shareholders to exchange views with the Board. The chairman, together with the chairmen or members of the audit committee, the remuneration committee and nomination committee are available to answer shareholders' questions.

問責及核數 (續)

與投資者關係

本公司堅持採取開誠的態度，定期與股東溝通，並向股東作出合理的資料披露。本公司資料以下列方式向股東傳達：

- 向全體股東送呈中期及年度業績與報告；
- 在聯交所網站上刊發有關中期及年度業績的公佈及根據上市規則的持續披露規定刊發的其他公佈及股東通函；及
- 本公司的股東大會亦為董事會與股東之間進行有效溝通的渠道之一。

董事會會持續與股東及投資者保持對話，亦會定期檢討本政策，以確保其有效性。本公司向股東及投資者傳達資訊的主要渠道為：本公司的財務報告（中期及年度公佈及報告）、股東週年大會及其他可能召開的股東大會，並將所有本公司呈交予聯交所網站的資料，以及公司通訊登載於本公司網站。股東如對名下持股有任何問題，可向本公司的香港股份過戶登記分處提出。股東及投資者可隨時要求索取本公司的公開資料。

與股東的溝通

每項實際獨立的事宜，均會在股東大會上以個別決議案提呈，包括個別董事的選舉。

股東大會為股東提供一個有效的場合，以與董事會交流意見。主席以及審核委員會、薪酬委員會及提名委員會的主席或成員將會在大會上解答股東的提問。

ACCOUNTABILITY AND AUDIT (continued)

Communications with shareholders (continued)

The procedures demanding for a poll and the rights of shareholders to demand for a poll are included in the notice of shareholders' meeting and the accompanying circular. The relevant procedures are explained at the shareholders' meetings.

The external auditor has been appointed as the scrutineer to ensure the votes cast are properly counted and recorded.

The results of the poll have been posted on the websites of the Stock Exchange of Hong Kong Limited and the Company on the business day following the meeting.

Furthermore, the Company continues to enhance the ongoing communications amongst the shareholders, investors and analysts, including:

- establishing specialized bodies and employing staff to serve investors and analysts and answer their relevant questions;
- arranging site visits to the production bases of the Company in order to keep them abreast of the operations and the latest developments of the Company;
- collecting and analyzing, in a timely manner, the respective opinions and recommendations on the operations of the Company given by securities analysts and investors and compiling them into reports periodically, and selectively adopting them in the operations of the Company;
- providing relevant information, including introduction to the Company, the Board and corporate governance, results of the Company, financial summary, marketing materials of the Company and press releases on the website of the Company; and
- taking the initiative to communicate with various parties, particularly following the announcement of interim, annual results and substantial investment decisions, organizing briefings, press conferences and one-on-one interviews with investment institutions. Besides, the Company also regularly communicates with investors on an one-on-one basis.

問責及核數 (續)

與股東的溝通 (續)

要求以投票方式表決的程序及股東可要求以投票方式表決的權利載於股東大會通告及隨附的通函內。有關程序亦會於股東大會上解釋。

已委任外聘核數師擔任監票員，以確保所有票數均適當點算及記錄在案。

投票表決結果已於大會後首個營業日刊登在香港聯合交易所有限公司及本公司網站上。

此外，本公司亦不斷加強與股東、投資者及分析員的持續溝通，其中包括：

- 設置專門機構及聘請人員接待投資者和分析員並解答彼等提出的相關問題；
- 安排彼等到本公司的生產基地進行實地考察，便於彼等及時了解本公司的經營情況及業務發展的最新動向；
- 本公司及時收集並分析證券分析員及投資者對本公司營運的各種意見及建議，定期匯集成報告，並在本公司的營運中有選擇地加以採納；
- 通過本公司網站提供有關資料，包括本公司簡介、董事會及企業管治、本公司業績、財務摘要、公司推介材料及新聞稿等；及
- 本公司主動與各方人士溝通，特別是在中期、年度業績公佈及作出重大投資決策事項後，舉行推介會、記者招待會以及與投資機構單對單會談。除此，本公司亦定期與投資者進行單對單的溝通。

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness, and such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. The Audit Committee assists the Board in fulfilling its oversight and corporate governance roles in relation to the Group's financial, operational, compliance, risk management and internal controls, and internal audit functions. The Board has responsibility to ensure the Group maintains sound and effective controls to safeguard its assets and shareholders' investment.

The Group has internal control systems to formalize the risk management of the Group, to build up a standard and effective risk management system to manage risk and to provide reasonable assurance against material misstatement or loss. Appropriate policies and controls have been designed and established to ensure the assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirement and key risks that may impact on the Group's performance are appropriately managed.

The Group has established an organizational structure with defined levels of responsibility and reporting procedures. The risk management group and an independent external consultant assist the Board and the Audit Committee in the review of the effectiveness of the Group's risk management and internal control systems on an annual and ongoing basis. The scope of review included revenue and receipt cycle, procurement and expenditure cycle, cash management and treasure cycle and financial reporting cycle for the Group. The results and improvement proposal were reviewed and were reported to the Audit Committee and the Board. Based on the review results, the Board did not aware of any areas of concern that would have a material impact on the financial position or results of operations of the Group and considered the risk management and internal control systems to be effective including the adequacy of resources, staff qualifications and experience, training programs, internal audit and financial reporting functions. The Board has received a confirmation from management on the effectiveness of the issuer's risk management on the effectiveness of risk management and internal control systems.

風險管理及內部監控

董事會承認其須對風險管理及內部監控系統負責，並有責任檢討該等系統的有效性。該等系統旨在管理而非消除未能達成業務目標的風險。審核委員會協助董事會履行其於本集團財務、營運、合規、風險管理及內部監控以及內部審計職能方面的監管及企業管治角色。董事會有責任確保本集團維持健全有效的監控以保障其資產及股東投資。

本集團擁有內部監控系統以規範本集團的風險管理，建立標準及有效的風險管理系統以管理風險及合理保證並無重大失實陳述或損失。適當的政策及監控已經訂立及制定，以確保保障資產不會在未經許可下使用或處置，依從及遵守相關規則及規例，根據相關會計標準及監管申報規定保存可靠的財務及會計記錄，以及適當地管理可能影響本集團表現的主要風險。

本集團已建立一個具備明確職責等級及報告程序的組織架構。風險管理小組及獨立外部顧問協助董事會及審核委員會每年按持續基準檢討本集團風險管理及內部監控系統的有效性。檢討範圍包括本集團之收入及收款週期、採購及開支週期、現金管理及庫務週期及財務報告週期。業績及改進計劃經審閱並呈報予審核委員會及董事會。基於審閱結果，董事會並不知悉任何值得關注的領域可能會對本集團的財務狀況或營運業績造成重大影響，並認為將予生效之風險管理及內部監控系統包括資源充足性、員工資歷及經驗、培訓計劃、內部審計及財務申報職能。董事會已收到管理層確認書，確認發行人對風險管理及內部監控系統有效性之風險管理之有效性。

RISK MANAGEMENT AND INTERNAL CONTROL (continued)

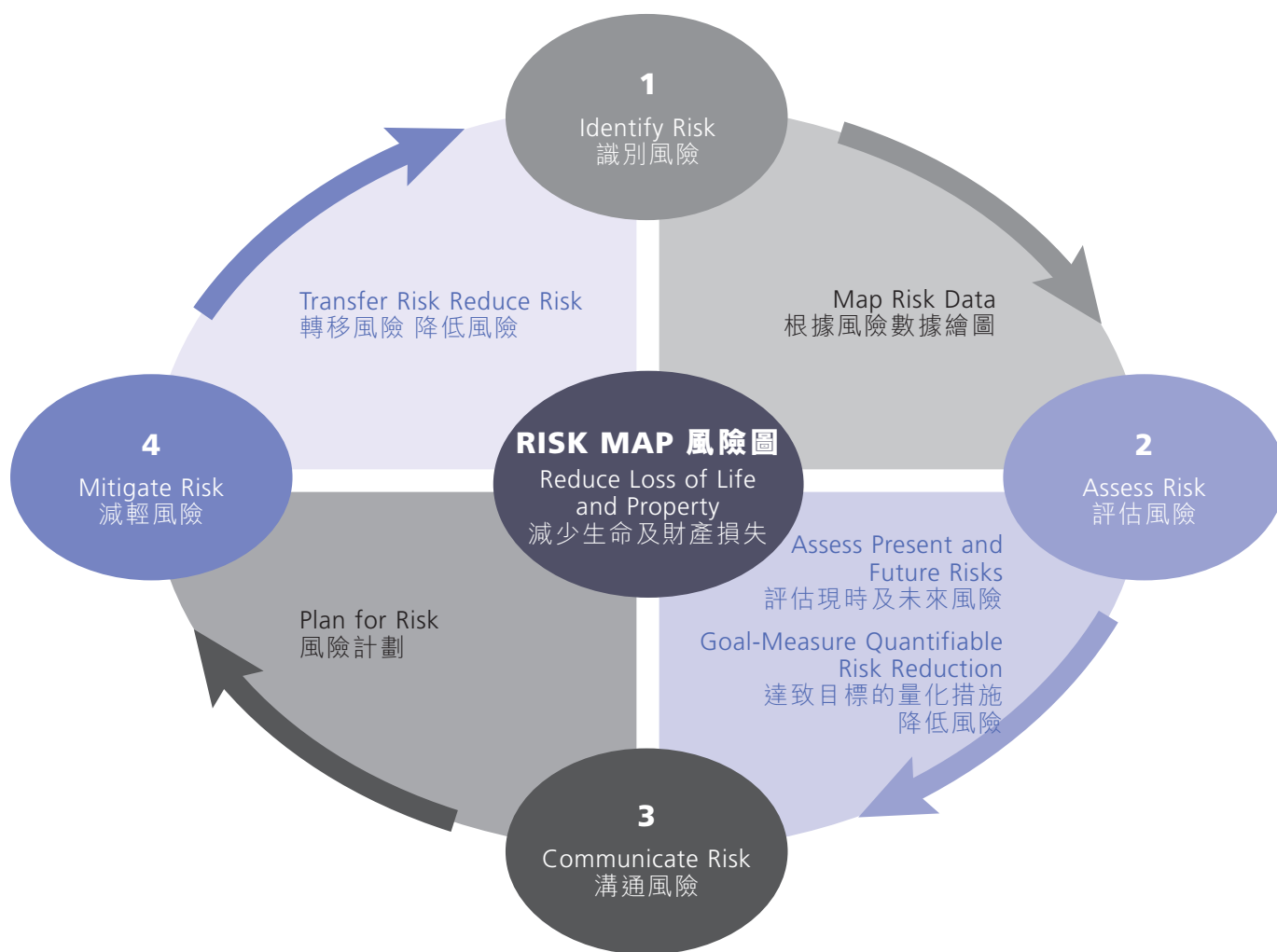
The Group strictly regulates the handling and dissemination of inside information as set out in information disclosure policy to ensure potential inside information remains confidential until such information is appropriately approved and the dissemination of such information is efficiently and consistently made.

RISK MANAGEMENT CYCLE

風險管理及內部監控 (續)

誠如信息披露政策所載，本集團嚴格監管內幕消息的處理及發佈，以確保潛在內幕消息在獲適當批准披露前維持保密，並以有效率及一致的方式發佈有關消息。

風險管理週期



DIRECTOR'S TRAINING

董事之培訓

Directors' continuous training and development

董事之持續培訓及發展

Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution into the Board remains informed and relevant. The directors are committed to complying with the Corporate Governance Code A6.5 on directors' training. All directors have participated in continuous professional development by attending seminars and/or studying materials to director's duties and responsibility and provided a record of training they received for the financial year ended 31 December 2016 to the Company.

董事須參與持續專業發展，以深造及更新彼等的知識及技能。此為確保彼等向董事會作出知情及相關之貢獻。董事承諾遵守有關董事培訓之企業管治守則第A6.5條。全體董事均透過出席與董事職責及責任有關之研討會及／或研習資料以參與持續專業發展，並已向本公司提供其於截至二零一六年十二月三十一日止財政年度所接受培訓之記錄。

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and senior executives to enrol in a wide range of professional development courses or and seminars relating to the Listing Rules, companies ordinance or act and corporate governance practices organised by professional bodies and independent auditors so that they can continuously update and further improve their relevant knowledge and skills.

董事定期均會獲知會相關法例、規則及規例之修訂或最新版本。此外，本公司一直鼓勵董事及高級行政人員報讀由專業團體及獨立核數師舉辦有關上市規則、公司條例或法例及企業管治常規之廣泛專業發展課程及講座，使彼等可持續更新及進一步提高其相關知識及技能。

DIRECTOR'S TRAINING (continued)

Directors' continuous training and development
(continued)

From time to time, Directors are provided with written materials to develop and refresh their professional skills; the company secretary also organises and arranges seminars on the latest development of applicable laws, rules and regulations for the Directors to assist them in discharging their duties.

According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the new requirement of the CG Code on continuous professional development during the Year:

董事之培訓 (續)

董事之持續培訓及發展 (續)

董事將不時獲提供旨在制定及更新其專業技能之書面材料；公司秘書亦會為董事舉辦及安排有關適用法例、規則及規例最新發展之講座，以協助彼等履行其職責。

根據本公司存置之記錄，為符合企業管治守則關於持續專業發展之新規定，董事於本年度內接受以下重點在於上市公司董事之角色、職能及職責之培訓：

Corporate Governance/Updates on laws, rules and regulations
企業管治／關於法例、規則及規例之更新

Read materials 閱讀材料	Attend workshops 出席研討會
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Executive Directors

執行董事

Mr. Zhang Hua Wei
Mr. Wang Yi
Mr. Gong Jian Bo
Mr. Xia Lie Bo

張華威先生
王毅先生
弓劍波先生
夏列波先生

✓
✓
✓
✓

✓
✓
✓
✓

Non-executive Directors

非執行董事

Mr. Chen Xue Li
(resigned on 22 March 2016)

陳學利先生
(於二零一六年三月二十二日辭任)

✓

✓

Mrs. Zhou Shu Hua

周淑華女士

✓

✓

Independent non-executive Directors

獨立非執行董事

Mr. Lo Wai Hung
Mr. Li Jia Miao
(resigned on 30 December 2016)

盧偉雄先生
李家淼先生
(於二零一六年十二月三十日辭任)

✓
✓

✓
✓

Mrs. Fu Ming Zhong
Mrs. Wang Jin Xia

付明仲女士
王錦霞女士

✓
✓

✓
✓

DIRECTORS' LIABILITIES INSURANCE

The Company has arranged appropriate insurance cover for Directors' liabilities in respect of potential legal actions against the Directors arising out of corporate activities of the Group pursuant to Code Provision A.1.8 of the new Corporate Governance Code. Such directors' liability insurance will be reviewed and renewed annually.

Throughout the year ended 31 December 2016, no claim has been made against the Directors.

COMPANY SECRETARY

Mrs. Wong Miu Ling, Phillis was appointed as the company secretary of the Company with effective from 26 May 2006. All Directors have access to the advice and services of the company secretary. During the year ended 31 December 2016, Mrs. Wong Miu Ling, Phillis has taken no less than 15 hours of relevant professional trainings to update her skills and knowledge.

CHANGE IN CONSTITUTIONAL DOCUMENTS

During the Year, amendments to the Articles of Association of the Company were approved by the shareholders of the Company and amendments regarding the change in issued share capital were effective from 13 June 2016. An updated version of the Articles of Association of the Company is available on the websites of the Company and the Stock Exchange.

董事責任保險

本公司已按照新企業管治守則之守則條文A.1.8條，就董事可能因本集團企業活動而面對之潛在法律行動作適當董事責任投保安排。有關董事責任保險將每年檢討及續保。

於截至二零一六年十二月三十一日止整個年度並無針對董事之申索。

公司秘書

黃妙玲女士已獲委任為本公司公司秘書，自二零零六年五月二十六日起生效。所有董事均可獲公司秘書提供意見及服務。截至二零一六年十二月三十一日止年度，黃妙玲女士已接受不少於15個小時的相關專業培訓以更新其技能及知識。

憲法文件之變更

於年內，本公司股東已審批本公司章程細則之修訂，而有關已發行股本變更之修訂已自二零一六年六月十三日生效。本公司章程細則之更新版本可於本公司及聯交所網頁查閱。

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT 董事監事及高級管理人員

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Hua Wei, aged 53, is the chairman and an executive director of the Company and vice chairman of Weigao Holding Company Limited (“Weigao Holding”). Mr. Zhang studied politics and economics at the Weihai Campus of Shandong University from 1996 to 1998. Mr. Zhang was the deputy factory director of Weigao Holding from 1988 to 1998, and has been the general manager of Weigao Holding since 1998. Mr. Zhang joined the Company in December 2000.

Mr. Wang Yi, aged 57, is the vice chairman, the chief executive officer and an executive director of the Company. Mr. Wang studied Business Administration at the Shandong Cadres Distance Learning University from 1994 to 1997. He joined Weigao Holding in 1988 and was production director from 1988 to 1989, head of the No. 2 branch of Weigao Holding from 1989 to 1992 and manager of the No. 3 branch of Weigao Holding from 1992 to 2004. Mr. Wang joined the Company in December 2000.

Mr. Gong Jian Bo, aged 49, is an executive Director of the Company and the general manager of Shandong Weigao Orthopaedic Device Company Limited (“Weigao Orthopaedic”). Mr. Gong graduated from 常州市武進前黃學校 (Changzhou Wujin Qian Huang College*) in 1987. Prior to joining the Company, Mr. Gong joined 常州市武進第三醫療器械廠 (Changzhou Wujin The Third Medical Device Factory*) (“Changzhou Wujin”) in 1988. He served as an assistant to the factory director and worked in technical and sales departments and was subsequently promoted to factory director in 1993. Changzhou Wujin is principally engaged in the research and development, sales and production of medical devices in China. Mr. Gong joined Weigao Orthopaedic in February 2005. Mr. Gong has over 20 years of valuable experience in medical device industry in China.

董事會

執行董事

張華威先生，53歲，本公司主席兼執行董事及威高集團有限公司（「威高集團公司」）副主席。張先生於一九九六年至一九九八年在山東大學威海分校修讀政治及經濟學。張先生於一九八八年至一九九八年任威高集團公司副廠長，自一九九八年起為威高集團公司總經理。張先生於二零零零年十二月加入本公司。

王毅先生，57歲，本公司副主席、行政總裁兼執行董事。王先生於一九九四年至一九九七年在山東幹部函授大學攻讀工商管理，彼於一九八八年加入威高集團公司，歷任生產科長（一九八八年至一九八九年）、威高集團第二分廠主管（一九八九年至一九九二年）、威高集團公司第三分廠經理（一九九二年至二零零四年）。王先生於二零零零年十二月加入本公司。

弓劍波先生，49歲，本公司之執行董事及山東威高骨科材料有限公司（「威高骨科」）總經理。弓先生於一九八七年畢業於常州市武進前黃學校。於加入本公司前，弓先生於一九八八年加入常州市武進第三醫療器械廠（「常州武進」）。他曾擔任廠長助理並參予技術及銷售部門之工作並其後於一九九三年晉升為廠長。常州武進主要於中國從事醫療設備之研發、銷售及生產。弓先生於二零零五年二月加入威高骨科。弓先生於中國醫療設備行業擁有逾20年之寶貴從業經驗。

BOARD OF DIRECTORS (continued)

董事會 (續)

Executive Directors (continued)

執行董事 (續)

Mr. Xia Lie Bo, aged 39, is an executive Director of the Company and the general manager and the chairman of Weihai Weigao Blood Purification Products Company Limited ("Weigao Blood Purification"). Mr. Xia graduated from 寧波高等專科學校 (Ningbo Advanced Technical College*) in 1998. Prior to joining the Company, Mr. Xia served as a management trainee in the quality control division in 寧波亞泰醫療器械有限公司 (Ningbo Yatai Medical Device Company Limited*) ("Ningbo Yatai") since August 1998. Ningbo Yatai is a sino-foreign joint venture company which is principally engaged in research and development, manufacture and sale of plasma segregator and blood lavage set. Mr. Xia subsequently joined 浙江玉環衛康醫療器械有限公司 (Zhejiang Yu Huan Wei Kang Medical Equipment Company Limited*) ("Yu Huan") in November 2000 and was responsible for strategic planning and management in Yu Huan which is principally engaged in research and development of protein A-based immune absorption column in China. In April 2002, Mr. Xia joined 浙江科銳生物科技有限公司 (Zhejiang Ke Rui Biotech Company Limited*) which is principally engaged in research and development of blood purification related products and he was responsible for overall business management. In May 2003, Mr. Xia joined as a project manager in 上海和祥醫療器械有限公司 (Shanghai Hoxen Company Limited*) which is engaged in distribution of renal failure treatment equipment and blood purification therapy instrument in China. Mr. Xia joined Weigao Blood Purification in October 2004. Mr. Xia has over 10 years of valuable experience in operation and management in blood purification industry in China.

夏列波先生，39歲，本公司之執行董事及威海威高血液淨化製品有限公司（「威高血液淨化」）總經理兼董事長。夏先生於一九九八年畢業於寧波高等專科學校。於加入本公司前，自一九九八年八月起，夏先生曾任職於寧波亞泰醫療器械有限公司（「寧波亞泰」），擔任品質部見習管理人員職務。寧波亞泰為一間主要從事血漿分離器及血液灌流器之研發、生產及銷售業務之中外合營企業。隨後於二零零零年十一月，夏先生加入浙江玉環衛康醫療器械有限公司（「玉環」），負責玉環（主要於中國從事蛋白A免疫吸附柱之研發）之策略規劃及管理。於二零零二年四月，夏先生加入浙江科銳生物科技有限公司（主要從事血液淨化相關產品之研發），負責整體業務管理。於二零零三年五月，夏先生加入上海和祥醫療器械有限公司擔任項目經理職務，該公司於中國從事腎功能衰竭治療設備及血液淨化治療儀之分銷業務。於二零零四年十月，夏先生加入威高血液淨化。夏先生在中國血液淨化製品行業擁有逾10年之寶貴經營管理經驗。

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT 董事監事及高級管理人員

BOARD OF DIRECTORS (continued)

Non-executive Directors

Mrs. Zhou Shu Hua, aged 60, is a non-executive Director of the Company and financial deputy general manager of Weigao Holding. Mrs. Zhou studied Business Administration at the Weihai Campus of Shandong University from 1999 to 2001. Mrs. Zhou joined Weigao Holding in 1989 and held a number of positions such as head of the finance division in the finance department, manager of the finance department and deputy general manager of Weigao Holding.

Independent Non-executive Directors

Mr. Lo Wai Hung, aged 57, obtained a bachelor degree in Commerce from James Cook University of North Queensland, Australia. Mr. Lo is an associate member of Institute of Chartered Accountants in Australia and a fellow member of Hong Kong Institute of Certified Public Accountants. Mr. Lo was appointed as an independent non-executive director, the chairman of audit committee, the chairman of remuneration committee, the chairman of nomination committee and a member of corporate governance committee of the Company. Mr. Lo is also an independent non-executive director of Talent Property Group Limited, C Cheng Holdings Limited and LT Commercial Real Estate Limited which are listed on the Stock Exchange of Hong Kong Limited.

董事會 (續)

非執行董事

周淑華女士，60歲，本公司非執行董事兼威高集團公司財務副總經理。周女士於一九九九年至二零零一年在山東大學威海分校修讀工商管理。周女士於一九八九年加入威高集團公司，歷任威高集團公司財務部財務科長、財務部經理及財務副總經理等職。

獨立非執行董事

盧偉雄先生，57歲，獲澳洲北崑士蘭詹姆斯庫克大學(James Cook University of North Queensland)頒授商學學士學位。盧先生為澳洲特許會計師公會會員及香港會計師公會資深會員。盧先生獲委任為本公司獨立非執行董事、審核委員會主席、薪酬委員會主席、提名委員會主席及企業管治委員會成員。盧先生亦為新天地產集團有限公司，思城控股有限公司及勒泰商業地產有限公司(均於香港聯合交易所有限公司上市)之獨立非執行董事。

BOARD OF DIRECTORS (continued)

董事會 (續)

Independent Non-executive Directors (continued)

獨立非執行董事 (續)

Mrs. Fu Ming Zhong, aged 66, senior economist and associate chief pharmacist and has over 40 years of working experience, particular in the area of management experience in the pharmaceutical and healthcare products industry. Mrs. Fu obtained a master's degree in engineering from the Harbin Institute of Technology in March 1992. Mrs. Fu was previously a deputy workshop director, the office head and the vice factory manager of The Third Harbin Pharmaceutical Factory from June 1972 to March 1999. Mrs. Fu was a director of Harbin City Pharmaceutical Group and the general manager of Harbin Pharmaceutical Company Limited from March 1992 to December 1997. She was also a deputy general manager of China Medicines Group from December 1997 to January 1999 and she was a director of China Medicines Group Corporation from January 1999 to July 2009 respectively. Mrs. Fu was the executive deputy general manager of China National Pharmaceutical industry Corporation from January 1999 to January 2001. Ms. Fu was the chairman of National Medicines Company Limited (a company listed on the Shanghai Stock Exchange) from February 2001 to April 2008. Mrs. Fu has been a director of Shenzhen Accord Pharmaceutical Company Ltd. (a company listed on the Shenzhen Stock Exchange) since April 2008 and was the chairman from April 2008 to December 2008. Ms. Fu has also been a director of Sinopharm Industrial Investment Co., Ltd. from July 2008 to December 2010. Mrs. Fu was the general manager, duty chairman and director of Sinopharm Group Co. Ltd. (a company listed on the Hong Kong Stock Exchange) during the period from February 2006 to December 2009, and December 2009 to January 2011 respectively.

Mrs. Fu is currently the chairman of China Association of Pharmaceutical Commerce and she joined the Company in October 2011.

付明仲女士，66歲，高級經濟師及副主任藥師並擁有逾40年工作經驗，尤其是於藥品及保健品行業方面之管理經驗。付女士於一九九二年三月獲得哈爾濱工業大學工學碩士學位。付女士自一九七二年六月至一九九九年三月歷任哈爾濱製藥三廠之車間副主任、辦公室主任及副廠長。付女士曾自一九九二年三月至一九九七年十二月擔任哈藥集團之董事及哈爾濱市醫藥公司之總經理。彼亦分別於一九九七年十二月至一九九九年一月擔任中國醫藥(集團)公司之副總經理及一九九九年一月至二零零九年七月擔任中國醫藥集團之董事。付女士於一九九九年一月至二零零一年一月擔任中國醫藥工業公司常務副總經理，並於二零零一年二月至二零零八年四月擔任國藥集團藥業股份有限公司(一間於上海證券交易所上市之公司)之董事長。付女士自二零零八年四月起亦一直擔任深圳一致藥業有限公司(一間於深圳證券交易所上市之公司)之董事，並於二零零八年四月至二零零八年十二月擔任其董事長。付女士亦自二零零八年七月至二零一零年十二月擔任國藥產業投資有限公司之董事。付女士於二零零六年二月至二零零九年十二月及二零零九年十二月至二零一一年一月期間分別擔任國藥控股有限公司(一間於香港聯合交易所上市之公司)總經理、副董事長及董事。

付女士現時亦為中國醫藥商業協會執行會長及彼於二零一一年十月加入本公司。

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT 董事監事及高級管理人員

BOARD OF DIRECTORS (continued)

Independent Non-executive Directors (continued)

Mrs. Wang Jin Xia, aged 62, an independent non-executive Director of the Company. Mrs. Wang is a senior economist and has over 30 years of working experience, especially the management experience in the pharmaceutical commerce and pharmaceutical industry. Mrs. Wang obtained a bachelor degree in economics (經濟學學士) from Dongbei University of Finance and Economics in July 1983 and was assigned to work in State Pharmaceutical Administration of China Pharmaceutical Company (國家醫藥管理局中國醫藥公司). Mrs. Wang was deputy director of the finance division, director of the information division of China Pharmaceutical Company (中國醫藥公司), the general secretary and the vice president of China Association of Pharmaceutical Commerce (中國醫藥商業協會) and the person in charge of the pharmaceutical chains branch of China Association of Pharmaceutical Commerce (中國醫藥商業協會連鎖藥店分會). She is also a senior advisor of China Nonprescription Medicines Association (中國非處方藥協會).

Currently, Mrs. Wang also acts as the independent director of Jointown Pharmaceutical Group Co., Ltd. (九州通醫藥集團股份有限公司) (stock code: 600998), HPGC Renmintongtai Pharmaceutical Corporation (哈藥集團人民同泰醫藥股份有限公司) (stock code: 600829), Xinjiang Ready Health Industry Co., Ltd. (新疆同濟堂健康產業股份有限公司) (stock code: 600090) and Shanxi Jinbo Bio-Pharmaceutical Incorporated Company (山西錦波生物醫藥股份有限公司) (stock code: 832932).

董事會 (續)

獨立非執行董事 (續)

王錦霞女士，62歲，本公司之獨立非執行董事。王女士為高級經濟師及擁有逾30年工作經驗，尤其於藥品流通及醫藥行業的管理經驗。王女士於一九八三年七月在東北財經大學獲得經濟學學士學位，被分配到國家醫藥管理局中國醫藥公司工作。王女士曾任中國醫藥公司財務處副處長、信息處處長、中國醫藥商業協會秘書長及副會長以及中國醫藥商業協會連鎖藥店分會負責人。彼亦為中國非處方藥協會高級顧問。

王女士現亦任九州通醫藥集團股份有限公司(股份代碼: 600998)、哈藥集團人民同泰醫藥股份有限公司(股份代號: 600829)、新疆同濟堂健康產業股份有限公司(股份代號: 600090)、山西錦波生物醫藥股份有限公司(股份代號: 832932)獨立董事。

BOARD OF DIRECTORS (continued)

Supervisors

The Company has a committee of Supervisors whose primary duty is to supervise the senior management of the Company, including the Board, Directors, managers and other senior officers. The function of the committee of Supervisors is to ensure that the senior management of the Company acts in the interests of the Company, and does not violate the rights of the Company's shareholders and employees. The committee of Supervisors reports to the shareholders in general meetings. The articles of association provides that the committee of Supervisors has the right to investigate the Group's financial affairs; to supervise the directors, general manager and other senior officers of the Company in the event that they contravene any laws, administrative regulations or the articles of association in the performance of their duties; to require the Directors, general managers and other senior management to rectify any activities committed by them that is harmful to the interests of the Company; to examine financial reports, result reports, profit distribution plans and other financial documents prepared by the Board to be submitted to shareholders in general meeting, and in appropriate cases, to appoint certified accountants or certified practicing auditors in the name of the Company to assist in such review; to propose the convening of extraordinary general meetings of shareholders; to represent the Company during negotiations with the Directors or to initiate legal proceedings against the Directors; and other functions and powers given by the shareholders in general meeting. The committee of Supervisors currently comprises the following three members:

Mrs. Bi Dong Mei, aged 53, is the supervisor of the Company and the audit consultant of Weigao Holding. Mrs. Bi graduated from the Economic Management Department of Shandong Cadres Distance Learning University in 1997. She joined Weigao Holding in December 1988 and has been the head of the finance division and the deputy manager of the infusion sets branch, the audit manager and auditor general of Weigao Holding.

董事會 (續)

監事

本公司設有監事會，主要職責為監督本公司的高級管理人員，包括董事會、董事、經理及其他高級主管人員。監事會職能為確保本公司高級管理人員依據本公司的利益行事，且不會違反本公司股東及僱員的利益。監事會在股東大會上向股東匯報。本公司組織章程細則規定監事會有權調查本集團的財務狀況；監督本公司董事、總經理及其他高級管理人員在履行彼等的職責時不會違反任何法律、行政法規或本公司組織章程細則；要求董事、總經理及其他高級管理人員停止進行有違本公司利益的活動；審核董事會編製並於股東大會向股東呈交的財務報告、業績報告、溢利分配計劃及其他財務文件，並在適當情況下，代表本公司委聘執業會計師或執業核數師協助有關審核工作；建議召開臨時股東大會；代表本公司與董事磋商或對董事提出法律訴訟；以及股東在股東大會上所授予的其他職權。目前，監事會由以下三名成員組成：

畢冬梅女士，53歲，本公司監事及威高集團公司審計顧問。畢女士於一九九七年畢業於山東幹部函授大學經濟管理系，於一九八八年十二月加入威高集團公司，歷任輸液器製品分公司財務科長及副經理，威高集團審計經理、審計長等職。

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT 董事監事及高級管理人員

BOARD OF DIRECTORS (continued)

Supervisors (continued)

Ms. Chen Xiao Yun, aged 43, is the supervisor of the Company and the chief financial officer of Weigao Holding. Ms. Chen studied financial accounting at the Shandong Broadcast and Television University from 1994 to 1998. She joined Weigao Holding in July 1991 and was the head of the finance division in finance department and the assistant to the manager of infusion sets branch, and the financial manager of Weigao Holding.

Mr. Yue Chun Liang, aged 36, is the employee representative supervisor of the Company. Mr Yue obtained a degree in Polymer Materials and Engineering from the University of Yantai in 2005. Mr. Yue joined the Company in 2005 and served in the research and development department and was subsequently transferred to production department of the infusion sets branch company. Mr. Yue is currently the assistant manager of the infusion set branch company.

Senior Management

Mr. Wu Xue Feng, aged 38, the chief financial officer of the Company, has over 15 years of extensive experience in the accounting and finance sectors. Mr. Wu joined the finance department of the Company in July 2001. He has been the manager of the finance department of the production unit of the Company since January 2005 and responsible for production cost auditing and control. He has been the manager of the finance department of the sales unit of the Company since June 2009 and responsible for auditing and management of sales business. He worked as the manager of the risk management department of Weigao Holding Company Limited, the controlling shareholder of the Company, since July 2012. He has been appointed as the financial controller of the distribution business department of Weigao Holding Company Limited since October 2013. Mr. Wu graduated and obtained a bachelor degree in finance management from the University of QiQiHar in Heilongjiang Province and obtained a master degree in business management from the Missouri State University, the United States in 2016.

董事會 (續)

監事 (續)

陳曉雲女士，43歲，本公司監事及威高集團公司之財務總監。陳女士於一九九四年至一九九八年在山東廣播電視大學修讀財務會計，於一九九一年七月加入威高集團公司，曾任財務部財務科長及輸液器製品分公司經理助理，威高集團財務經理等職。

岳春良先生，36歲，本公司職工代表監事。岳先生於二零零五年獲得煙台大學高分子材料與工程學位。岳先生於二零零五年加入本公司並任職於研發部及其後調任至輸液器分公司之生產部。岳先生現任輸液器分公司之副經理。

高級管理人員

吳雪峰先生，38歲，本公司財務總監，於會計及財務方面擁有逾15年豐富經驗。吳先生於二零零一年七月加入本公司財務部。二零零五年一月起擔任本公司製造財務部經理，負責成本製造核算和管理。二零零九年六月起擔任本公司銷售財務部經理，負責銷售業務的核算和管理。二零一二年七月起擔任威高集團有限公司(本公司之控股股東)風險管理部經理。二零一三年十月起擔任威高集團有限公司醫藥分銷事業部財務總監。吳先生畢業於黑龍江省齊齊哈爾大學，獲得財務管理學學士學位，並於二零一六年獲得美國密蘇里州立大學(Missouri State University)企業管理碩士學位。

BOARD OF DIRECTORS (continued)

Senior Management (continued)

Mr. Long Jing, aged 42, is the vice-general manager of the Company, responsible for the marketing management of the Company. Mr. Long has over 10 years of valuable experiences in sales and marketing in the medical device industry in China. Mr. Long joined the Company in July 2005 and served as the assistant manager and sales manager of sales department of the Company. Prior to joining the Company, Mr. Long served as the sales chief of 山東省塑料工業總公司 (Shandong Plastic Materials Industry Company*) from 1996 to 2002 and was principally responsible for the sales and marketing of raw materials. Mr. Long is a certified public accountant in the PRC. In 1996, Mr. Long obtained a bachelor degree in marketing from Shandong Economic University and a master degree in business administration from Shandong University in 2005.

Mr. Ju Hong Feng, age 42, is the vice-general manager of the production and supply chain of the Company. Mr. Ju graduated from Shandong University and obtained a MBA degree from Northwestern University in 2014. Mr. Ju joined the Company in June 2002 and acted as the manager of financial and accounts department of the Company. He acted as the chief financial officer of the Company since January 2009, the chief operating officer of Weigao Holding Company Limited and the general manager of the pharmaceutical distribution business division since February 2014 and the vice-general manager of the production and supply chain of the Company since January 2016. Mr. Ju has over 10 years of valuable experiences in finance and operating in the medical device industry in China.

Ms. Wong Miu Ling, Phillis, aged 48, is the company secretary of the Company. Ms. Wong joined the Company in May 2006. She is an fellowship member of both the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. Ms. Wong has over 18 years of experience in corporate finance and management.

董事會 (續)

高級管理人員 (續)

龍經，42歲，本公司副總經理，負責公司營銷管理工作。龍先生於中國醫療器械行業擁有逾十年之銷售及市場推廣方面的寶貴經驗。龍先生於二零零五年七月加入本公司，歷任本公司銷售管理部副經理、銷售經理。於加入本公司前，龍先生於一九九六年至二零零二年在山東省塑料工業總公司擔任銷售主管，主要負責原材料的銷售及市場推廣工作。龍先生乃中國註冊會計師，一九九六年取得山東經濟學院市場營銷專業學士學位，二零零五年取得山東大學工商管理碩士學位。

鞠洪峰先生，42歲，本公司生產與供應鏈副總經理。鞠先生畢業於山東大學，並於二零一四年取得西北大學工商管理碩士學位。鞠先生於二零零二年六月加入本公司擔任財務與會計部經理，二零零九年一月起擔任本公司財務總監，二零一四年二月起擔任威高集團有限公司運營總監兼醫藥分銷事業部總經理，二零一六年一月起擔任本公司生產與供應鏈副總經理。鞠先生於中國醫療器械行業擁有逾十年之財務及運營方面的寶貴經驗。

黃妙玲女士，48歲，本公司的公司秘書，於二零零六年五月加入本公司。黃女士為香港特許秘書公會及英國特許秘書及行政人員公會資深會員。黃女士於企業融資及管理方面積逾十八年經驗。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING

環境·社會及管治報告

The Company emphasizes long-term sustainable development. As a responsible medical device manufacturer, the Company always keeps the heart of responsibility which concerns the harmony and development of the society and sense of social responsibility. During the process of manufacturing medical devices, the Company aims to minimize the use of resource and reduce pollution to the environment. The Company has also strengthened the quality management system in production settings and operation practices; enhanced compliance system and engaged in community activities.

ENVIRONMENTAL PROTECTION

The Company incorporates environmental considerations in the manufacturing process to minimize the environmental impact through using less non-renewable energy, increasing the recycle of water, reducing the production of unnecessary carbon emission and wastes. The Company has disclosed the carbon emissions annually since 2015 in order to show the long-term commitment in environmental protection. The Company aims to achieve environmental sustainability in the use of energy, water resources, waste management and other resources.

1) Use of energy

The Company strictly follows the national policies regarding energy saving and environmental protection. There are in-house teams of the Company and external consultants to carry out studies to various energy saving programs. To save the use of energy, LED lighting is used to reduce the electricity consumption. Most of the electricity is consumed by the factories, with 131,814,166 kWh, accounting for 96.8% of the total. The electricity consumptions in offices and dormitories are relatively low, with 2,097,252 kWh and 2,238,122 kWh respectively, accounting for 1.5% and 1.6% of the total.

In 2016, the electricity consumption situation was as follow:



本公司高度重視長期可持續發展。作為負責任的醫療器械製造商，本公司始終銘記牽系社會和諧發展及社會責任感的責任。於製造醫療器械過程中，本公司致力於最大限度減少資源使用及給環境帶來的污染。本公司亦增強生產配置及營運常規的質量管理體系，改善法規系統並參與社區活動。

環境保護

本公司在生產工序中考慮了環境因素，透過減少使用非再生能源，提高水回收再用，降低產生不必要碳排放及廢料而盡量減少對環境的影響。本公司已自二零一五年起每年披露碳排放量，並藉此體現對環境保護的長期承諾。本公司旨在於能源使用、水資源、廢料管理及其他資源中實現環境可持續發展。

1) 能源使用

本公司嚴格遵守國家節能及環保政策。本公司自建團隊並聘用外部顧問對多種節能項目進行研究。為節省能源使用，使用LED照明減少耗電量。工廠消耗大多數電能，達131,814,166千瓦時，佔總耗電量的96.8%。辦事處及宿舍的耗電量相對較低，分別為2,097,252千瓦時及2,238,122千瓦時，各佔總耗電量的1.5%及1.6%。

二零一六年，電能消耗情況如下：

ENVIRONMENTAL PROTECTION (continued)

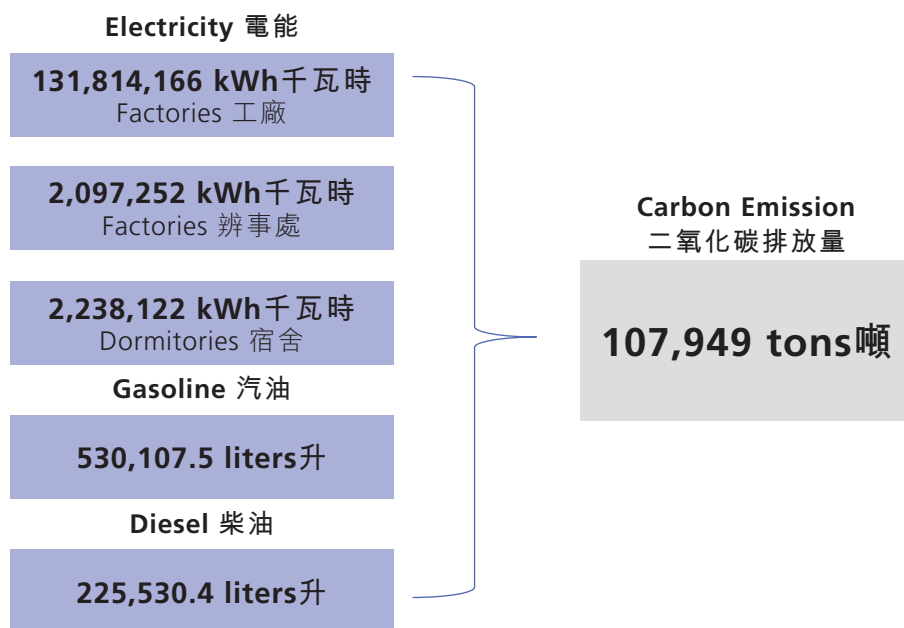
環境保護 (續)

Transportation: Introduction of electric cars, energy consumption & cost

交通工具：引入電動汽車、能源消耗及成本

Apart from LED lighting, the Company introduces electricity cars as an alternative to conventional vehicles. By end of 2016, the Company had around 30 electric cars for transportation of goods. For other types of transportation such as automobiles and buses, the total consumption of gasoline and diesel were 530,107.5 liters and 223,530.4 liters respectively in 2016. The total carbon emission generated from electricity consumption, consumption of gasoline and diesel was a total of 107,949 tons.

除LED燈外，本公司引入電動汽車替代傳統車輛。至二零一六年底，本公司已擁有約30輛電動汽車用於運輸貨物。對於其他類型交通工具（如汽車及公共汽車），汽油及柴油總消耗於二零一六年分別達530,107.5升及223,530.4升。由電量、汽油及柴油消耗所產生的二氧化碳排放總量合共達107,949噸。



* Note: The above emission figure only reflected electricity and fuel consumed by the operation in Weihai City under scope 1 and scope 2 as developed by the World Resources Institute and World Business Council for Sustainable Development. Carbon emission calculation did not include city steam as the volume consumed was relatively small and the supplier has not provided a conversion factor for calculation.

*附註：以上排放量只包括威海市業務的電力和燃料的消耗的數據，並在世界資源研究所和世界可持續發展工商理事會所制定的範圍1及範圍2內。碳排放量計算並不包括城市供暖（因所消耗體積相對較小），而供應商並無為計算提供換算因子。

ENVIRONMENTAL PROTECTION (continued)

2) Water Consumption

Water is a key input during the manufacturing process. The most common way to reduce waste is through recycling, but it is more complex in practice. Avoiding the generation of waste in the first place and minimizing waste are also crucial measures in any waste reduction strategy. Through reduction of water usage and recycling of wastewater, the Company reduces the generation of wastewater. With a pre-set mechanism to process the water before entering the manufacturing cycle, the wastewater generated from the manufacturing processes is significantly reduced.

For a limited amount of wastewater which could not be recycled, the Company will transport it to the sewage treatment plant in order to separate it from the domestic wastewater. After properly treating the wastewater, it will then be discharged in the public sewage system. The recycle rate of domestic wastewater achieved 32 tons/24 hours/100% in 2016, while the recycle rate of industrial wastewater was 38 tons/hour/100%. The Company recycled 5,000 tons cooling water for the past year.

In addition, hot water is transferred through the steam pipes for disinfection uses in production plant. The annual saving achieved over RMB200,000 in total for year 2016.

環境保護 (續)

2) 耗水量

水是生產工序中的重要資源。減少廢料最常用的方法是對廢料進行回收利用，但在實際操作中卻變得複雜。避免在源頭產生廢料及最大限度減少廢料亦是任何減少廢料策略的關鍵措施。通過減少耗水量及回收利用廢水，本公司減少產生污水。在進入生產週期前，利用預設機制處理水，令生產工序產生的廢水大幅減少。

由於有限的廢水無法回收利用，故此本公司將有限的廢水運輸至污水處理廠，使其與生活廢水分開。廢水經過妥善處理後被排放於公共污水系統內。生活廢水的回收率於二零一六年達到32噸／24小時／100%，而工業廢水為38噸／小時／100%。本公司亦於去年回收5,000噸冷卻水。

此外，本公司亦透過蒸汽管傳輸熱水至生產車間內用於滅菌。於二零一六年，全年節約總額逾人民幣200,000元。

ENVIRONMENTAL PROTECTION (continued)

2) Water Consumption (continued)

Furthermore, a large volume of fresh water is required during the needle grinding processes, thus producing whet wastewater afterwards. To effectively reduce the water consumption, the Company employs a set of water recycle system consisting of five sediment tanks, a water storage tank and a water refilling tank.

Through saving and recycling, the water reduction in 2016 was significant. The total water consumption was reduced from 1,720,212 tons in 2015 to 1,433,780 tons in 2016, which represented a reduction of 16.65% year on year. Water reduction was achieved in our factories, offices and dormitories.

3) Waste Management

Preventing environmental risks and protecting human health are always the Company's responsibility. Therefore, it is of utmost importance to conduct proper waste management. The waste generated in production processes can be mainly classified into two types which are liquid waste (industrial waste water) and solid waste (HW13). The production of liquid waste and solid waste were 117,531 tons and 34.26 tons respectively in 2016. For hazardous waste, the Company commissioned state-recognized third party for handling disposal. As a part of safety management, safety instructions for storage, handling and use of hazardous materials have been documented and posted in the production plant. Non-hazardous and domestic waste are separated, then are collected and disposed of by the responsible and qualified government agency every day to prevent excessive storage and reduce environmental pollution.

環境保護 (續)

2) 耗水量 (續)

與此同時，針頭研磨工藝須使用大量自來水，並產生研磨廢水。為有效降低耗水量，本公司採用一套中水回收系統，該系統配有五個沉澱池、一個儲水池和一個補水池。

透過節約用水及回收利用，耗水量於二零一六年大幅減少。總耗水量從二零一五年的1,720,212噸減少至二零一六年的1,433,780噸，同比減少16.65%。本公司的工廠、辦事處及宿舍均實現減少耗水量。

3) 廢料管理

本公司一如既往地恪守防範環境風險及保護人類健康之責任。故此，妥善管理廢料至關重要。生產過程所產生的廢料主要分為兩種類別，即液態廢料（工業廢水）及固態廢料（HW13）。於二零一六年，產生的液體廢料及固體廢料分別為117,531噸及34.26噸。對於危險的廢料，本公司委託國家認可的第三方進行處置。作為安全管理的一部分，本公司已就危險材料的儲存、處理及使用制定安全指示並張貼於生產廠房中。將無害生活廢料分開，然後由負責的合資格政府機構每日予以回收及處理，以避免過量儲存並降低環境污染。

ENVIRONMENTAL PROTECTION (continued)

3) Waste Management (continued)

Handling liquid waste

The Company has invested more than RMB50 million in constructing two sets of advanced waste water treatment device in 2016. The device employs solvent recover distillation process achieving high recycling rate of industrial waste water.

Industrial wastewater contains high concentration of pollutants. After filtering treatment, it will enter the recycling equipment for recycle process. The Company targets that 90% of the wastewater would be recycled and reused. The wastewater produced has been treated and processed according to internal standard procedure. The Company has committed to comply with the comprehensive discharge water standards in the peninsula of Shandong Province (DB37/676-2007).

The handling and transfer of waste lubricating oil HW08 (900-249-08) and waste cutting oil HW09 (900-006-09) are subject to the Laws of the People's Republic of China on the Prevention and Control of Environmental Pollution Solid Waste. In order to comply with the requirements as stated in the Law, the Company works with a qualified supplier which is approved by authority to handle waste.

Handling solid waste

For solid waste generated, the Company complies with the strict environmental requirements for storage. Transports of solid waste are regularly reported to the appropriate agencies. For the solid waste (HW13), an environmental protection agency will be commissioned to the designated qualified environmental companies for unified treatment.

環境保護 (續)

3) 廢料管理 (續)

處理液態廢料

本公司於二零一六年已投資逾人民幣5,000萬元建設兩套先進廢水處理裝置。裝置採用溶劑回收蒸餾過程達致高工業廢水回收率。

工業廢水含有高濃度污染物。工業廢水經過濾處理後，將進入回收設備進行回收處理。本公司的目標是將90%的廢水進行回收及再利用。所產生的廢水乃根據內部標準程序進行處理及加工。本公司符合《山東省半島流域水污染物綜合排放標準》(DB37/676-2007)的規定。

廢潤滑油HW08 (900-249-08)及廢切削液HW09 (900-006-09)須根據《中華人民共和國固體廢物污染環境防治法》進行處理及轉運。為符合該法律所述規定，本公司與經有關部門核准的合資格供應商合作處理廢物。

處理固態廢料

對於所產生的固態廢料，本公司遵守與儲存有關的嚴格環境規定。定期向相關機構報告固態廢料的運送情況。對於固態廢料(HW13)，環境保護機構委託指定合資格環保公司進行統一處理。

ENVIRONMENTAL PROTECTION (continued)

環境保護 (續)

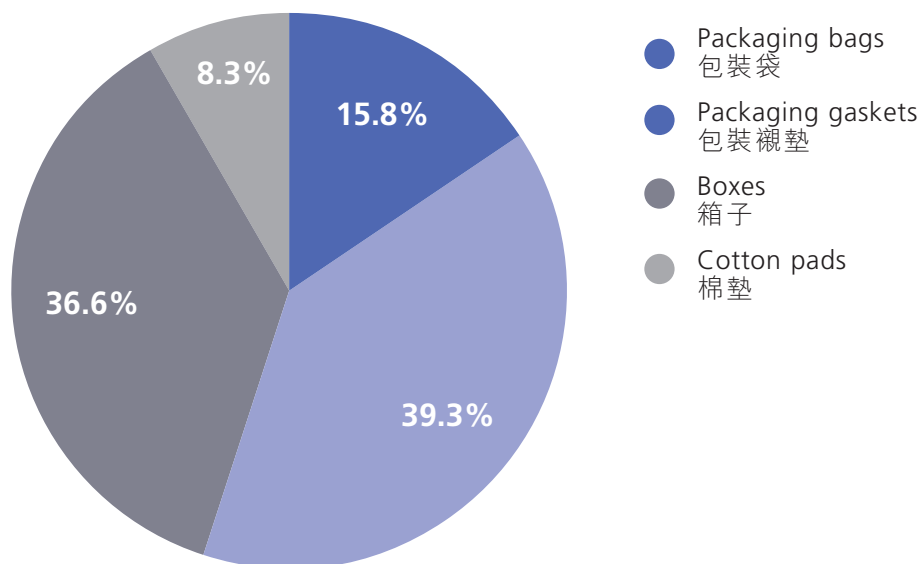
4) Other resources

The medical products and machines are required to be packaged well upon delivery. In 2016, the Company used 187 tons packaging bags, 464 tons packaging gaskets, 432 tons of boxes and 98 tons of cotton pads. In the future, the Company hopes to reduce the use of resources by recycling the used packaging materials. The Company aims to use recycled materials or renewable materials for the packaging materials.

4) 其他資源

醫用製品及器械必須於交付前妥善包裝。於二零一六年，本公司使用187噸包裝袋、464噸包裝襯墊、432噸箱子及98噸棉墊。日後，本公司希望透過回收利用已使用的包裝材料，減少資源的使用。本公司旨在使用回收材料或再生材料製作包裝材料。

PACKAGING MATERIALS (BY WEIGHT)
包裝用料 (按重量)



WORKPLACE QUALITY

1) Employment

In 2016, there were 10,575 employees in the active workforce with the male to female ratio of approximately 4.8:5.2. The Company offers free dormitories to the staff in need with enhanced environment and facilities that fit the special needs of the disabilities.

The Company aims at providing equal employment opportunity irrespective of employees' color, nationality, race, age, sex, religious beliefs or disabilities. The Company hopes that their staffs can work in an atmosphere which is full of respect and without any sense of discrimination.

In order to prevent child labour and forced labour according to the Labour Law, the Company strictly indicates the job qualifications and verifies the identity and personal information of all new staff on-board. The management arranges appropriate workload based on the capability of the staff. Labour union is set up to represent the interests of our staff and workers in the workplace.

2) Third Party occupational harmful factors inspection

In addition to the in-house inspections of the occupation harmful factors in the existing production settings, the Company has signed an agreement with the Celestica Quality Inspection Centre (ICC) to conduct an occupational harmful factors inspection on our behalf. Established in 2003, ICC is an independent third party testing and inspection organization. ICC is accredited by the China Metrology Accreditation (CMA), product and food inspection bodies, and Occupational Health Service Provider Certification (Grade B). The Company has arranged occupational health body check once a year for our staff whose workplace is exposed to the occupational hazard factors.

工作場所質量

1) 僱傭

於二零一六年，公司有10,575名僱員，男女比例約為4.8:5.2。本公司為有需要的員工提供免費宿舍，並配有適合殘疾工人特殊需求的改善環境及設施。

本公司致力提供平等的僱傭機會，無論僱員的膚色、國籍、種族、年齡、性別、宗教信仰或身體缺陷如何。本公司希冀其員工能夠在備受尊重無歧視的氛圍中工作。

為根據勞動法防止童工及強迫勞動，公司對任職資格有嚴格指示並核實公司所有新員工的個人信息。管理層根據每個員工的能力安排適當的工作量。已成立的工會能代表員工及工人在工作場所的利益。

2) 第三方職業危害因素檢驗

除對現有生產配置進行職業危害因素的內部檢驗外，本公司已與天弘質量檢驗中心（「天弘」）簽署一份協議，代表本公司進行職業危害因素檢測。天弘於二零零三年成立，為一家獨立的第三方檢測及檢驗機構。天弘獲中國計量認證（CMA）、產品及食品類檢驗機構、職業衛生服務資質證書（乙級）等認證。本公司為於存在著職業危害因素工作場所工作的員工安排一年至少一次職業健康體檢。

WORKPLACE QUALITY (continued)

工作場所質量 (續)

3) Safety production target responsibility handbook

As a responsible medical device producer, the Company communicates with all related departments regarding the responsibility to maintain safety and high standard in the manufacturing process.

The Company has signed the "Safety production target responsibility handbook" which regulates the main procedures and targets for production safety works in 2016. With continuous training and promotion, all relevant departments should follow and implement the measures and activities according to the handbook. The Energy Department reviews the implementation of various departments and determines appropriate follow up actions regularly.

To prevent the occurrence of workplace hazards and maintain the safety of our staff, the Company conducts the production safety inspection activities every month. After each investigation, corrective and preventative recommendations should be made and the relevant departments will be asked to implement within predetermined timeframe. The Company will continue to invest in the replacement of protection supplies and maintenance of safety protection facilities.

4) Health and Safety

The health and safety of the employees are important for the Company. The Company offers a series of policies and guidelines that ensure a quality and safe workplace environment for the employees. For every 3 working hours, the frontline staff are entitled to have 20 minutes resting time and they take turns to have resting.

3) 安全生產目標責任書

作為一名負責任的醫療器械生產商，本公司與所有相關部門就責任進行溝通以確保生產過程中保持安全及高標準。

公司已簽訂「安全生產目標責任手冊」，當中規定二零一六年安全生產工作的主要步驟及目標。通過持續培訓及宣傳，所有有關部門應遵守及執行該手冊制定的措施及活動。能源部門將檢討多個部門的執行情況，並決定適當的跟進行動。

為避免出現工作場所危害及保護僱員的安全，本公司每月開展生產安全檢驗活動。於每次調查後，均作出糾正及預防建議，並要求相關部門於預定的時間期限內實施。本公司將繼續投資更新防護用品及保養安全防護設施。

4) 健康及安全

僱員的健康及安全對本公司而言至關重要。本公司提供一系列政策及指引，以確保為僱員提供優質及安全的工作環境。每工作三個小時，前線員工享有20分鐘輪流休息時間。

WORKPLACE QUALITY (continued)

4) Health and Safety (continued)

Proper safety measures have been implemented to protect the safety of the frontline staff. It is compulsory for frontline staff to wear safety glasses, masks and earplugs during working in order to prevent the damage from dust and noise. For preventing the damage from hazardous gas and corrosion, it is compulsory for frontline staff to wear safety glasses, masks, protective masks, protective clothing, plastic protective boots and protective gloves. Staff are entitled to have regular body check and regular environmental monitoring is required to be conducted in the factories.

The Company closely monitors and follows up on workplace injuries and illnesses. We monitor number of injuries, number of staff needed to be absent for work due to workplace injuries and illnesses. To reduce the incident rate, the Company has implemented a safety management system and has a documented safety manual which covers various areas including roles and responsibilities of various departments, organization, training, inspection systems, management of special equipment, work permit system, management of fire safety equipment, management of hazardous materials and emergency plans. The Company has bought sufficient insurance coverage for all staffs according to the national law.

工作場所質量 (續)

4) 健康及安全 (續)

本公司已執行適當安全措施以保護前線員工的安全。前線員工必須於工作期間佩戴安全眼鏡、口罩及耳塞，以免遭受灰塵及噪音的損害。為免受到危險氣體及腐蝕的損害，前線員工必須穿戴安全眼鏡、口罩、防毒面具、防護衣、塑膠防護靴及防護手套。僱員享有定期體檢，並須在工廠進行常規的環境監測。

本公司密切監督及跟進工作場所的傷病。我們監督工傷總數及因工作場所傷病而需缺席工作的員工數目。為降低事故發生率，公司已實施安全管理制度及制定安全手冊，涵蓋多個方面，包括各部門的職責及責任、組織、培訓、檢查制度、特殊設備的管理、工作證制度、防火安全設施的管理、有害物質的管理及應急計劃。本公司已根據國家法律為所有僱員購買充分的保險。

WORKPLACE QUALITY (continued)

工作場所質量 (續)

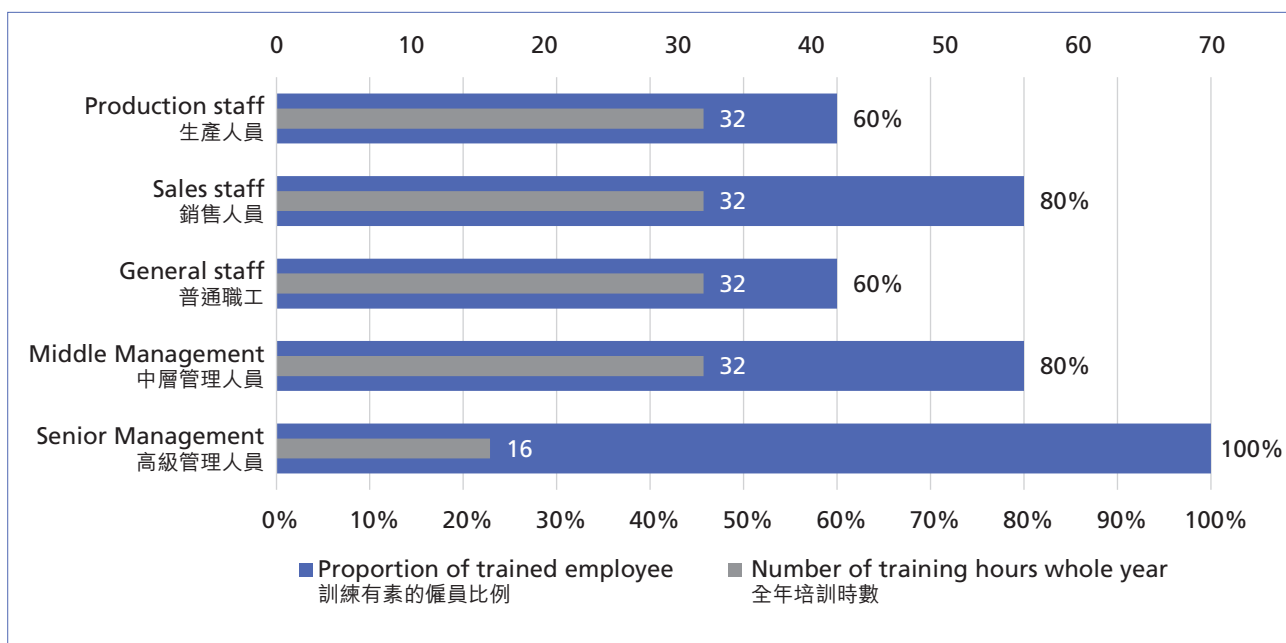
5) Development and Training (continued)

5) 發展及培訓 (續)

The Company acknowledges the importance of training that allows employees to improve the productivity. Monthly classroom training, internal training and seminars are held for all staff. Relevant safety trainings are organized to enhance employees' safety awareness. The training for various level of staff is different. For senior management, the training covers the area of law and management skills. For middle management, the training covers the area of engineering technique and quality as well as team management. Compared to middle management, the additional training provided to general and sales staff includes the area of law. For production staff, the training mainly focuses on the area of safety and quality management. The proportion of trained employee and the number of training hours for different business segments in 2016 are as follow:

本公司了解培訓對提高僱員生產率的重要性。公司每月為所有員工舉行課堂培訓、內部培訓及座談會，並組織有關安全培訓以提高員工的安全意識。不同級別的僱員接受不同的培訓。對於高級管理人員，培訓涵蓋法律及管理技能領域。對於中層管理人員，培訓涵蓋工程技能及質量領域以及團隊管理。相比中層管理人員，為普通職員及銷售人員提供的額外培訓包括法律領域。對於生產人員，培訓主要側重於安全及質量管理領域。二零一六年接受培訓的僱員比例與各個業務部門培訓時數列示如下：

BLOOD PURIFICATION 血液淨化



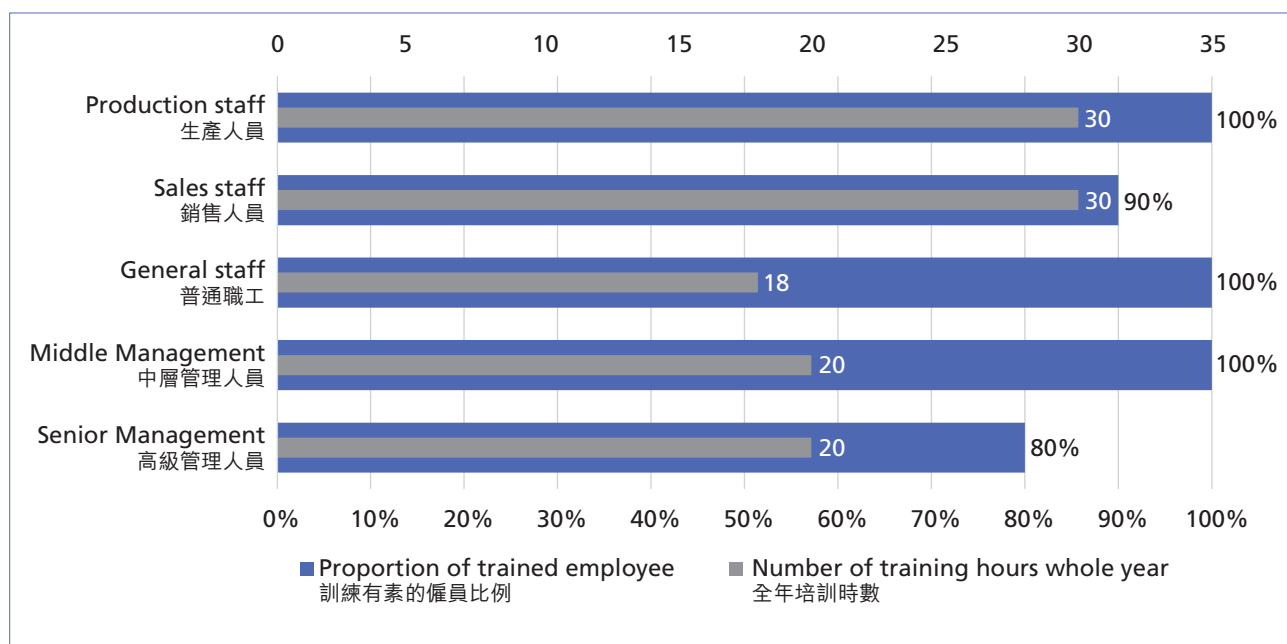
WORKPLACE QUALITY (continued)

工作場所質量 (續)

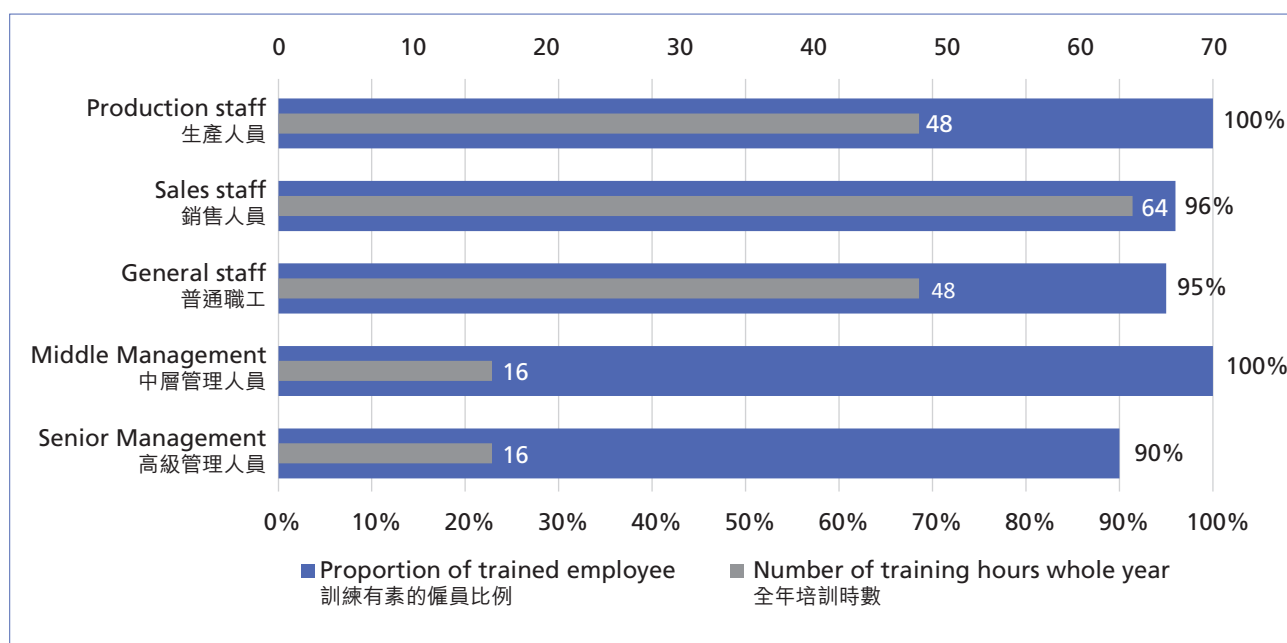
5) Development and Training (continued)

5) 發展及培訓 (續)

ORTHOPAEDIC 骨科



SINGLE USE MEDICAL DEVICE 一次性醫療器械



OPERATING PRACTICES

The Company is devoted in enhancing the product quality through evaluation and improvement in terms of management, production, technology and testing. In 2016, the Company has launched three new patents that are all Orthopaedic related. One is the invention patent and the other two are utility model patent.

1) Supply Chain Management

The Company works closely with the suppliers to enhance the quality of products and improve the sustainable performance. In 2016, the Company has 25 suppliers for chemical resources, 15 suppliers for accessories and 10 suppliers for packaging.

The Company reviews and manages the supply chain based on following criteria: fulfillment of international medical device standards ISO 9001, ISO 13485 and ISO 14001; fulfillment of national law; the suppliers' influence, trust and reputation within the industry; supply stability and timing; production environment; supply capacity; quality of raw material, etc.

The quality management system has to fulfill the requirements of the international medical device standards. The quality management system is also certified to be effective by independent third-party authorities which conduct regular and on-the-spot inspections. We will ask suppliers to provide their environmental, social and governance reports to us if necessary.

2) Product Responsibility

As a reputed medical device manufacturer in the world, the Company has committed to ensure good quality and safe products. The Company strictly follows the national guidelines and requirements including, but not limited to "Regulation on the Supervision and Administration of Medical Devices", "Good Manufacturing Practice for Medical Devices", "Medical devices--Quality management systems--Requirements for regulatory purposes".

營運常規

本公司致力於透過評估及改善管理、生產、技術及檢測而提高產品質量。於二零一六年，本公司已推出三種均與骨科有關的新專利。一種為發明專利，另外兩種為實用新型專利。

1) 供應鏈管理

本公司與供應商緊密合作以提高產品質量及改善可持續性表現。於二零一六年，本公司擁有25名化工資源供應商、15名配件供應商及10名包裝供應商。

本公司根據下列標準檢討及管理供應鏈：實行國際醫療器械標準ISO 9001、ISO 13485及ISO 14001；遵守國家法律；供應商於業內的影響力、信用及聲譽；供應穩定性與及時性；生產環境；供應能力；原材料質量等。

質量管理體系須符合國際醫療器械標準的要求。質量管理體系亦由獨立第三方機構進行現場定期檢驗，監控系統的有效性。如有必要，本公司將要求供應商提供環境、社會及管治報告。

2) 產品責任

作為全世界著名的醫療器械製造商，公司的生產廠房符合相關的藥品生產質量管理規範體系以保證優質及安全產品。本公司嚴格遵循國家指引及規定，包括但不限於「醫療器械監督管理條例」、「醫療器械質量管理規範」、「醫療器械—質量管理制度—監管要求」。

COMMUNITY INVOLVEMENT

The Company actively engages with the stakeholders including doctors, nurses, patients, employees, workers and customers during different channels and platforms. The Company serves the community through provision of public welfare services to promote better health and education.

The Company regularly invites doctors, patients, executive staff of other industries, suppliers and mass media reporters to visit our factories. Through the visit, the Company clearly explains its production process and technique, machinery and raw material. Through showcasing the quality management, the Company hopes to gain trust from the general public. In the past year, there were approximately 2,000 people visiting the Company's factories.

Meanwhile, the Company also puts environmental management, production and safety management and precautions of staff occupational diseases into their management framework of safe production standardization.

In addition, the Company has established the "Friends of Kidney" in China that aims to help patients suffering from kidney diseases. The Company initiates and organizes activities and meetings regularly and invites medical experts and patients to share their expertise and experiences on kidney diseases. The Company has invested RMB185,000 in the "Friends of Kidney" in 2016.

社區公益

本公司與其持份者(包括醫生、護士、病人、僱員、工人及客戶)在不同渠道及平台交流,透過向社區提供公益服務為社區服務而宣揚更佳的健康及教育。

本公司定期邀請醫生、病人、其他行業主管人員、供應商及大眾媒體記者參觀我們的工廠。透過參觀,本公司清晰解釋其生產過程及技能、機器及原材料。透過展示質量管理,本公司希望獲得公眾的信任。於過去一年,合共約2,000個人曾參觀本公司的工廠。

與此同時,本公司亦將環境管理、生產及安全管理以及僱員職業病防範措施融入其安全生產標準的管理框架中。

此外,本公司已於中國成立「腎友會」,旨在幫助腎病病人減少腎病帶來的痛苦,並定期舉辦活動及邀請醫療專家與病人分享他們關於腎病的專業知識及經驗。於二零一六年,本公司投入人民幣185,000元於「威高腎友會」。



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88 Queensway
Hong Kong

**TO THE SHAREHOLDERS OF
SHANDONG WEIGAO GROUP MEDICAL POLYMER
COMPANY LIMITED**

山東威高集團醫用高分子製品股份有限公司

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

**致山東威高集團醫用高分子製品股份
有限公司股東**

(於中華人民共和國成立的股份有限公司)

OPINION

We have audited the consolidated financial statements of Shandong Weigao Group Medical Polymer Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 93 to 207, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

意見

本行已完成審核第93至207頁所載山東威高集團醫用高分子製品股份有限公司(「貴公司」)及其附屬公司(統稱為「貴集團」)的綜合財務報表，該等綜合財務報表包括於二零一六年十二月三十一日的綜合財務狀況表、及截至該日止年度的綜合損益及其他全面收入報表、綜合權益變動報表及綜合現金流量報表，及該等綜合財務報表附註(包括主要會計政策的概要)。

本行認為，綜合財務報表按照香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」)真實及公平地反映貴集團於二零一六年十二月三十一日的綜合財務狀況，以及截至該日止年度的綜合財務表現及其綜合現金流量狀況，並已依據香港公司條例的披露規定妥為編製。

意見基準

本行是按照香港會計師公會頒佈的香港核數準則(「香港核數準則」)進行審核工作。本行於該等標準項下之責任進一步詳述於本報告「核數師就審核綜合財務報表須承擔的責任」一節。根據香港會計師公會的專業會計師道德守則(「守則」)，本行獨立於貴集團，並根據守則履行吾等其他道德責任。本行相信，吾等所取得的審核憑證已足夠及適當地為吾等的審核意見提供基礎。

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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 關鍵審核事項

關鍵審核事項

關鍵審核事項為吾等的專業判斷中，審核本期綜合財務報表中最重要的事項。本行於審核整體綜合財務報表及就此形成意見時處理此等事項，而不會就此等事項單獨發表意見。

How our audit addressed the key audit matter 處理關鍵審核事項之方法

Share-based payment expenses in connection with the share arrangement with the management of Shandong Weigao Orthopaedic Device Company Limited ("Weigao Ortho")

與山東威高骨科材料有限公司（「威高骨科」）管理層之股份安排有關之以股份為基礎付款開支

We identified the share-based payment expenses in connection with the share arrangement with the management of Weigao Ortho ("Share Arrangement"), a subsidiary of the Company, as a key audit matter due to its significance to the consolidated financial statements and significant management judgment involved in the valuation of the Share Arrangement, especially the key inputs including, but not limited to, discount rate and the underlying forecast cash flows.

鑒於其對綜合財務報表之重要性及股份安排估值涉及之重大管理層判斷，尤其是重要輸入數據（包括但不限於折現率及相關預測現金流量），吾等已確認與貴公司之附屬公司威高骨科管理層之股份安排（「股份安排」）有關之以股份為基礎付款開支作為關鍵審核事項。

Our procedures in relation to share-based payment expenses in connection with the Share Arrangement of Weigao Ortho included:

涉及與威高骨科股份安排有關之以股份為基礎付款開支之程序包括：

- Reading the valuation report in respect of the fair value of the shares issued by Weigao Ortho prepared by the external valuer;
- 閱讀外聘估值師就威高骨科發行之股份公平值編製之估值報告；
- Evaluating the professional competence, capabilities and objectivity of the external valuer;
- 評估外聘估值師之專業資格、勝任能力及客觀性；
- Discussing with the management about the valuation technique used, assumptions and key data adopted;
- 與管理層討論所用的估值方法、估值所採用的假設及重要數據；

KEY AUDIT MATTERS (continued)

關鍵審核事項 (續)

Key audit matter
關鍵審核事項

How our audit addressed the key audit matter
處理關鍵審核事項之方法

As disclosed in note 33 to the consolidated financial statements, share based payment expenses in relation to the Share Arrangement of RMB294,889,000 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year. The amount represents the difference between the fair value of the shares issued by Weigao Ortho and the consideration received from the management of Weigao Ortho.

誠如綜合財務報表附註33所披露，與股份安排有關之以股份為基礎付款開支人民幣294,889,000元乃於年內綜合損益及其他全面收益表中確認。該金額為威高骨科發行之股份公平值與向威高骨科管理層收取之代價間之差額。

Valuation report prepared by external valuer was obtained to support management's estimates in relation to the fair value of the shares issued by Weigao Ortho under the Share Arrangement.

管理層所獲取的由外聘估值師編製的估值報告，為其對威高骨科根據股份安排發行的股份公平值所作的估計提供支持。

- Utilising our internal valuation specialists to assess the valuation methodology and the key assumptions of the discount rate ;
- 利用本行內部估值專家評估估值方法及折現率之重要假設；
- Challenging the reasonableness of the underlying forecast cash flows by comparing the inputs to entity-specific information.
- 比較實體特定的輸入資料，驗證相關預測現金流量的合理性。

KEY AUDIT MATTERS (continued)

關鍵審核事項 (續)

Key audit matter
關鍵審核事項

How our audit addressed the key audit matter
處理關鍵審核事項之方法

Estimated impairment on trade receivables
應收貿易賬款的估計減值

We identified the estimated impairment on trade receivables as a key audit matter due to significant management judgment involved. 由於涉及之重大管理層判斷，吾等已確認應收貿易賬款的估計減值作為關鍵審核事項。

As disclosed in note 25 to the consolidated financial statements, the carrying amount of the Group's trade receivables as at 31 December 2016 is RMB2,390,402,000 and the impairment loss of trade receivables recognised for the year ended is RMB48,352,000.

誠如綜合財務報表附註25所披露，貴集團於二零一六年十二月三十一日的應收貿易賬款賬面值為人民幣2,390,402,000元，於截至該日止年度確認的應收貿易賬款的減值虧損為人民幣48,352,000元。

Our procedures in relation to estimated impairment on trade receivables included:

有關應收貿易賬款的估計減值的程序包括：

- Testing on the age classification in the aged analysis for trade receivables used to determine estimated impairment on a sample basis;
- 對應收貿易賬款賬齡分析中之賬齡類別進行抽樣測試，以釐定估計減值；
- Checking the subsequent settlements of trade receivables;
- 查核應收貿易賬款的後續償付；
- Challenging the reasonableness of the amounts significantly past due but not impaired through discussion with the management on our knowledge of the business and industry.
- 與管理層討論吾等對業務及行業的瞭解，驗證逾期而未估計減值的重大款項的合理性。

OTHER INFORMATION

其他資料

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

貴公司董事對其他資料負責。其他資料包括年報內所載的資料，惟不包括綜合財務報表及吾等就此作出之核數師報告。

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

吾等對綜合財務報表作出的意見並未涵蓋其他資料。吾等不對其他資料發表任何形式的核證結論。

OTHER INFORMATION (continued)

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 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 THOSE CHARGED WITH GOVERNANCE 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 HKFRSs issued by the HKICPA 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

其他資料 (續)

就審核綜合財務報表而言，吾等的責任是閱讀其他資料，從而考慮其他資料是否與財務報表或吾等在審核過程中獲悉的資料存在重大不符，或似乎存在重大錯誤陳述。倘若吾等基於已完成的工作認為其他資料出現重大錯誤陳述，吾等須報告該事實。吾等就此並無任何事項須報告。

董事及治理層就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港公司條例的披露規定編製真實而公平的綜合財務報表，並對董事認為為使綜合財務報表的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在編製綜合財務報表時，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。

治理層須負責監督貴集團的財務報告過程。

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

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism 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.

核數師就審核綜合財務報表須承擔的責任

本行的目標乃對綜合財務報表整體是否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，並出具包括本行意見的核數師報告，並按照協定的委聘條款僅向閣下（作為整體）報告，除此之外本報告別無其他目的。本行概不就本報告的內容對任何其他人士負責或承擔責任。合理保證為高水平的保證，但不能保證按照香港審核準則進行的審核總能發現重大錯誤陳述。錯誤陳述可以由欺詐或錯誤引起，如果合理預期其單獨或匯總起來可能影響綜合財務報表使用者依賴綜合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。

作為根據香港審核準則進行審核其中一環，本行運用專業判斷，保持專業懷疑態度。本行亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審核程序以應對該等風險，以及獲取充足及適當的審核憑證，作為本行意見的基礎。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出現重大錯誤陳述的風險高於未能發現因錯誤而導致出現重大錯誤陳述的風險。
- 瞭解與審核相關的內部控制，以設計在有關情況下屬適當的審核程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評估董事所採用會計政策的適當性以及作出會計估計及相關披露的合理性。

**AUDITOR'S RESPONSIBILITIES FOR THE
AUDIT OF THE CONSOLIDATED FINANCIAL
STATEMENTS** (continued)

**核數師就審核綜合財務報表須承
擔的責任 (續)**

- 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.
- 對董事採用持續經營會計基礎的適當性作出結論，並根據所獲取的審核憑證，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。倘本行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綜合財務報表中的相關披露。假若有關的披露不足，則修訂本行的意見。本行的結論乃基於直至核數師報告日止所取得的審核憑證。然而，未來事項或情況可能導致貴集團不能持續經營業務。
- 評估綜合財務報表的整體列報方式、結構及內容（包括披露）事項以及綜合財務報表是否公平反映相關交易及事項。
- 就貴集團內實體或業務活動的財務資料獲取充足適當的審核憑證，以便對綜合財務報表發表意見。本行負責貴集團審核的方向、監督及執行。本行為審核意見承擔全部責任。

We communicate with those charged with governance 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.

本行與治理層溝通審核的計劃範圍及時間以及重大審核發現等，其中包括本行在審核中識別出內部控制的任何重大不足之處。

We also provide those charged with governance 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.

本行亦向治理層提交聲明，表明本行已符合有關獨立性的相關專業道德要求，並與彼等溝通可能合理被認為會影響本行獨立性的所有關係及其他事項以及在適用的情況下相關的防範措施。

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告書

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

From the matters communicated with those charged with governance, 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 the independent auditor's report is Yu Kin Man.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

22 March 2017

核數師就審核綜合財務報表須承 擔的責任 (續)

從與治理層溝通的事項中，本行確定該等對本期綜合財務報表的審計最為重要的事項，因而構成關鍵審計事項。本行在核數師報告中闡釋該等事項，除非法律或規例不允許公開披露該等事項，或在極端罕見的情況下，合理預期倘於本行之報告中註明某事項造成的負面後果超過產生的公眾利益，則本行決定不應在報告中註明該事項。

出具獨立核數師報告的審核項目合夥人為俞堅民。

德勤•關黃陳方會計師行
執業會計師
香港

二零一七年三月二十二日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收入報表

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

		NOTES	2016 RMB'000 二零一六年 人民幣千元	2015 RMB'000 二零一五年 人民幣千元
		附註		
Revenue	收入	5	6,730,340	5,918,930
Cost of sales	銷售成本		(2,593,772)	(2,403,372)
Gross profit	毛利		4,136,568	3,515,558
Other income, gains and losses	其他收入、收益及虧損	6	107,390	96,238
Selling and distribution costs	銷售及分銷成本		(1,839,173)	(1,544,998)
Administrative expenses	行政開支		(731,462)	(393,316)
Research and development expenses	研發開支		(302,679)	(292,658)
Finance costs	融資成本	7	(56,762)	(44,497)
Share of profit (loss) of joint ventures	應佔合營公司 溢利(虧損)		464	(3,958)
Share of profit of an associate	應佔一間聯營公司溢利		-	601
Gain on disposal of a subsidiary	出售一間附屬公司之收益		-	2,535
Profit before taxation	除稅前溢利		1,314,346	1,335,505
Income tax expense	所得稅開支	8	(176,754)	(186,647)
Profit for the year	年內溢利	9	1,137,592	1,148,858
Other comprehensive income	其他全面收入			
<i>Items that may be reclassified subsequently to profit or loss:</i>	<i>其後可重新分類至損益之項目：</i>			
Exchange differences arising on translation of foreign operations – subsidiaries	換算海外業務產生之匯兌差額 – 附屬公司		8,749	7,557
Total comprehensive income for the year	年內全面收入總額		1,146,341	1,156,415
Profit for the year attributable to:	年內溢利下列各項應佔：			
Owners of the Company	本公司擁有人		1,105,933	1,112,736
Non-controlling interests	非控股權益		31,659	36,122
			1,137,592	1,148,858
Total comprehensive income attributable to:	全面收入總額下列各項應佔：			
Owners of the Company	本公司擁有人		1,114,682	1,120,293
Non-controlling interests	非控股權益		31,659	36,122
			1,146,341	1,156,415
Earnings per share	每股盈利			
Basic (RMB yuan per share)	基本(每股人民幣元)	12	0.25	0.25
Diluted (RMB yuan per share)	攤薄(每股人民幣元)		0.25	0.25

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

At 31 December 2016 於二零一六年十二月三十一日

		NOTES	31/12/2016 RMB'000 二零一六年 十二月 三十一日 人民幣千元	31/12/2015 RMB'000 二零一五年 十二月 三十一日 人民幣千元
		附註		
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	13	5,371,152	4,965,944
Investment properties	投資物業	14	51,415	53,186
Deposits paid for acquiring property, plant and equipment	就收購物業、廠房及設備之已付按金		41,195	45,373
Prepaid lease payments	預付租賃款項	15	466,117	476,866
Intangible assets	無形資產	16	7,360	10,475
Sponsorship rights	贊助權利	17	37,958	–
Interests in joint ventures	於合營公司的權益	18	112,705	108,241
Available-for-sale investments	可供出售投資	19	95,411	25,659
Goodwill	商譽	20	202,900	202,900
Deferred tax assets	遞延稅項資產	21	59,485	44,270
Finance lease receivables	應收融資租賃款項	22	381,741	60,053
Loan receivables	應收貸款	23	246,600	–
			7,074,039	5,992,967
Current assets	流動資產			
Inventories	存貨	24	915,586	850,593
Trade and other receivables	應收貿易賬款及其他應收款項	25	3,498,819	2,898,470
Finance lease receivables	應收融資租賃款項	22	158,993	18,890
Pledged bank deposits	已抵押銀行存款	26	36,980	46,173
Bank balances and cash	銀行結餘及現金	27	4,071,892	3,712,153
			8,682,270	7,526,279
Current liabilities	流動負債			
Trade and other payables	應付貿易賬款及其他應付款項	28	2,167,224	1,571,379
Borrowings	借款	29	296,400	369,900
Tax payable	應付稅項		106,904	52,920
Deferred income	遞延收入	30	8,982	7,436
Loan from the ultimate holding company	來自最終控股公司貸款	32	104,411	–
			2,683,921	2,001,635
Net current assets	流動資產淨額		5,998,349	5,524,644
			13,072,388	11,517,611

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

At 31 December 2016 於二零一六年十二月三十一日

		NOTES	31/12/2016 RMB'000 二零一六年 十二月 三十一日 人民幣千元	31/12/2015 RMB'000 二零一五年 十二月 三十一日 人民幣千元
		附註		
Capital and reserves	資本及儲備			
Share capital	股本	31	452,233	447,637
Reserves	儲備		11,414,344	10,210,540
Equity attributable to owners of the Company	本公司擁有人應佔權益		11,866,577	10,658,177
Non-controlling interests	非控股權益		338,687	128,646
Total equity	權益總額		12,205,264	10,786,823
Non-current liability	非流動負債			
Borrowings	借款	29	791,800	649,200
Deferred income	遞延收入	30	75,324	81,588
			867,124	730,788
			13,072,388	11,517,611

The consolidated financial statements on pages 93 to 207 were approved and authorised for issue by the Board of Directors on 22 March 2016 and are signed on its behalf by:

第93至207頁的綜合財務報表已獲董事會於二零一六年三月二十二日批准及授權刊發，並由以下董事代表董事會簽署：

Zhang Hua Wei
張華威

DIRECTOR
董事

Wang Yi
王毅

DIRECTOR
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動報表

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

		Attributable to owners of the Company 本公司擁有人應佔									
		Share capital	Share premium reserve	Statutory surplus reserve	Translation reserve	Share-based payments reserve	Other reserve	Retained profits	Total	Non-controlling interests	Total
		RMB'000	RMB'000	RMB'000 (Note a)	RMB'000	RMB'000	RMB'000 (Note b)	RMB'000	RMB'000	RMB'000	RMB'000
		股本	股份溢價儲備	法定盈餘儲備	匯兌儲備	以股份為基礎付款儲備	其他儲備	保留溢利	總計	非控股權益	總計
		人民幣千元	人民幣千元	人民幣千元 (附註a)	人民幣千元	人民幣千元	人民幣千元 (附註b)	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2015	於二零一五年一月一日	447,637	2,478,544	255,658	(1,786)	-	1,097	6,666,755	9,847,905	31,686	9,879,591
Profit for the year	本年度溢利	-	-	-	-	-	-	1,112,736	1,112,736	36,122	1,148,858
Exchange differences arising on translation of foreign operations - subsidiaries	換算海外業務產生的匯兌差額 - 附屬公司	-	-	-	7,557	-	-	-	7,557	-	7,557
Total comprehensive income for the year	年內全面收入總額	-	-	-	7,557	-	-	1,112,736	1,120,293	36,122	1,156,415
Capital contribution by non-controlling interests (note 33)	非控股權益注資(附註33)	-	-	-	-	-	8,165	-	8,165	60,838	69,003
Share-based payments (note 33)	以股份為基礎付款(附註33)	-	-	-	-	13,066	-	-	13,066	-	13,066
Transfer to statutory surplus reserve	轉撥至法定盈餘儲備	-	-	2,298	-	-	-	(2,298)	-	-	-
Dividends recognised as distribution (note 11)	確認為分派的股息(附註11)	-	-	-	-	-	-	(331,252)	(331,252)	-	(331,252)
At 31 December 2015	於二零一五年十二月三十一日	447,637	2,478,544	257,956	5,771	13,066	9,262	7,445,941	10,658,177	128,646	10,786,823
Profit for the year	本年度溢利	-	-	-	-	-	-	1,105,933	1,105,933	31,659	1,137,592
Exchange differences arising on translation of foreign operations - subsidiaries	換算海外業務產生的匯兌差額 - 附屬公司	-	-	-	8,749	-	-	-	8,749	-	8,749
Total comprehensive income for the year	年內全面收入總額	-	-	-	8,749	-	-	1,105,933	1,114,682	31,659	1,146,341
Ordinary shares issued under a share award scheme (note 33)	根據股份獎勵計劃發行普通股(附註33)	4,596	96,516	-	-	-	(101,112)	-	-	-	-
Capital contribution by non-controlling interests under a share arrangement (note 33)	股份安排項下非控股權益注資(附註33)	-	-	-	-	(238,860)	427,618	-	188,758	122,353	311,111
Share-based payments (note 33)	以股份為基礎付款(附註33)	-	-	-	-	249,641	-	-	249,641	56,029	305,670
Dividends recognised as distribution (note 11)	確認為分派的股息(附註11)	-	-	-	-	-	-	(344,681)	(344,681)	-	(344,681)
At 31 December 2016	於二零一六年十二月三十一日	452,233	2,575,060	257,956	14,520	23,847	335,768	8,207,193	11,866,577	338,687	12,205,264

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動報表

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

Note a: The Articles of Association of the Company and its subsidiaries established in PRC require the appropriation of 10% of profit after taxation (prepared under the generally accepted accounting principles in the PRC) each year to the statutory surplus reserve until the balance reaches 50% of the registered share capital. According to the provisions of the Articles of Association of the PRC companies, in normal circumstances, the statutory surplus reserve shall only be used for making up losses, capitalisation into capital and expansion of its production and operation. For the capitalisation of statutory surplus reserve into capital, the remaining amount of such reserve shall not be less than 25% of the registered capital.

Note b: Other reserve mainly represents the difference between the amounts by which the non-controlling interests are adjusted and the fair value of the consideration paid to acquire the additional interest in subsidiaries, and the cost of the ordinary shares held by the trustees under a share award scheme. The amount of RMB427,618,000 resulted from the capital contribution by the management of a subsidiary under a share arrangement, as detailed in note 33(b). The amount of RMB101,112,000 resulted from the ordinary shares subscribed by the trustees under a share award scheme, as detailed in note 33(a).

附註a：本公司及其於中國成立之附屬公司的組織章程細則規定將其各年除稅後溢利（根據中國公認會計原則編製）的10%分派至法定盈餘儲備，直至法定盈餘儲備的結餘達註冊股本的50%為止。根據中國公司的組織章程細則的條文規定，在一般情況下，法定盈餘儲備僅可用作彌補虧損、撥充股本及擴充生產及營運。將法定盈餘儲備撥充股本後，該儲備的餘額不得低於註冊股本的25%。

附註b：其他儲備主要指就收購附屬公司額外權益經調整的非控股權益的金額與所支付的代價的公平值之間的差額，及受託人根據股份獎勵計劃持有普通股的成本之間的差額。金額人民幣427,618,000元產生自一間附屬公司管理層根據股份安排注資（如附註33(b)所詳述）。金額人民幣101,112,000元產生自受託人根據股份獎勵計劃認購普通股（如附註33(a)所述）。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量報表

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

		2016	2015
		RMB'000	RMB'000
		二零一六年	二零一五年
		人民幣千元	人民幣千元
OPERATING ACTIVITIES	經營業務		
Profit before taxation	除稅前溢利	1,314,346	1,335,505
Adjustments for:	經作出下列調整：		
Interest income	利息收入	(45,101)	(65,083)
Finance costs	融資成本	56,762	44,497
Depreciation of property, plant and equipment	物業、廠房及設備折舊	344,281	311,118
Depreciation of investment properties	投資物業折舊	1,771	2,139
Prepaid lease payments charged to profit or loss	從損益中扣除的預付租賃款項	10,804	10,067
Allowances for bad and doubtful debts	呆壞賬撥備	55,004	28,176
Amortisation of intangible assets	無形資產攤銷	3,115	3,115
Amortisation of sponsorship rights	贊助權利攤銷	3,075	-
Share-based payment expenses	以股份為基礎之付款開支	305,670	13,066
Share of loss (profit) of joint ventures	應佔合營公司虧損(溢利)	(464)	3,958
Share of profit of an associate	應佔一間聯營公司溢利	-	(601)
Gain on disposal of a subsidiary	出售一間附屬公司之收益	-	(2,535)
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	3,419	2,005
Release of deferred income	遞延收入付回	(11,018)	(5,477)
Exchange gain	匯兌收益	(7,963)	(2,414)
		2,033,701	1,677,536
Movements in working capital	營運資金變動		
Decrease (increase) in inventories	存貨減少(增加)	(68,993)	63,926
Increase in trade and other receivables	應收貿易賬款及其他應收款項增加	(666,261)	(375,608)
Increase in finance lease receivables	應收融資租賃款項增加	(469,176)	(78,943)
Increase (decrease) in trade and other payables	應付貿易賬款及其他應付款項增加(減少)	355,553	(86,690)
Increase in deferred income	遞延收入增加	6,300	52,016
Cash generated from operations	經營所得現金	1,191,124	1,252,237
Income taxes paid	已付所得稅	(137,985)	(199,467)
NET CASH FROM OPERATING ACTIVITIES	經營業務所得現金淨額	1,053,139	1,052,770

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量報表

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

		2016	2015
		RMB'000	RMB'000
		二零一六年	二零一五年
		人民幣千元	人民幣千元
INVESTING ACTIVITIES	投資業務		
Purchases of property, plant and equipment	購買物業、廠房及設備	(592,940)	(1,068,138)
Deposits paid for acquiring property, plant and equipment	就收購物業、廠房及設備支付的按金	(26,729)	(45,373)
Addition of prepaid lease payments	預付租賃款項增加	(1,435)	(17,138)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	19,073	489,340
Interest received	已收利息	50,490	59,443
Withdrawal of pledged bank deposits	提取已抵押銀行存款	418,191	494,689
Placement of pledged bank deposits	存入已抵押銀行存款	(408,998)	(430,092)
Purchase of available-for-sale investments	購買可供出售投資	(69,752)	(25,659)
Acquisition of sponsorship rights	贊助權利收購	(18,000)	-
Loan payments	貸款付款	(246,600)	-
Disposal of an associate	出售一間聯營公司	-	124,180
NET CASH USED IN INVESTING ACTIVITIES	投資業務所用現金淨額	(876,700)	(418,748)
FINANCING ACTIVITIES	融資業務		
Repayments of borrowings	償還借款	(420,900)	(355,600)
New borrowings raised	新增加之借貸	490,000	955,000
Interest paid	已付利息	(56,762)	(47,519)
Dividends paid	已付股息	(252,523)	(331,252)
Capital injection from non-controlling shareholders	非控股股東之資金注入	311,111	69,003
New loans raised from the ultimate holding company	自最終控股公司籌集之新貸款	104,411	-
NET CASH FROM FINANCING ACTIVITIES	融資業務產生之現金淨額	175,337	289,632
NET INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物增加淨額	351,776	923,654
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	於年初的現金及現金等價物	3,712,153	2,786,085
Effect of foreign exchange rate changes	外匯匯率變動的影響	7,963	2,414
CASH AND CASH EQUIVALENTS AT END OF YEAR, representing bank balances and cash	於年末的現金及現金等價物，指銀行結餘及現金	4,071,892	3,712,153

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

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.

1. 概述

山東威高集團醫用高分子製品股份有限公司（「本公司」）於二零零零年十二月二十八日根據中華人民共和國（「中國」）公司法在中國成立及註冊為股份有限公司，及其股份於香港聯合交易所有限公司（「聯交所」）主板上市。本公司直接及最終控股公司為威高集團有限公司（「威高集團」），其為於中國註冊的有限責任公司。其最終控股人士為本公司主席張華威。本公司之註冊辦事處地址為中國山東省威海市世昌大道312號。本公司已自二零一三年五月起將其主要營業地點遷至中國山東省威海興山路18號。

本公司及其附屬公司（以下統稱「本集團」）主要從事研究及開發、生產及銷售一次性使用醫療器械、骨科產品及血液淨化產品。

綜合財務報表以本公司的功能貨幣人民幣（「人民幣」）呈列。

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

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.

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）

香港財務報告準則修訂本於本年度強制生效

於本年度，本集團已首次應用香港會計師公會（「香港會計師公會」）頒佈的下列香港財務報告準則修訂本：

香港財務報告準則第11號（修訂）	收購共同經營權益之會計處理
香港會計準則第1號（修訂）	主動披露
香港會計準則第16號及香港會計準則第38號（修訂）	澄清折舊及攤銷之可接受方法
香港會計準則第16號及香港會計準則第41號（修訂）	農業：生產性植物
香港財務報告準則第10號、香港財務報告準則第12號及香港會計準則第28號（修訂）	投資實體：應用綜合入賬之例外情況
香港財務報告準則（修訂）	香港財務報告準則二零一二年至二零一四年週期的年度改進

本年度內應用香港財務報告準則修訂本並無對本集團於本年度及過往年度的財務表現及狀況及／或該等綜合財務報表所載披露造成重大影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

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

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

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

已頒佈但尚未生效的新訂及經修訂香港財務報告準則

本集團並未提早應用以下已頒佈但尚未生效的新訂及經修訂香港財務報告準則：

香港財務報告準則第9號	金融工具 ¹
香港財務報告準則第15號	來自與客戶合約的收入及相關修訂 ¹
香港財務報告準則第16號	租賃 ²
香港財務報告準則第2號（修訂）	以股份為基礎付款交易之分類及計量 ¹
香港財務報告準則第4號（修訂）	採用香港財務報告準則第4號保險合約時一併應用香港財務報告準則第9號金融工具 ¹
香港財務報告準則第10號及香港會計準則第28號（修訂）	投資者與其聯營公司或合營公司之間的資產出售或投入 ³
香港會計準則第7號（修訂）	主動披露 ⁴
香港會計準則第12號（修訂）	就未變現虧損確認遞延稅項資產 ⁴

¹ 於二零一八年一月一日起或以後開始之年度期間生效。

² 於二零一九年一月一日起或以後開始之年度期間生效。

³ 於待定期起或以後開始之年度期間生效。

⁴ 於二零一七年一月一日起或以後開始之年度期間生效。

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

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.

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

香港財務報告準則第9號金融工具

香港財務報告準則第9號引入有關金融資產及金融負債分類及計量、一般對沖會計處理方法以及金融資產減值之新規定。

香港財務報告準則第9號與本集團有關的主要規定為：

- 就金融資產減值而言，香港財務報告準則第9號規定預期信貸損失模型，而相對而言香港會計準則第39號項下則規定已招致信貸損失模型。預期信貸損失模型要求實體將於各報告日期的預期信貸損失及該等預期信貸損失的變動入賬，以反映自初始確認以來的信貸風險變動。換言之，不再需要於已發生信貸事件後方可確認信貸損失。

日後應用香港財務報告準則第9號，預期信貸虧損模式可能導致須就尚未產生之與本集團按攤銷成本計量之金融資產有關之信貸虧損提早計提撥備，然而，於董事會完成詳盡審閱前，尚無法合理估計該影響。

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

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.

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

香港財務報告準則第15號來自客戶合約的收益

香港財務報告準則第15號已頒佈，其制定一項單一全面模式供實體用作將自客戶合約所產生之收益入賬。於香港財務報告準則第15號生效後，其將取代現時之收益確認指引，包括香港會計準則第18號收益、香港會計準則第11號建築合約及相關詮釋。

香港財務報告準則第15號之核心原則為實體所確認向客戶轉讓承諾貨品或服務描述之收益金額，應為能反映該實體預期就交換該等貨品或服務有權獲得之代價。具體而言，該準則引入五個確認收益之步驟：

- 第一步：識別與客戶之合約
- 第二步：識別合約中的履約責任
- 第三步：釐定交易價格
- 第四步：將交易價格分攤至合約中之履約責任
- 第五步：於實體完成履約責任時（或就此）確認收益

根據香港財務報告準則第15號，實體於完成履約責任時（或就此）確認收益，即於特定履約責任相關之商品或服務之「控制權」轉讓予客戶時。香港財務報告準則第15號已就特別情況之處理方法加入更明確指引。此外，香港財務報告準則第15號規定作出更詳盡之披露。

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

HKFRS 15 Revenue from Contracts with Customers (continued)

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.

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

香港財務報告準則第15號來自客戶合約的收益（續）

於二零一六年，香港會計師公會頒佈香港財務報告準則第15號有關確認履約承擔、主理人與代理人之考量及授權應用指引澄清。

本公司董事預期，於日後應用香港財務報告準則第15號可能會導致更多披露，然而，本公司董事預期，應用香港財務報告準則第15號將不會對相關報告期間已確認收益之時間及金額造成重大影響。

香港財務報告準則第16號租賃

香港財務報告準則第16號為識別出租人及承租人的租賃安排及會計處理引入一項綜合模式。香港財務報告準則第16號生效時將取代香港會計準則第17號「租賃」及其相關詮釋。

香港財務報告準則第16號以顧客能否控制所識別資產來區分租賃及服務合約。除短期租賃及低價值資產租賃外，經營租賃及融資租賃的差異自承租人會計處理中移除並由承租人須就所有租賃將予確認使用權資產及相對應負債的模式取代。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

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

HKFRS 16 *Leases* (continued)

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.

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

香港財務報告準則第16號租賃（續）

使用權資產初始按成本計量並隨後按成本計量（根據若干例外情況）減累計折舊及減值虧損，就任何租賃負債重新計量而調整。租賃負債初始按當日尚未支付的租賃款項的現值計量。隨後，租賃負債就利息及租賃款項以及（其中包括）租賃修訂的影響作出調整。就現金流分類而言，本集團目前將提前預付租賃款項呈列為有關自用租賃土地且該等分類為投資物業的投資現金流量，而其他經營租賃付款呈列為經營現金流量。根據香港財務報告準則第16號，有關租賃負債的租賃款項將分配至分別呈列為融資及經營現金流量的本金及利息的部分。

根據香港會計準則第17號，本集團已就融資租賃安排確認一項資產及一項融資租賃相關負債及就本集團為承租人的租賃土地確認預付租賃款項。應用香港財務報告準則第16號可能導致該等資產分類產生潛在變動，視乎本集團是否分開呈列使用權資產或按將呈列相應相關資產（倘擁有）的相同項目內呈列。

與承租人會計處理相比，香港財務報告準則第16號大致轉承香港會計準則第17號的出租人會計處理規定，並且繼續要求出租人將其租賃分類為經營租賃或融資租賃。

此外，香港財務報告準則第16號要求作出詳盡披露。

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

HKFRS 16 *Leases* (continued)

As at 31 December 2016, the Group has non-cancellable operating lease commitments of RMB12,001,000 as disclosed in note 34. 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.

3. SIGNIFICANT ACCOUNTING POLICIES

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, as explained in the accounting policies set out below.

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

香港財務報告準則第16號租賃（續）

誠如附註34所披露，於二零一六年十二月三十一日，本集團擁有不可撤銷經營租約承擔人民幣12,001,000元。初步評估顯示此等安排符合香港財務報告準則第16號項下租賃的定義，因此本集團將確認一項使用權資產及有關所有該等租賃相對應的負債，除非其於應用香港財務報告準則第16號時符合低價值或短期租賃。此外，應用新規定可能導致上述列示的計量、呈列及披露的變動。然而，於本公司董事進行詳細審閱前，對財務影響作出合理估計屬不切實際。

除上文所述者外，本公司董事預期應用新訂及經修訂香港財務報告準則將不會對於本集團之綜合財務報表所呈報之金額及／或該等綜合財務報表所載之披露構成重大影響。

3. 主要會計政策

合規聲明

綜合財務報表乃按照香港會計師公會頒佈之香港財務報告準則編製。此外，綜合財務報表載有聯交所證券上市規則（「上市規則」）及香港公司條例（「公司條例」）規定的適用披露。

編製基準

除於各報告期末若干金融工具按公平值計量外，綜合財務報表乃以歷史成本為基礎編製。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Basis of preparation (continued)

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. 主要會計政策 (續)

編製基準 (續)

歷史成本一般以換取貨品及服務所作出代價之公平值為基準。

公平值指市場參與者之間於計量日期進行的有序交易中出售一項資產所收取的價格或轉移一項負債所支付的價格，無論該價格為直接觀察得出或採用其他估值技術作出的估計。在對資產或負債的公平值作出估計時，本集團考慮了市場參與者於計量日期為該資產或負債進行定價時將會考慮的該等特徵。在該等綜合財務報表中計量及／或披露的公平值均按此基礎予以確定，惟香港財務報告準則第2號以股份為基準付款範圍內的以股份為基礎付款交易、香港會計準則第17號租賃範圍內的租賃交易、以及與公平值類似但並非公平值的計量（例如，香港會計準則第2號存貨中的可變現淨值或香港會計準則第36號資產減值中的使用價值）除外。

此外，就財務報告而言，公平值計量根據公平值計量的輸入數據可觀察程度及公平值計量的輸入數據對其整體的重要性分類為第一級、第二級或第三級，概述如下：

- 第一級輸入數據指該實體於計量日期可以取得的相同資產或負債於活躍市場的報價（未經調整）；
- 第二級輸入數據指就資產或負債直接或間接地可觀察的輸入數據（第一級內包括的報價除外）；及
- 第三級輸入數據指資產或負債的不可觀察輸入數據。

主要會計政策載列如下。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. 主要會計政策 (續)**綜合基準**

綜合財務報表包含本公司以及本公司及其附屬公司所控制的實體(包括結構性實體)的財務報表。當本公司符合以下情況,即取得控制權:

- 有權控制被投資方;
- 因其參與被投資方業務而獲得或有權獲得可變回報;及
- 有能力以其權力影響其回報。

倘有事實及情況顯示上述三項控制權要素有一項或多項出現變動,則本集團會重新評估其是否控制被投資方。

附屬公司於本集團取得附屬公司的控制權時開始綜合入賬,並於本集團喪失對附屬公司的控制權時終止。特別是,年內收購或出售附屬公司的收入及開支自本集團取得控制權當日起直至本集團不再控制附屬公司之日止於綜合損益及其他全面收益表列賬。

損益及各其他全面收入項目歸屬於本公司擁有人及非控股權益。附屬公司的全面收入總額會歸屬於本公司擁有人及非控股權益,即使其將導致非控股權益為赤字結餘。

本集團於必要時會對附屬公司的財務報表作出調整,以使附屬公司的會計政策與本集團的會計政策相符一致。

與本集團成員公司間交易有關的所有集團內資產及負債、權益、收入、開支及現金流量均於綜合賬目時悉數對銷。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity including reserves and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted after re-attribution of the relevant equity component, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified that to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

3. 主要會計政策 (續)

綜合基準 (續)

本集團於現有附屬公司的擁有權權益的變動

並無導致本集團失去附屬公司控制權的本集團於附屬公司的擁有權權益變動，乃按權益交易入賬。本集團相關權益部分（包括儲備）及非控股權益的賬面金額，乃予以調整以反映彼等於附屬公司相關權益的變動。重新分配相關權益部分後非控股權益數額的調整額與已付或已收代價公平值之間的任何差額，乃於權益直接確認，並歸本公司擁有人。

當本集團失去一間附屬公司之控制權時，盈虧於損益內確認，並按：(i) 已收代價公平值及任何保留權益公平值總額與(ii)本公司擁有人應佔之資產（包括商譽）及負債以及任何非控股權益之先前賬面值之差額計算。所有先前於其他全面收益確認之有關該附屬公司之款項，將按猶如本集團已直接出售該附屬公司之相關資產或負債入賬（適用香港財務報告準則之規定／許可條文重新分類至損益或轉撥至另一類權益）。

商譽

收購業務產生之商譽按收購業務日期的成本（見上述會計政策）減任何累計減值虧損（如有）列賬。

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

For the purposes of impairment testing, goodwill is allocated to each of the Group's relevant cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

Investments in an associate and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

3. 主要會計政策 (續)

商譽 (續)

就減值測試而言，商譽會分配至預期可受惠於收購的協同效益的本集團之各有關現金產生單位或現金產生單位組合，而該單位或單位組合指就內部管理目的監控商譽的最低水平且不超過經營分類。

獲分配商譽的現金產生單位（或現金產生單位組合）會每年或於有跡象顯示該單位可能出現減值時更頻繁進行減值測試。就報告期內收購所產生的商譽而言，獲分配商譽的現金產生單位（或現金產生單位組合）會於該報告期末前進行減值測試。倘可收回金額低於其賬面值，則減值虧損會先分配以調減任何商譽的賬面值，其後則按該單位（或現金產生單位組合）內各項資產的賬面值的比例分配至該單位的其他資產。

於出售相關現金產生單位時，其應佔商譽金額會計入作釐定出售溢利或虧損數額之用。

本集團有關收購聯營公司產生的商譽的政策載於下文。

於聯營公司及合營公司的投資

聯營公司指本集團對其擁有重大影響力的實體。重大影響力是有權參與被投資方的財務和經營決策，而不是控制或共同控制這些政策。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Investments in an associate and joint ventures (continued)

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of an associate and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

3. 主要會計政策 (續)

於聯營公司及合營公司的投資 (續)

合營公司指一項共同安排，據此於安排擁有共同控制權的訂約方對共同安排的資產淨值擁有權利。共同控制是指按照合約約定對某項安排所共有的控制，共同控制僅在當相關活動要求共同享有控制權的各方作出一致同意的決定時存在。

聯營公司及合營公司之業績、資產及負債利用權益會計法載入該等綜合財務報表內。作會計權益法用途的聯營公司及合營公司的財務報表乃按與本集團就同類交易及同類情況下事項的統一會計政策編製。根據權益法，於聯營公司或合營公司的投資乃初步於綜合財務狀況表按成本值確認，並於其後作出調整以確認本集團應佔聯營公司或合營公司的損益及其他全面收入。當本集團應佔一間聯營公司或合營公司虧損超出本集團於該聯營公司或合營公司的權益時（包括任何實際上構成本集團於聯營公司或合營公司投資淨值一部分的長期權益），本集團會終止確認其應佔的進一步虧損。當本集團產生法定或推定責任或代表聯營公司或合營公司付款時，方會確認額外虧損。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in an associate and joint ventures (continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. 主要會計政策 (續)

於聯營公司及合營公司的投資 (續)

於被投資方成為一家聯營公司或合營公司當日，對於聯營公司或合營公司的投資採用權益法入賬。於收購一間聯營公司或合營公司的投資時，投資成本超過本集團分佔該被投資方可識別資產及負債公平淨值的任何部分乃確認為商譽，並計入投資之賬面值。本集團應佔可識別資產及負債的公平淨值超出投資成本的任何差額，於重新評估後即時於投資被收購之期間於損益確認。

香港會計準則第39號的規定乃應用於釐定是否有必要就本集團於聯營公司或合營公司之投資確認任何減值虧損。於有需要時，則根據香港會計準則第36號資產減值，透過將投資之可回收金額（使用價值與公平價值減出售成本之較高者）與其賬面值進行比較，而將投資之總賬面值（包括商譽）作為單獨資產進行減值測試。任何確認之減值虧損形成投資賬面值之一部分。該減值虧損之任何撥回金額乃根據香港會計準則第36號按投資其後增加之可回收金額予以確認。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Investments in an associate and joint ventures (continued)

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKAS 39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3. 主要會計政策 (續)**於聯營公司及合營公司的投資** (續)

當本集團不再對聯營公司擁有重大影響力或於合營公司擁有共同控制權時，則按出售於該被投資公司的全部權益入帳，所產生的收益或虧損於損益中確認。倘本集團於前聯營公司或合營公司中保留權益，而保留權益又屬香港會計準則第39號範圍的金融資產，則本集團按該日公平值計量保留權益，而公平值視為其於初始確認時的公平值。聯營公司或合營公司的賬面值與任何保留權益的公平值及出售聯營公司或合營公司的相關權益的任何所得款項之間的差額。此外，倘該聯營公司或合營公司直接出售相關資產或負債，則本集團可能需要按相同基準計入有關該聯營公司或合營公司的以往於其他全面收入確認的所有金額。因此，倘聯營公司或合營公司以往於其他全面收入確認的盈虧重新分類為出售相關資產或負債的損益，則本集團將於終止使用權益法時將盈虧由權益重新分類至損益（列作重新分類調整）。

倘集團實體與本集團聯營公司或合營公司進行交易，則與聯營公司或合營公司進行交易所產生之溢利及虧損乃按與本集團無關之於聯營公司或合營公司之權益於本集團之綜合財務報表內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's accounting policy for recognition of revenue from operating and financial leases is described in the accounting policy for leasing below.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

3. 主要會計政策 (續)

收入確認

收入乃按已收或應收代價之公平值計量，並按於日常業務過程中就貨品銷售應收金額（扣除折扣及銷售相關稅項）呈列。

收入金額能夠可靠地計量；倘未來經濟利益流入本集團且當本集團各業務達成特定標準時，方會確認收入，概述如下。

銷售貨品的收入於交付貨品及轉移擁有權時確認。

投資的股息收入於股東收取款項的權利確立時確認。

利息收入乃參考未償還本金及適用實際利率按時間基準累計。實際利率指於金融資產預計年期將估計未來現金收入準確貼現至該資產初步確認時的賬面淨值的利率。

本集團有關確認經營租約收入的會計政策於下文租賃會計政策內載述。

租賃

租約條款列明將所有權的絕大部分風險及回報轉移予承租人的租約分類為融資租約。所有其他租約則被分類為經營租約。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Leasing (continued)

The Group as lessor

Amounts due from lessees under financial leases are recognised as receivables at the amount of the Group's net investment in the leases. Financial lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset. Other than investment properties measured under fair value model, such costs are recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term.

Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

3. 主要會計政策 (續)

租賃 (續)

本集團作為出租人

融資租賃項下應收承租人的款項按本集團於租賃的淨投資金額確認為應收款項。融資租賃收入分配至會計期間，以反映本集團有關租賃的淨投資餘額的固定週期回報率。

經營租約的租金收入以直線法按有關租約年期於損益中確認。於磋商及安排經營租約時引致的初步直接成本乃加至租賃資產的賬面值。除以公平值模式計量的投資物業外，相關成本按租約年期以直線法確認為開支。

本集團作為承租人

經營租約付款（包括經營租約項下的收購成本）以直線法按租約年期確認為開支。

自用的租賃土地

當租約包括土地及樓宇部分時，本集團會根據評估各部分所有權的風險與回報是否已絕大部分轉移至本集團而將其分別劃分為融資租約或經營租約，除非兩個部分均明顯屬於經營租約，在該情況下，整項租約會劃分為經營租約。具體而言，最低租賃款項（包括任何一筆過預付款項）於租約開始時按租賃土地部分及樓宇部分中的租賃權益相對公平值比例於土地與樓宇部分之間分配。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasehold land for own use (continued)

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as 'prepaid lease payments' in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests.

3. 主要會計政策 (續)

自用的租賃土地 (續)

在租賃款項能可靠分配的情況下，作為經營租約入賬的租賃土地權益於綜合財務狀況表中呈列為「預付租賃款項」，並於租約年期內以直線法攤銷。當租賃款項未能於土地及樓宇部分之間可靠分配時，整項租約一般會分類為融資租約，並按物業、廠房及設備入賬。

外幣

在編製各個別集團實體的財務報表時，以實體功能貨幣以外貨幣（外幣）進行的交易按交易日通用的匯率記錄。於報告期末，以外幣列值的貨幣項目以該日通用的匯率重新換算。以外幣歷史成本計算的非貨幣項目不會重新換算。

結算及重新換算貨幣項目時產生的匯兌差額會於產生期間在損益確認，惟應收或應付海外業務的貨幣項目的匯兌差額除外，就此，有關結算未納入計劃中亦無可能產生（因此形成海外業務投資淨額部分），且就出售或部份出售本集團權益而初步於其他全面收益中確認並自權益中重新分類至損益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Foreign currencies (continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rate prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Borrowing cost

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 year in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

3. 主要會計政策 (續)

外幣 (續)

為呈報綜合財務報表，本集團海外業務的資產及負債乃按報告期末的通用匯率換算為本集團的呈列貨幣（即人民幣），而其收支按年內平均匯率換算。所產生的匯兌差額（如有）會在其他全面收入確認並於權益內的匯兌儲備項下累計（倘適用，則歸屬於非控股權益）。

借貸成本

收購、建造或生產合資格資產所直接產生的借貸成本乃撥充該等資產的成本，直至有關資產大致上可作擬定用途或銷售為止，而合資格資產為需較長時間預備以用於擬定用途或銷售的資產。

特定借貸於撥作合資格資產的支出前用作臨時投資所賺取的投資收入，會從可撥充資本的借貸成本中扣除。

所有其他借貸成本於其產生年度在損益中確認。

政府補助

在合理地保證本集團會遵守政府補助的附帶條件以及將會得到補助後，政府補助方會予以確認。

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants (continued)

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

The employees of the Group are members of state-managed retirement benefit schemes and Mandatory Provident Fund Scheme, the obligations of the Group under which are equivalent to those arising in a defined contribution retirement benefit plan. Contributions to respective benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Share-based payments arrangements

The award shares granted are provided by the Group. The Group recognised in the expenses in compliance with HKFRS 2.

For grants of shares that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of shares granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share-based payments reserve).

3. 主要會計政策 (續)

政府補助 (續)

政府補助按系統化基準於本集團將由補助擬補償的相關成本確認為開支的各期間在損益內確認。具體而言，主要條件為本集團應購買、興建或以其他方式收購非流動資產的政府補助乃於綜合財務狀況表確認為遞延收入並且在有關資產的可使用年期內有系統及合理地轉移至損益內。

用作補償本集團已產生支出或虧損或旨在為本集團提供即時財務資助（而無未來相關成本）的應收政府補助，乃於應收期間於損益內確認。

退休福利成本

本集團僱員為國家管理的退休福利計劃及強制性公積金計劃的成員，據此，本集團承擔界定供款退休福利計劃中相應的義務。向各福利計劃作出的供款於僱員已提供服務以有權獲取供款時確認為開支。

以股份為基礎付款安排

授出的激勵股份由本集團提供。本集團根據香港財務報告準則第2號確認開支。

就授出須符合指定歸屬條件的股份而言，參考於授出日期授出股份的公平值而釐定所得服務的公平值，於歸屬期內以直線法確認為開支，並於權益（以股份為基礎付款儲備）中作出相應增加。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Share-based payments arrangements

(continued)

At the end of the reporting period, the Group revises its estimates of the number of granted shares that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payments reserve.

For grants of shares that vest immediately at the date of grant, the fair value of the awarded shares is recognised immediately in profit or loss.

When the award shares are vested, the amount previously recognised in share-based payments reserve will be transferred to other reserve. When the award shares are forfeited, the amount previously recognised in share-based payments reserve will be transferred to retained profits.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before taxation' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. 主要會計政策 (續)

以股份為基礎付款安排 (續)

於報告期末，本集團修訂其對預期最終歸屬的已授出股份數目的估計。修訂原先估計的影響（如有）於損益內確認，因此，累計開支反映經修訂估計，並對以股份為基礎付款儲備作相應調整。

對於緊隨授出日期歸屬的股份授出，激勵股份的公平值隨即於損益內獲確認。

倘獎勵股份獲歸屬，先前於股份付款儲備內確認之金額將轉撥至其他儲備。倘獎勵股份獲沒收，先前於股份付款儲備內確認之金額將轉撥至保留溢利。

稅項

所得稅開支指現時應付的稅項及遞延稅項總和。

即期稅項

現時應付的稅項以年內的應納稅溢利為基礎。由於於其他年度應納稅或可扣稅的收支項目及不應納稅或不可扣稅的項目，應納稅溢利有別於綜合損益及其他全面收入報表所報的「除稅前溢利」。本集團目前的稅務責任乃採用報告期末已制定或大致上已製定的稅率計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and an associate, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. 主要會計政策 (續)

稅項 (續)

遞延稅項

遞延稅項就綜合財務報表內資產及負債的賬面值與用以計算應納稅溢利的相關稅基的暫時差額而確認。遞延稅項負債一般就所有應納稅暫時差額確認。倘有應納稅溢利將可用以抵銷可動用可扣稅暫時差額，遞延稅項資產一般就所有可扣稅暫時差額確認。倘暫時差額來自商譽或來自一項不會影響應納稅溢利或會計溢利的交易的其他資產及負債的初步確認（業務合併除外），則該等資產及負債不會予以確認。

遞延稅項負債乃按因於附屬公司及聯營公司之投資及於合營公司的權益而產生的應課稅暫時差額而確認，惟若本集團可令暫時差額撥回及暫時差額有可能未必於可見將來撥回之情況除外。與該等投資及權益相關的可扣稅暫時差額所產生的遞延稅項資產僅於可能有足夠應課稅溢利可以使用暫時差額的益處且預計於可見將來可以撥回時確認。

於各報告期末審閱遞延稅項資產的賬面值，及倘應納稅溢利不再足夠收回全部或部分資產，即減少遞延稅項資產的賬面值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Taxation (continued)

Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production of goods, or for administrative purposes (other than properties under construction as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

3. 主要會計政策 (續)

稅項 (續)

遞延稅項 (續)

遞延稅項資產及負債乃根據於報告期末已實施或大致上已實施的稅率(及稅法)·按預期於負債清償或資產變現期間適用的稅率計算。

遞延稅項負債與資產的計算·反映按照本集團於報告期末時預期收回或清償資產及負債賬面值的方式所產生稅務結果。

年內即期及遞延稅項

即期及遞延稅項於損益內確認·惟倘即期及遞延稅項涉及於其他全面收益或直接在權益確認項目·則即期及遞延稅項亦會分別於其他全面收益或直接於權益內確認。倘因業務合併之初步會計方法而產生即期或遞延稅項·有關稅務影響會計入業務合併之會計方法內。

物業、廠房及設備

物業、廠房及設備包括持有用於生產貨物·或用於行政用途之樓宇(不包括下文所述的在建物業)·乃按照成本減其後累計折舊及其後累計減值虧損(如有)於綜合財務狀況表列賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Surgical instruments produced by the Group that are dedicated for use with the Group's orthopedic implant products will commence depreciation upon they are provided to the distributors that in the location for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. 主要會計政策 (續)

物業、廠房及設備 (續)

在建造作生產、供應或行政用途的物業按成本減任何已確認減值虧損列賬。成本包括專業費及(就合資格資產而言)根據本集團的會計政策資本化的借貸成本。該等物業於竣工時及可用於擬定用途時歸類為適當類別的物業、廠房及設備。該等資產的折舊基準與其他物業資產相同，乃於資產可供用於擬定用途時開始計提。

本集團所生產專門配合本集團的骨科植入物產品使用的手術工具將於提供予所在地的分銷商作其擬定用途時開始計提折舊。

折舊乃確認以撇銷按直線法在其估計可使用年期內的資產(在建資產除外)成本減其剩餘價值。估計可使用年期、殘值和折舊方法會在每個報告期末覆核，並採用未來適用法對任何估計變更的影響進行核算。

物業、廠房及設備項目於出售或預期日後繼續使用資產時不再產生經濟利益時終止確認。處置或報廢物業、廠房及設備項目所產生的損益釐定為資產的銷售所得款項與賬面值的差額並於損益中確認。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by end of owner-occupation, for a transfer from owner-occupied property to investment property; or commencement of owner-occupation, for a transfer from investment property to owner-occupied property.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3. 主要會計政策 (續)

投資物業

投資物業指持作賺取租金及／或作資本增值的物業。投資物業初步乃以成本（包括任何直接應佔開支）計值。初步確認後，投資物業乃按成本減其後累計折舊及任何累計減值虧損計值。確認折舊以便於經考慮投資物業的估計剩餘價值後採用直線法按估計使用年限撇銷其成本。

當投資物業出售或永久停止使用及預計不會從出售該項物業中獲得未來經濟收益時，即取消確認該項投資物業。取消確認某項物業所產生的任何收益或虧損（按出售所得款項淨額與該資產的賬面值兩者之差額計算），於取消確認物業的期間於損益表中確認。

當且僅當存在業主佔用結束而自業主佔用物業轉至投資物業；或開始業主佔用而自投資物業轉至業主佔用物業證明用途改變時，才可轉入或轉出投資物業。

無形資產

獨立收購的無形資產

個別收購且具備有限可使用年期的無形資產按成本減累計攤銷及任何累計減值虧損入賬。攤銷於其估計可使用年期內按直線基準確認。估計可使用年期及攤銷法於各報告期末檢討，而估計之任何變動影響按未來適用法予以入賬。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Intangible assets (continued)***Internally-generated intangible assets – research and development expenditure***

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3. 主要會計政策 (續)**無形資產 (續)*****內部產生無形資產 – 研發開支***

研究活動的支出在其產生的期間內列為一項開支。

當且僅當所有下列事項已獲證實，則由開發（或從內部項目之開發階段）產生之內部產生無形資產方予以確認：

- 在技術可行性上能完成無形資產以供使用或出售；
- 有意完成無形資產及使用或出售資產；
- 使用或出售無形資產的能力；
- 無形資產日後產生經濟利益的方式；
- 可動用適當科技、財務及其他資源完成開發及使用或出售無形資產；及
- 可於開發期間可靠計算無形資產應佔的開支的能力。

就內部產生的無形資產而初步確認之金額指從無形資產首次符合上文所列之確認條件日期起所發生開支之總金額。倘不能確認內部產生的無形資產，則開發開支會於發生期間內於損益表確認。

於初步確認後，內部產生的無形資產乃按與獨立收購的無形資產相同的基準以成本減累計攤銷及累計減值虧損呈報。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Intangible assets (continued)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Sponsorship rights

Sponsorship rights are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3. 主要會計政策 (續)

無形資產 (續)

於業務合併中收購的無形資產

於業務合併中收購的無形資產乃以獨立於商譽的方式確認，並於收購日期初步按公平值（被視為其成本）確認。

於初步確認後，於業務合併中收購且具備有限可使用年期的無形資產按成本減累計攤銷及累計減值虧損根據與獨立收購無形資產的相同基準呈報。

取消確認無形資產

無形資產於出售或當預期使用或出售時不會帶來未來經濟利益時取消確認。終止確認無形資產所產生的收益或虧損乃以出售所得款項淨額與該項資產賬面值之間的差額計量，並於該項資產終止確認時於損益表中確認。

舉辦權

舉辦權按成本減累計攤銷及累計減值虧損列賬。攤銷乃於其估計可使用年限以直線法確認。估計可使用年限及攤銷方法於各匯報期末進行審閱，而任何估計變動的影響則按前瞻基準入賬。

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

3. 主要會計政策 (續)

除商譽外之有形及無形資產減值

於報告期末，本集團審閱其有限使用年期之有形及無形資產之賬面值，以確定是否有任何跡象顯示該等資產出現減值虧損。倘有任何該等跡象存在，將估計資產之可收回金額以釐定其減值虧損（如有）。倘不能估計個別資產之可收回金額時，本集團則估計該資產所屬之現金產生單位之可收回金額。倘有合理及一致的分配基準，公司資產亦會分配至個別現金產生單位，否則會被分配至最小之現金產生單位組合，當中有合理及一致的分配基準。

可收回金額為公平值減出售成本及使用價值之較高者。評估使用價值時，乃使用能反映現行市場所評估金錢之時間價值之稅前貼現率貼現至其現在價值，而該資產之預計未來現金流量則未有調整相關風險。

倘一項資產（或現金產生單位）之估計可收回金額低於其賬面值，則該資產（或現金產生單位）之賬面值將調低至其可收回金額。於分配減值虧損時，首先分配減值虧損以減少任何商譽的賬面值（如適用），然後按比例根據該單位各資產的賬面值分配至其他資產。資產賬面值不得減少至低於其公平值減出售成本（如可計量）、其使用價值（如可計量）及零之中的最高值。已另行分配至資產之減值虧損數額按比例分配至該單位其他資產。減值虧損會即時於損益確認。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Impairment of tangible and intangible assets other than goodwill (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. 主要會計政策 (續)

除商譽外之有形及無形資產減值 (續)

倘減值虧損其後撥回，該項資產（或現金產生單位）之賬面值將增加至其經修訂之估計可收回金額，惟增加後之賬面值不得超過倘若該資產（或現金產生單位）於過往年度並無確認減值虧損所釐定之賬面值。減值虧損撥回隨即於損益內確認。

存貨

存貨按成本與可變現淨值兩者中較低者列賬。存貨成本按加權平均法釐定。可變現淨值指存貨估計售價減所有估計完成成本及就進行銷售而言屬必要的成本。

金融工具

金融資產及金融負債乃於某集團實體成為工具合同條文的訂約方時在綜合財務狀況表內確認。

金融資產及金融負債初步按公平值計量。收購或發行金融資產及金融負債（按公平值計入損益的金融資產或金融負債除外）直接應佔的交易成本乃於初步確認時，計入金融資產或金融負債的公平值內或自當中扣除（如適用）。收購按公平值計入損益的金融資產或金融負債直接產生的交易成本即時於損益中確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

The Group's financial assets are classified into the following specified categories: available-for-sale ("AFS") financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace

Effective interest method

The effective interest method is a method of calculating the amortised cost of debt instruments and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instruments, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss (FVTPL).

3. 主要會計政策 (續)

除商譽外之有形及無形資產減值 (續)

金融資產

本集團的金融資產分類為下列可供出售(「可供出售」)金融資產及貸款及應收款項之專門類別。分類視乎金融資產的性質及目的而定，並於初步確認時釐定。所有定期購買或出售金融資產乃按交易日基準確認及取消確認。定期購買或出售乃購買或出售須於市場上按規則或慣例設定的時間框架內交付資產的金融資產。

實際利率法

實際利率法乃計算債務工具的攤銷成本按有關期間攤分利息收入的方法。實際利率乃於最初確認時將估計日後現金收入(包括所有支付或所收構成實際利率的費用、交易成本及其他溢價或折讓的必要部分)按債務工具的預期使用年期或(倘合適)更短期間準確貼現至賬面淨值的利率。

就債務工具而言，利息收入按實際利率基準確認。

可供出售金融資產

可供出售金融資產為指定為可供出售或並非分類為(a)貸款及應收款項、(b)持至到期投資或(c)按公平值計入損益(按公平值計入損益)的金融資產的非衍生工具。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial assets (continued)

AFS financial assets (continued)

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method, and changes in foreign exchange rates are recognised in profit or loss. Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of other reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the other reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, finance lease receivables, loan receivables, bank balances and cash and pledged bank deposits) are carried at amortised cost using the effective interest method, less any identified impairment losses.

3. 主要會計政策 (續)

除商譽外之有形及無形資產減值 (續)

金融資產 (續)

可供出售金融資產 (續)

本集團持有的權益及債務證券於各報告期末分類為可供出售金融資產並於活躍市場交易，按公平值計量。可供出售貨幣金融資產賬面值變動與按實際利率法計量的利息收入及外幣匯率變動有關，倘適用，則於損益確認。可供出售權益工具之股息於本集團收取股息之權利成立時於損益中確認。可供出售金融資產賬面值其他變動於其他全面收益中確認及於其他儲備中累積。當該投資出售或被認定為減值時，先前於其他儲備中累積之損益，將重新分類到損益中（有關金融資產減值虧損之會計政策見下文）。

於活躍市場並無市價報價及其公平值未能可靠計量的可供出售股本投資於各報告期末按成本減任何已識別減值虧損計量（見下文有關金融資產的減值虧損的會計政策）。

貸款及應收款項

貸款及應收款項乃並非於活躍市場報價而具備固定或可釐定款項的非衍生金融資產。於首次確認後，貸款及應收款項（包括應收貿易款項及其他應收款項、金融租賃應收款項、貸款應收款項、銀行結餘及現金以及已抵押銀行存款）乃採用實際利率法按攤銷成本減任何已確認減值虧損計值。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)**Financial assets** (continued)*Loans and receivables* (continued)

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contracts, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. 主要會計政策 (續)**除商譽外之有形及無形資產減值**
(續)**金融資產 (續)***貸款及應收款項 (續)*

利息收入以實際利率確認，惟所確認利息可能極少之短期應收款項除外。

金融資產的減值

於各報告期末評定金融資產是否有減值跡象。當有客觀證據顯示金融資產的估計未來現金流量因於初步確認該金融資產後發生之一項或多項事件而受到影響時，即該金融資產被視為已減值。

就可供出售股本投資而言，抵押品之公平值大幅或長期下跌至低於其成本被認為屬減值的客觀證據。

就所有其他金融資產而言，減值的客觀證據包括：

- 發行人或對手方出現重大財政困難；或
- 違反合約，如逾期或拖欠利息或本金還款；或
- 借款人有可能面臨破產或財務重組。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period of 90-180 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets that are carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables and finance lease receivables and loan receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against to the allowance account.

3. 主要會計政策 (續)

除商譽外之有形及無形資產減值 (續)

金融資產 (續)

金融資產的減值

就若干類金融資產(例如應收貿易款項)而言,不會單獨作出減值的資產會於其後匯集一併評估減值。應收款項組合出現減值的客觀證據包括本集團過往收款記錄,組合內超出90至180天信貸期的延遲付款數量有所增加,以及國家或地區經濟狀況出現明顯變動(與應收款項未能償還的情況吻合)。

對於按攤銷成本計值的金融資產而言,已確認減值虧損金額為按該資產的賬面值與按金融資產原先實際利率貼現之估計未來現金流量之現值間的差額。

就按成本列賬的金融資產而言,減值虧損金額乃按資產賬面值與按類似金融資產的現行市場回報率貼現的估計未來現金流量的現值之間的差額計量。有關減值虧損將不會於其後期間撥回(見下文的會計政策)。

所有金融資產的減值虧損會直接於金融資產的賬面值中作出扣減,惟應收貿易款項及其他應收款項以及金融租賃應收款項和貸款應收款項除外,應收貿易款項及其他應收款項的賬面值會透過撥備賬作出扣減。撥備賬內的賬面值變動會於損益中確認。當應收貿易款項或其他應收款項被視為不可收回時,其將於撥備賬內撇銷。之前已撇銷的款項如其後收回,將計入撥備賬內。撥備賬內的賬面值變動會於損益中確認。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)**Financial assets** (continued)*Impairment of financial assets* (continued)

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of other reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. 主要會計政策 (續)**除商譽外之有形及無形資產減值**
(續)**金融資產 (續)***金融資產的減值*

當可供出售金融資產被視為減值，先前於其他全面收入內確認的累計收益或虧損於期內重新分類至損益。

對於按攤銷成本計值的金融資產而言，倘減值虧損金額於隨後期間有所減少，而有關減少在客觀上與確認減值後發生的事件有關，則先前已確認的減值虧損將透過損益予以撥回，惟該資產於減值被撥回當日的賬面值不得超過未確認減值時之已攤銷成本。

就可供出售權益投資而言，過往於損益確認之減值虧損並無通過損益撥回。減值虧損後公平值的任何增加均直接於其他全面收入確認及於投資重估儲備累計。就可供出售債務投資而言，倘投資公平值上升客觀上與確認減值虧損後發生之事項有關連，則減值虧損其後透過損益撥回。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including borrowings, loan from the ultimate holding company and trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of financial liabilities and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liabilities, or, where appropriate, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

3. 主要會計政策 (續)

除商譽外之有形及無形資產減值 (續)

金融負債及股本工具

分類為負債或權益

集團實體發行的負債及股本工具乃根據合約安排的性質與金融負債及股本工具的定義分類為金融負債或權益。

股本工具

股本工具乃證明實體於扣減所有負債後的資產中擁有剩餘權益之任何合約。本公司所發行的股本工具按已收所得款項減直接發行成本列賬。

按攤銷成本計量之金融負債

金融負債(包括借款、來自最終控股公司的貸款以及應付貿易款項及其他應付款項)其後按攤銷成本採用實際利率法計量。

實際利率法

實際利率法乃計算金融負債的攤銷成本及按有關期間攤分利息支出的方法。實際利率乃將估計日後現金付款(包括所有支付或所收構成實際利率、交易成本及其他溢價或折讓的必要部分的費用)按金融負債的預期年限,或(倘合適)準確貼現至初步確認時賬面淨值的利率。利息支出按實際利率基準確認。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)***Derecognition***

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumption concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is discussed as below:

3. 主要會計政策 (續)**除商譽外之有形及無形資產減值 (續)*****終止確認***

倘從資產收取現金流量之合約權利已到期，或金融資產已轉讓且本集團已將其於金融資產擁有權之絕大部份風險及回報轉移至另一實體，則金融資產將被取消確認。倘若本集團並無轉讓或保留擁有權之絕大部份風險及回報，並繼續控制已轉讓之資產，則本集團會確認其於資產的保留權益及可能需要支付的相關負債款項。倘若本集團保留已轉讓金融資產擁有權之絕大部份風險及回報，則本集團繼續確認金融資產並同時就所得收益確認抵押借款。

當金融資產終止確認時，資產的賬面值與已收及應收代價款項總額之間的差額及已於其他全面收入確認及於權益內累計的累計損益將於損益中確認。

當及僅當本集團的責任獲解除、取消或屆滿時，本集團便會終止確認金融負債。終止確認的金融負債的賬面值與已付及應付代價之間的差額於損益中確認。

4. 估計不明朗因素的主要來源

以下為於報告期末可能導致資產面值於下一財政年度需要作出重大調整之未來相關重要假設及導致估計不確定因素之其他主要來源：

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Share-based payment expenses

During the year ended 31 December 2016, management of Shandong Weigao Orthopaedic Device Company Limited (“Weigao Ortho”), a subsidiary of the Company, subscribed 22,222,222 shares of Weigao Ortho at cash consideration of RMB311,111,000 under the share arrangement with the management of Weigao Ortho (the “Share Arrangement”) and accordingly, share-based payment expenses of RMB294,889,000 is recognised in the Group’s consolidated statement of profit or loss and other comprehensive income. The Group measures the share-based payment expenses at the difference between the considerations received and the fair value of the shares issued by Weigao Ortho. Estimating fair value requires determining the appropriate valuation model and the appropriate inputs to the valuation model including, but not limited to, discount rate, the underlying forecast cash flows. Changes in these inputs could affect the share-based payment expenses recognised. The Group involved the independent valuer to determine the fair value of the shares issued by Weigao Ortho under the Share Arrangement. Details are set out in note 33(b).

Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment 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 (i.e. the effective interest rate computed at initial recognition, where applicable). Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise. As at 31 December 2016, the carrying amount of trade receivables is RMB2,930,402,000 (net of allowance for doubtful debts of RMB188,844,000) (31 December 2015: RMB2,448,547,000, net of allowance for doubtful debts of RMB143,006,000).

4. 估計不明朗因素的主要來源 (續)

以股份為基礎付款開支

截至二零一六年十二月三十一日止年度，本公司之附屬公司山東威高骨科材料股份有限公司（「威高骨科」）之管理層根據與威高骨科管理層之股份協議（「股份協議」）以現金代價人民幣311,111,000元認購22,222,222股威高骨科之股份，因此，人民幣294,889,000元之以股份為基礎的付款之開支於本集團的綜合損益及其他全面收益表中確認。本集團按威高骨科已發行股份的已收代價與公平值之差額計量以股份為基礎的付款之開支。估計公平值需要釐定合適的估值模型及輸入估值模型的合適數據，包括但不限於，貼現率、有關預測現金流。該等輸入數據的變動或會影響已確認的以股份為基礎付款開支。本集團委任獨立估值師以釐定威高骨科根據股份協議發行的股份的公平值。詳情載於附註33(b)。

應收貿易賬款之估計減值

倘有減值虧損之客觀證據，本集團會考慮估計未來現金流。減值虧損之款項按資產之賬面值與估計未來現金流量之現值（不包括尚未產生之未來信貸虧損）兩者之差額以金融資產之原有實際利率（即初次確認時計算之實際利率，倘適用）貼現計量。倘未來現金流量少於預期，或因為事實及情況轉變而向下修訂，則可能會產生重大減值虧損。於二零一六年十二月三十一日，應收貿易賬款之賬面值為人民幣2,930,402,000元（扣除呆賬備抵人民幣188,844,000元）（二零一五年十二月三十一日：人民幣2,448,547,000元，扣除呆賬備抵人民幣143,006,000元）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

5. 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. |

5. 分部資料

本集團主要從事研發、生產及銷售一次性醫療器械產品、骨科產品及血液淨化產品，主要經營地為中國。

就管理而言，本集團目前分為三個經營分部：一次性使用醫療器械產品、骨科產品及血液淨化產品。該等分部乃按本集團各部的內部呈報基準劃分，定期由主要營運決策者（董事總經理）審核，以分配資源至分部並評估其表現。

本集團經營分部的主要業務如下：

- | | |
|-------------|-----------------------------|
| 一次性使用醫療器械產品 | – 生產及銷售一次性使用耗材，如輸液器、注射器及血袋。 |
| 骨科產品 | – 生產及銷售骨科產品。 |
| 血液淨化產品 | – 生產及銷售血液淨化產品及相關醫療設備。 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

5. SEGMENT INFORMATION (continued)

5. 分部資料 (續)

Segment revenues and results

分部收益及業績

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

本集團按經營分部分析其收益及業績如下：

2016

二零一六年

		Single use medical device products RMB'000 一次性 使用醫療 器械產品 人民幣千元	Orthopaedic products RMB'000 骨科產品 人民幣千元	Blood purification products RMB'000 血液淨化 產品 人民幣千元	Eliminations RMB'000 抵減 人民幣千元	Total RMB'000 合計 人民幣千元
Revenue	收益					
External sales	外部銷售	4,833,340	803,498	1,093,502	-	6,730,340
Inter-segment sales	內部分部銷售	11,331	10	1,174	(12,515)	-
Total	合計	4,844,671	803,508	1,094,676	(12,515)	6,730,340
Segment profit	分部溢利	1,064,858	45,180	118,123	-	1,228,161
Unallocated expenses	未分配開支					6,993
Unallocated other income, gains and losses	未分配其他收入、 收益及虧損					(1,519)
Finance lease income	金融租賃收入					35,146
Bank interest income	銀行利息收入					45,101
Share of profit of joint ventures	應佔合營公司溢利					464
Profit before taxation	除稅前溢利					1,314,346

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

5. SEGMENT INFORMATION (continued)

5. 分部資料 (續)

Segment revenues and results (continued)

分部收益及業績 (續)

2015

二零一五年

		Single use medical device products RMB'000 一次性 使用醫療 器械產品 人民幣千元	Orthopaedic products RMB'000 骨科產品 人民幣千元	Blood purification products RMB'000 血液淨化 產品 人民幣千元	Eliminations RMB'000 抵減 人民幣千元	Total RMB'000 合計 人民幣千元
Revenue	收益					
External sales	外部銷售	4,336,539	657,702	924,689	-	5,918,930
Inter-segment sales	內部分部銷售	16,058	1,841	-	(17,899)	-
Total	合計	4,352,597	659,543	924,689	(17,899)	5,918,930
Segment profit	分部溢利	928,044	259,099	83,772	-	1,270,915
Unallocated expenses	未分配開支					(2,139)
Unallocated other income, gains and losses	未分配其他收入、 收益及虧損					2,468
Bank interest income	銀行利息收入					65,083
Share of loss of joint ventures	應佔合營公司虧損					(3,958)
Share of profit of an associate	應佔一間聯營公司溢利					601
Gain on disposal of a subsidiary	出售一間附屬公司之收益					2,535
Profit before taxation	除稅前溢利					1,335,505

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. 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.

經營分部的會計政策與附註3所述的本集團會計政策相同。分部溢利指各分部所賺取的溢利，未計及開支、其他收入、企業職能的收益及虧損、金融租賃收入、應佔合營公司溢利（虧損）、應佔聯營公司溢利及出售一間附屬公司之收益。此為向主要營運決策者就資源分配及表現評估呈報的計量方式。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

5. SEGMENT INFORMATION (continued)

5. 分部資料 (續)

Segment assets and liabilities

分部資產及負債

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

本集團按經營分部分析其資產及負債如下：

2016

二零一六年

		Single use medical device products RMB'000 一次性 使用醫療 器械產品 人民幣千元	Orthopaedic products RMB'000 骨科產品 人民幣千元	Blood purification products RMB'000 血液淨化 產品 人民幣千元	Total RMB'000 合計 人民幣千元
Assets	資產				
Segment assets	分部資產	6,807,478	1,273,729	2,634,453	10,715,660
Available-for-sale investments	可供出售投資				95,411
Interests in joint ventures	於合營公司權益				112,705
Investment properties	投資物業				51,415
Deferred tax assets	遞延稅項資產				59,485
Finance lease receivables	金融租賃應收款項				540,734
Pledged bank deposits	已抵押銀行存款				36,980
Bank balances and cash	銀行結餘及現金				4,071,892
Other unallocated assets	其他未分配資產				72,027
Consolidated assets	綜合資產				15,756,309
Liabilities	負債				
Segment liabilities	分部負債	2,380,167	157,928	873,004	3,411,099
Unallocated other payables	未分配其他應付款項				48,199
Unallocated borrowings	未分配借款				90,000
Other unallocated liabilities	其他未分配負債				1,747
Consolidated liabilities	綜合負債				3,551,045

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

5. SEGMENT INFORMATION (continued)

5. 分部資料 (續)

Segment assets and liabilities (continued)

分部資產及負債 (續)

2015

二零一五年

		Single use medical device products RMB'000 一次性 使用醫療 器械產品 人民幣千元	Orthopaedic products RMB'000 骨科產品 人民幣千元	Blood purification products RMB'000 血液淨化 產品 人民幣千元	Total RMB'000 合計 人民幣千元
Assets	資產				
Segment assets	分部資產	6,325,188	909,101	2,295,275	9,529,564
Available-for-sale investments	可供出售投資				25,659
Interests in joint ventures	於合營公司權益				108,241
Investment properties	投資物業				53,186
Deferred tax assets	遞延稅項資產				44,270
Pledged bank deposits	已抵押銀行存款				46,173
Bank balances and cash	銀行結餘及現金				3,712,153
Consolidated assets	綜合資產				13,519,246
Liabilities	負債				
Segment liabilities	分部負債	1,886,598	142,844	702,981	2,732,423

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

為監控分部表現及在分部之間分配資源：

- 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.
- 所有資產分配至經營分部，惟投資物業、應收融資租賃款項、已抵押銀行存款、銀行結餘及現金、遞延稅項資產、可供出售投資、於合營公司的權益及融資租賃業務項下持有之其他未分配資產除外；及
 - 所有負債分配至經營分部，惟融資租賃業務項下持有之未分配負債除外。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

5. SEGMENT INFORMATION (continued)

5. 分部資料 (續)

Other segment information

其他分部資料

2016

二零一六年

		Single use medical device products RMB'000 一次性 使用醫療 器械產品 人民幣千元	Orthopaedic products RMB'000 骨科產品 人民幣千元	Blood purification products RMB'000 血液淨化 產品 人民幣千元	Total RMB'000 合計 人民幣千元
Amounts included in the measure of segment profit or segment assets:	計量分部溢利或分部資產時應計款項：				
Additions to property, plant and equipment	新增物業、廠房及設備	449,586	47,146	275,249	771,981
Allowance for bad and doubtful debts	呆壞賬撥備	34,947	5,419	6,689	47,055
Release of prepaid lease payments	預付租金付款付回	7,130	1,253	2,421	10,804
Amortisation of intangible assets	無形資產攤銷	-	3,115	-	3,115
Depreciation of property, plant and equipment	物業、廠房及設備折舊	197,358	57,762	89,161	344,281
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	(1,122)	(15)	(2,282)	(3,419)
Research and development expenditure	研發開支	208,805	57,232	36,642	302,679
Share-based payment expenses	以股份為基礎的付款開支	10,781	294,889	-	305,670
Government grants	政府補助	(7,572)	(4,574)	(9,178)	(21,324)
Rebate of value added tax ("VAT")	增值稅(「增值稅」)退款	(63,880)	-	-	(63,880)

2015

二零一五年

		Single use medical device products RMB'000 一次性 使用醫療 器械產品 人民幣千元	Orthopaedic products RMB'000 骨科產品 人民幣千元	Blood purification products RMB'000 血液淨化 產品 人民幣千元	Total RMB'000 合計 人民幣千元
Amounts included in the measure of segment profit or segment assets:	計量分部溢利或分部資產時應計款項：				
Additions to property, plant and equipment	新增物業、廠房及設備	470,029	109,140	607,987	1,187,156
Allowance for bad and doubtful debts	呆壞賬撥備	19,812	2,761	5,603	28,176
Release of prepaid lease payments	預付租金付款付回	7,483	193	2,391	10,067
Amortisation of intangible assets	無形資產攤銷	-	3,115	-	3,115
Depreciation of property, plant and equipment	物業、廠房及設備折舊	176,089	48,576	86,453	311,118
(Gain) loss on disposal of property, plant and equipment	出售物業、廠房及設備(收益)虧損	(2,738)	8	4,735	2,005
Research and development expenditure	研發開支	207,151	57,738	27,769	292,658
Share-based payment expenses	以股份為基礎的付款開支	13,066	-	-	13,066
Government grants	政府補助	(3,290)	(4,003)	(6,579)	(13,872)
Rebate of VAT	增值稅退款	(40,585)	-	-	(40,585)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

5. SEGMENT INFORMATION (continued)

5. 分部資料 (續)

Revenue from major products

主要產品收益

		2016	2015
		RMB'000	RMB'000
		二零一六年	二零一五年
		人民幣千元	人民幣千元
Sale of single use medical device products	銷售一次性使用醫療器械產品		
– Infusion sets	– 輸液器	1,572,897	1,437,114
– Syringes	– 注射器	757,702	689,892
– Pre-filled syringes	– 預充式注射器	598,839	445,257
– Needles	– 針製品	895,272	821,676
– Blood bags and sampling products	– 血袋製品及採血產品	364,263	390,217
– PVC granules	– PVC粒料	53,003	55,543
– Other products	– 其他產品	591,364	496,840
Sale of orthopaedic products	銷售骨科產品	803,498	657,702
Sale of blood purification products	銷售血液淨化產品	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.

主要客戶的資料

於兩個年度內，概無單一客戶銷售額超逾本集團總銷售額的10%。

地區分部

本集團的經營業務、資產及大部分客戶均位於中國。因此，毋須呈列非流動資產及收益的地區分析。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

6. OTHER INCOME, GAINS AND LOSSES

6. 其他收入、收益及虧損

		2016 RMB'000 二零一六年 人民幣千元	2015 RMB'000 二零一五年 人民幣千元
Other income:	其他收入：		
Rebate of VAT (i)	增值稅退款(i)	64,890	40,585
Government grants (ii)	政府補助(ii)	21,324	13,872
Bank interest income	銀行利息收入	45,101	65,083
Operating rental income	經營租金收入	7,398	7,835
Finance lease income	金融租賃收入	35,146	-
		173,859	127,375
Other gains and losses:	其他收入及虧損：		
Allowances for bad and doubtful debts	呆壞賬撥備	(55,004)	(28,176)
Net exchange loss	匯兌虧損淨額	(5,518)	(3,424)
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	(3,419)	(2,005)
Others	其他	(2,528)	2,468
		(66,469)	(31,137)
		107,390	96,238

Note:

- i As Weihai Jierui Medical Products Company Limited ("Jierui") was recognised as a "Social Welfare Entity", the Tax Bureau in Weihai granted a rebate of VAT paid by Jierui with effect from 1 May 1999 on the basis of "payment first then rebate". Pursuant to Caishui [2007] No.92 issued by the State Council, with effect from 1 July 2007, Jierui was granted a rebate of VAT determined with reference to the number of staff with physical disability, as well as the standard maximum limit per staff with physical disability. Caishui [2007] No.92 was annulled at 1 May 2016.

Pursuant to Caishui [2016] No.52 issued by the State Council, with effect from 1 May 2016, Jierui was granted a rebate of VAT determined with reference to the number of staff with physical disability. For each staff with physical disability, four times of the minimum salary approved by the local government in Weihai is granted to Jierui as rebate of VAT.

Pursuant to Caishui [2016] No.36, Weigao Financial Leasing Co., Ltd. is entitled to immediate tax rebates upon collection when the actual VAT tax burden exceeds 3%.

附註：

- i 由於威海潔瑞醫用製品有限公司(「潔瑞」)獲確認為「社會福利企業」，因此威海稅務局向潔瑞授出增值稅退款，由一九九九年五月一日起生效，原則為「先付款後退還」。根據國務院發出之財稅[2007]第92號文件，由二零零七年七月一日起生效，潔瑞獲授出的增值稅退款乃參考殘障員工之數目以及每名殘障員工之標準上限釐定。財稅[2007]第92號文件於二零一六年五月一日廢除。

根據國務院發出之財稅[2016]第52號文件，由二零一六年五月一日起生效，潔瑞獲授出的增值稅退款乃參考殘障員工之數目釐定。就每名殘障員工而言，將授予相當於由威海市地方政府所批准之最低薪金四倍之金額予潔瑞，作為增值稅退款。

根據財稅[2016]第36號文件，山東威高融資租賃有限公司有權於實際增值稅稅務負擔超過3%時，立即獲退稅款。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

6. OTHER INCOME, GAINS AND LOSSES (continued)

Note: (continued)

- ii During the year, government grants of RMB10,306,000 (2015: RMB8,395,000) in aggregate were awarded to the Group mainly for subsidiaries of the group's business development and certain research and development projects completed during the year and were recognised as other income when the government grants were received. There were no unfulfilled conditions in the year in which they were recognised. During the year ended 31 December 2016, the release of government grants related to capital expenditure amounting to RMB11,018,000 (2015: RMB5,477,000) is recognised as other income (note 30).

6. 其他收入、收益及虧損 (續)

附註：(續)

- ii 年內，本集團主要就本年度的業務發展及已完成的特定研發項目獲獎勵政府補助合共人民幣10,306,000元（二零一五年：人民幣8,395,000元），並於收取政府補助時確認為收入。在確認年度內概無未達成條件。截至二零一六年十二月三十一日止年度，就資本開支發放的政府補助發放為人民幣11,018,000元（二零一五年：人民幣5,477,000元）已確認為其他收入（附註30）。

7. FINANCE COSTS

7. 融資成本

		2016 RMB'000 二零一六年 人民幣千元	2015 RMB'000 二零一五年 人民幣千元
Interest on borrowings wholly repayable within five years	須於五年內悉數償還的借貸利息	56,762	47,519
Less: Amount capitalised in construction in progress	減：在建工程撥充資本	-	(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.

二零一五年之資本化借貸成本乃採用年資本化率6%進行計算。

8. INCOME TAX EXPENSE

8. 所得稅開支

		2016 RMB'000 二零一六年 人民幣千元	2015 RMB'000 二零一五年 人民幣千元
PRC Enterprise Income Tax Current tax	中國企業所得稅即期稅項	189,697	200,809
Underprovision (overprovision) in prior years	過往年度撥備不足（超額撥備）	2,272	(121)
Deferred taxation (note 21)	遞延稅項（附註21）	(15,215)	(14,041)
		176,754	186,647

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

8. INCOME TAX EXPENSE (continued)

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.

8. 所得稅開支 (續)

根據《中華人民共和國企業所得稅法》(「企業所得稅法」)及《企業所得稅法實施條例》，中國附屬公司之稅率為25%。

本公司、潔瑞、威高骨科及威海威高血液淨化製品有限公司(「威高血液淨化」)獲確認為二零一四年度至二零一六年度山東省高新技術企業。根據《財政部國家稅務總局有關企業所得稅若干優惠政策的通知》，高新技術企業可按15%稅率繳付所得稅。

潔瑞獲確認為「社會福利企業」，並根據國務院發出之財稅[2007]第92號文件，由二零零七年七月一日起至二零一六年五月一日，潔瑞亦須按15%稅率繳付所得稅，但相等於支付予殘障員工薪金總額之金額進一步自潔瑞的應課稅收入中扣減，而增值稅退款則自中國所得稅中扣除。截至二零一六年及二零一五年十二月三十一日止年度作出之稅項開支撥備已計及該等稅務優惠。

概無就威高國際醫療有限公司及威高醫療控股有限公司的香港稅項作出撥備，原因為兩年內彼等於香港並無應課稅溢利。

概無就威高醫療(歐洲)有限公司及Wellford Capital Limited的海外稅項作出撥備，原因為兩年內彼等並無應課稅溢利。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

8. INCOME TAX EXPENSE (continued)

8. 所得稅開支 (續)

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:

本年度的支出與綜合損益及其他全面收入報表中的溢利對賬如下：

		2016 RMB'000 二零一六年 人民幣千元	2015 RMB'000 二零一五年 人民幣千元
Profit before taxation	除稅前溢利	1,314,346	1,335,505
Taxation at the domestic income tax rate of 15% (2015: 15%)	按15%國內所得稅率計算的稅項(二零一五年: 15%)	197,152	200,326
Tax effect of share of (profit) loss of joint ventures	應佔合營公司之(溢利)虧損的稅務影響	(70)	594
Tax effect of share of profit of an associate	應佔聯營公司之溢利的稅務影響	-	(90)
Tax effect of income not taxable for tax purpose	就稅務而言毋須課稅收入之稅務影響	(12,512)	(12,306)
Effect of additional tax deduction for research and development expenses (note)	有關研發費用之額外稅務扣減之影響(附註)	(21,826)	(17,608)
Additional tax benefit to a Social Welfare Entity	社會福利實體之額外稅務優惠	(5,600)	(5,572)
Utilisation of tax losses previously not recognised	動用過往未確認的稅項虧損	(1,266)	(68)
Tax effect of tax losses and deductible temporary difference not recognised	未確認的稅項虧損及可抵扣暫時性差異的稅務影響	7,592	5,983
Tax effect of expenses not deductible for tax purpose	就稅務而言不可抵扣稅務開支的稅務影響	7,790	12,882
Effect of different tax rates of subsidiaries	不同稅率對附屬公司的影響	3,222	2,627
Underprovision (overprovision) in prior years	過往年度撥備不足(超額撥備)	2,272	(121)
Taxation	稅項	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.

附註：中國稅務機關已就於新產品產生之研發成本人民幣145,507,000元(二零一五年：人民幣117,387,000元)授出額外免稅額。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

9. PROFIT FOR THE YEAR

9. 本年度溢利

		2016	2015
		RMB'000	RMB'000
		二零一六年	二零一五年
		人民幣千元	人民幣千元
Profit for the year has been arrived at after charging:	本年度溢利經扣除下列項目後達致：		
Allowances for bad and doubtful debts	呆壞賬撥備	55,004	28,176
Amortisation of intangible assets	無形資產攤銷	3,115	3,115
Auditors' remuneration	核數師酬金	3,848	3,601
Depreciation of property, plant and equipment	物業、廠房及設備折舊	344,281	311,118
Depreciation of investment properties	投資物業折舊	1,771	2,139
Prepaid lease payments charged to profit or loss	在損益表扣除的預付租賃款項	10,804	10,067
Rental payments in respect of premises under operating leases	經營租賃的物業租金	14,211	12,633
Research and development expenditure	研究與開發支出	302,679	292,658
Cost of inventories recognised as an expense	確認為開支的存貨成本	2,593,772	2,403,372
Staff costs, including directors' and supervisors' remuneration	員工成本（包括董事及監事薪酬）		
– Retirement benefits scheme contributions	– 退休福利計劃供款	105,968	83,317
– Salaries and other allowances	– 薪金及其他津貼	1,210,568	1,058,419
– Share-based payment expenses (note 33)	– 以股份為基礎的付款開支（附註33）	305,670	13,066
Total staff costs	員工成本總額	1,622,206	1,154,802
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	3,419	2,005

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

10. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS

10. 董事、監事及僱員酬金

Directors' and supervisors' emoluments

Supervisors are the members of the supervisory committee of the Company.

The emoluments of directors and supervisors during the year are analysed as follows:

董事及監事酬金

監事為本公司監事會的成員。

年內，董事及監事的酬金分析如下：

		2016 二零一六年					
		Fee	Salaries and other allowances	Retirement benefits schemes contributions	Performance related bonus (note)	Share-based payment expense	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		袍金	薪金及其他津貼	退休福利計劃供款	表現相關花紅 (附註)	以股份為基礎的付款開支	總計
		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
Chief executive and executive director	行政總裁兼執行董事						
Mr. Zhang Hua Wei	張華威先生	-	1,713	-	-	-	1,713
Executive directors	執行董事						
Mr. Wang Yi	王毅先生	-	1,459	50	-	-	1,509
Mr. Gong Jian Bo	弓劍波先生	-	1,671	-	8,573	147,444	157,688
Mr. Xia Lie Bo	夏列波先生	-	1,355	42	-	-	1,397
		-	4,485	92	8,573	147,444	160,594
Non-executive directors	非執行董事						
Mr. Chen Xue Li (resigned on 22 March 2016)	陳學利先生 (於二零一六年三月二十二日辭任)	-	-	-	-	-	-
Mrs. Zhou Shu Hua	周淑華女士	-	-	-	-	-	-
		-	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

10. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (continued)

10. 董事、監事及僱員酬金 (續)

Directors' and supervisors' emoluments (continued)

董事及監事酬金 (續)

		2016 二零一六年					
		Salaries and other allowances	Retirement benefits schemes contributions	Performance related bonus (note)	Share-based payment expense	Total	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		薪金及其他津貼	退休福利計劃供款	表現相關花紅 (附註)	以股份為基礎的付款開支	總計	
		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	
Independent non-executive directors	獨立非執行董事						
Mr. Lo Wai Hung	盧偉雄先生	156	-	-	-	156	
Mrs. Fu Ming Zhong	付明仲女士	108	-	-	-	108	
Mr. Li Jia Miao (resigned on 30 December 2016)	李家淼先生 (於二零一六年十二月三十日辭任)	108	-	-	-	108	
Mrs. Wang Jin Xia	王錦霞女士	108	-	-	-	108	
		480	-	-	-	480	
Supervisors	監事						
Mr. Yue Chun Liang	岳春良先生	-	51	7	-	58	
Ms. Bi Dong Mei*	畢冬梅女士*	-	-	-	-	-	
Ms. Chen Xiao Yun*	陳曉雲女士*	-	-	-	-	-	
Mr. Long Jing (resigned on 29 June 2016)	龍經先生 (於二零一六年六月二十九日辭任)	-	503	25	607	1,256	
		-	554	32	607	1,314	
		480	6,752	124	9,180	164,101	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

10. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (continued)

10. 董事、監事及僱員酬金 (續)

Directors' and supervisors' emoluments
(continued)

董事及監事酬金 (續)

		2015 二零一五年					
		Fee	Salaries and other allowances	Retirement benefits schemes contributions	Performance related bonus (note)	Share-based payment expense	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		袍金	薪金及其他津貼	退休福利計劃供款	表現相關花紅(附註)	以股份為基礎的付款開支	總計
		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
Chief executive and executive director	行政總裁兼執行董事						
Mr. Zhang Hua Wei	張華威先生	-	1,430	22	-	-	1,452
Executive directors	執行董事						
Mr. Wang Yi	王毅先生	-	1,184	22	-	-	1,206
Mr. Gong Jian Bo	弓劍波先生	-	1,671	-	8,573	-	10,244
Mr. Xia Lie Bo	夏列波先生	-	1,129	33	-	-	1,162
		-	3,984	55	8,573	-	12,612
Non-executive directors	非執行董事						
Mr. Chen Xue Li	陳學利先生	-	-	-	-	-	-
Mrs. Zhou Shu Hua	周淑華女士	-	-	-	-	-	-
		-	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

10. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (continued)

10. 董事、監事及僱員酬金 (續)

Directors' and supervisors' emoluments (continued)

董事及監事酬金 (續)

		2015 二零一五年					
		Salaries and other allowances	Retirement benefits schemes contributions	Performance related bonus (note)	Share-based payment expense	Total	
Fee		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
袍金		薪金及其他津貼	退休福利計劃供款	表現相關花紅 (附註)	以股份為基礎的付款開支	總計	
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	
Independent non-executive directors	獨立非執行董事						
Mr. Lo Wai Hung	盧偉雄先生	98	-	-	-	98	
Mrs. Fu Ming Zhong	付明仲女士	72	-	-	-	72	
Mr. Li Jia Miao	李家淼先生	72	-	-	-	72	
Mrs. Wang Jin Xia	王錦霞女士	72	-	-	-	72	
		314	-	-	-	314	
Supervisors	監事						
Mr. Long Jing	龍經先生	-	798	16	1,818	3,214	
Ms. Bi Dong Mei [#]	畢冬梅女士 [#]	-	-	-	-	-	
Ms. Chen Xiao Yun [#]	陳曉雲女士 [#]	-	-	-	-	-	
		-	798	16	1,818	3,214	
		314	6,212	93	10,391	17,592	

Note: The performance related bonus payment is determined by reference to the individual performance of the directors and the chief executive and approved by the Remuneration Committee.

附註：表現相關花紅付款乃參考董事及行政總裁之個人表現而釐定及經薪酬委員會批准。

[#] The two supervisors have been worked for Weigao Holding since 2012, and the salaries and other allowances and retirement benefits schemes contributions were paid by Weigao Holding.

[#] 兩名監事自二零一二年起一直任職於威高集團，其薪金及其他津貼及退休福利計劃供款由威高集團支付。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

10. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (continued)

10. 董事、監事及僱員酬金 (續)

Employees' emoluments

僱員酬金

		2016 RMB'000 二零一六年 人民幣千元	2015 RMB'000 二零一五年 人民幣千元
Salaries and other benefits	薪金及其他福利	8,162	10,838

Of the five individuals with highest emoluments in the Group, two (2015: two) were directors of the Company whose emoluments are included in the disclosure above. The emoluments of the remaining three (2015: three) individual were as follows:

本集團五位最高酬金人士中，兩名（二零一五年：兩名）為本公司董事，彼等的酬金已於上文披露。其餘三名（二零一五年：三名）人士的酬金如下：

Their emoluments were within the following band:

彼等的酬金範圍如下：

		2016 No. of employees 二零一六年 僱員人數	2015 No. of employees 二零一五年 僱員人數
Nil to HKD1,000,000	零至1,000,000港元	-	-
HKD1,000,001 to HKD1,500,000	1,000,001港元至1,500,000港元	-	-
HKD1,500,001 to HKD2,000,000	1,500,001港元至2,000,000港元	-	-
HKD2,000,001 to HKD2,500,000	2,000,001港元至2,500,000港元	-	-
HKD2,500,001 to HKD3,500,000	2,500,001港元至3,500,000港元	2	-
HKD3,500,001 to HKD4,000,000	3,500,001港元至4,000,000港元	1	1
HKD4,000,001 to HKD4,500,000	4,000,001港元至4,500,000港元	-	1
HKD4,500,001 to HKD5,000,000	4,500,001港元至5,000,000港元	-	-
HKD5,000,001 to HKD5,500,000	5,000,001港元至5,500,000港元	-	-
HKD5,500,001 to HKD6,000,000	5,500,001港元至6,000,000港元	-	1

During the two years ended 31 December 2016, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

於截至二零一六年十二月三十一日止兩個年度內，本集團並無支付酬金予董事，作為吸引加入本集團或於加入時的獎勵，或作為離職補償。

Neither the directors nor any of the supervisors waived any emoluments in the year ended 31 December 2016 (2015: nil).

截至二零一六年十二月三十一日止年度，概無董事及監事放棄任何酬金（二零一五年：無）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

11. DIVIDENDS

11. 股息

		2016	2015
		RMB'000	RMB'000
		二零一六年	二零一五年
		人民幣千元	人民幣千元
Dividends recognised as distribution during the year:	年內確認為分派的股息：		
2016 Interim – RMB0.041 (2015: interim dividend – RMB0.039) per share	二零一六年中期股息每股人民幣0.041元 (二零一五年：中期股息每股人民幣0.039元)	185,416	174,579
2015 Final – RMB0.036 (2014: final dividend – RMB0.035) per share	二零一五年末期股息每股人民幣0.036元 (二零一四年：末期股息每股人民幣0.035元)	162,804	156,673
Total	總計	348,220	331,252
Less: distribution to the shares hold by the trustees under a share award scheme (note 33(a))	減：分配至受託人根據股份激勵計劃持有之股份 (附註33(a))	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.

於報告期末後，董事建議派付截至二零一六年十二月三十一日止年度的末期股息每股人民幣0.046元（二零一五年：人民幣0.036元），合共人民幣208,027,000元（二零一五年：人民幣162,804,000元）。該建議須經股東在即將舉行的股東大會上批准後，方可作實。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

12. EARNINGS PER SHARE

12. 每股盈利

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:

於各報告期間，本公司擁有人應佔每股基本盈利乃根據下列數據計算：

		2016 RMB'000 二零一六年 人民幣千元	2015 RMB'000 二零一五年 人民幣千元
Earnings	盈利		
Profit for the year attributable to owners of the Company	本公司擁有人應佔年內溢利	1,105,933	1,112,736
		2016 '000 二零一六年 千股	2015 '000 二零一五年 千股
Number of shares	股份數目		
Number of shares for the purpose of basic earnings per share	就計算每股基本盈利而言的股份數目	4,476,372	4,476,372
Effect of dilutive potential ordinary shares:	普通股潛在攤薄的影響：		
Incentive shares (in thousands)	激勵股份(千股)	1,533	1,384
Weighted average number of ordinary shares for the purpose of diluted earnings per share	就計算每股攤薄盈利而言的普通股加權平均數	4,477,905	4,477,756

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

13. PROPERTY, PLANT AND EQUIPMENT

13. 物業、廠房及設備

		Construction In progress RMB'000	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture, fixtures equipment and tools RMB'000	Total RMB'000
		在建工程 人民幣千元	建築物 人民幣千元	廠房及機器 人民幣千元	汽車 人民幣千元	傢俱、 固定裝置 及工具 人民幣千元	總計 人民幣千元
COST	成本						
At 1 January 2015	於二零一五年一月一日	1,316,155	1,595,666	1,411,584	71,418	578,507	4,973,330
Additions	添置	873,028	30,997	216,345	5,891	60,895	1,187,156
Transfer	轉讓	(507,574)	233,430	215,482	2,682	55,980	-
Transfer to investment properties	轉撥至投資物業	-	(33,500)	-	-	-	(33,500)
Transfer from investment properties	轉撥自投資物業	-	10,713	-	-	-	10,713
Disposals	出售	-	-	(62,649)	(9,005)	(25,012)	(96,666)
At 31 December 2015	於二零一五年十二月三十一日	1,681,609	1,837,306	1,780,762	70,986	670,370	6,041,033
Additions	添置	579,088	-	123,727	6,320	62,846	771,981
Transfer	轉讓	(587,676)	471,416	78,496	829	36,935	-
Disposals	出售	-	(5,355)	(39,459)	(4,881)	(38,159)	(87,854)
At 31 December 2016	於二零一六年十二月三十一日	1,673,021	2,303,367	1,943,526	73,254	731,992	6,725,160
DEPRECIATION AND IMPAIRMENT	折舊及減值						
At 1 January 2015	於二零一五年一月一日	2,314	74,377	513,331	40,376	188,861	819,259
Provided for the year	年內撥備	-	67,743	143,653	5,999	93,723	311,118
Eliminated on disposals	於出售時抵銷	-	-	(34,485)	(4,675)	(18,047)	(57,207)
Transfer to investment properties	轉撥至投資物業	-	(265)	-	-	-	(265)
Transfer from investment properties	轉撥自投資物業	-	2,184	-	-	-	2,184
At 31 December 2015	於二零一五年十二月三十一日	2,314	144,039	622,499	41,700	264,537	1,075,089
Provided for the year	年內撥備	-	63,875	181,560	3,054	95,792	344,281
Eliminated on disposals	於出售時抵銷	-	(3,821)	(33,002)	(4,781)	(23,758)	(65,362)
At 31 December 2016	於二零一六年十二月三十一日	2,314	204,093	771,057	39,973	336,571	1,354,008
CARRYING AMOUNTS	賬面值						
At 31 December 2016	於二零一六年十二月三十一日	1,670,707	2,099,274	1,172,469	33,281	395,421	5,371,152
At 31 December 2015	於二零一五年十二月三十一日	1,679,295	1,693,267	1,158,263	29,286	405,833	4,965,944

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

13. PROPERTY, PLANT AND EQUIPMENT

(continued)

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis after taking into account of their estimated residual values and at the following rates per annum:

Buildings	3.2 – 9.5%
Plant and machinery	9.5%
Motor vehicles	19%
Furniture, fixtures equipment and tools	19 – 47.5%

The buildings of the Group are situated in the PRC and the leasehold land is under medium-term lease.

The construction in progress represented buildings, plant and machinery, and fixtures under construction which are situated in the PRC.

As at 31 December 2016, the Group has no pledged buildings to banks to secure borrowings granted to the Group (2015: nil).

13. 物業、廠房及設備 (續)

上述的物業、廠房及設備項目(在建工程除外)以直線法就計入其估計剩餘價值後,按下列年率折舊:

建築物	3.2 - 9.5%
廠房及機器	9.5%
汽車	19%
傢俱、固定裝置及工具	19 - 47.5%

本集團的建築物均位於中國,而租賃土地以中期租約持有。

在建工程指位於中國的建設中之建築物、廠房及機器及固定裝置。

於二零一六年十二月三十一日,本集團概無將建築物質押予銀行,作為授予本集團的借款抵押(二零一五年:無)。

14. INVESTMENT PROPERTIES

14. 投資物業

		RMB'000 人民幣千元
COST	成本	
At 1 January 2015	於二零一五年一月一日	33,145
Transfer from property, plant and equipment	轉撥自物業、廠房及設備	33,500
Transfer to property, plant and equipment	轉撥至物業、廠房及設備	(10,713)
At 31 December 2015 and 31 December 2016	於二零一五年十二月三十一日及 二零一六年十二月三十一日	55,932
DEPRECIATION	折舊	
At 1 January 2015	於二零一五年一月一日	2,526
Provided for the year	年內撥備	2,139
Transfer from property, plant and equipment	轉撥自物業、廠房及設備	265
Transfer to property, plant and equipment	轉撥至物業、廠房及設備	(2,184)
At 31 December 2015	於二零一五年十二月三十一日	2,746
Provided for the year	年內撥備	1,771
At 31 December 2016	於二零一六年十二月三十一日	4,517
CARRYING VALUES	賬面值	
At 31 December 2016	於二零一六年十二月三十一日	51,415
At 31 December 2015	於二零一五年十二月三十一日	53,186

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

14. INVESTMENT PROPERTIES (continued)

The fair value of the Group's investment properties of approximately RMB66,839,000 as at 31 December 2016 (2015: RMB69,142,000) has been determined by the directors.

The valuation performed by the directors was arrived by reference to recent market prices of properties in the same location and with similar conditions. There has been no change from the valuation technique used in the prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The above investment properties are depreciated on a straight-line basis at 5% per annum.

The carrying value of investment properties shown above comprise of buildings erected on:

14. 投資物業 (續)

本集團投資物業於二零一六年十二月三十一日的公平值約為人民幣66,839,000元(二零一五年:人民幣69,142,000元),該公平值已由董事釐定。

董事進行的估值乃以相同地點及類似條件下物業近日的市價作參考。於去年採用的估值技術並無變動。於估算物業的公平值時,物業的最高及最佳用途為其現時之用途。

上述投資物業按直線法以年率5%予以折舊。

以上所述投資物業的賬面值包括建於下述土地上之建築物:

		31/12/2016 RMB'000 二零一六年 十二月 三十一日 人民幣千元	31/12/2015 RMB'000 二零一五年 十二月 三十一日 人民幣千元
Land in PRC	於中國的土地		
Medium term lease	中期租約	51,415	53,186

15. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise:

Leasehold land in the PRC
Medium-term lease

於中國的租賃土地
中期租約

Analysed for reporting purposes as:

Current portion (note 25)
Non-current portion

就呈報目的分析為:
即期部分(附註25)
非即期部分

The leasehold land in the PRC is held under medium-term lease of 41-50 years.

15. 預付租賃款項

31/12/2016 RMB'000 二零一六年 十二月 三十一日 人民幣千元	31/12/2015 RMB'000 二零一五年 十二月 三十一日 人民幣千元
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478,630

487,999

12,513

11,133

466,117

476,866

478,630

487,999

在中國的租賃土地乃根據41至50年的中期租約持有。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

16. INTANGIBLE ASSETS

16. 無形資產

		Registration rights	Patent rights	Total
		RMB'000	RMB'000	RMB'000
		登記權	專利權	總計
		人民幣千元	人民幣千元	人民幣千元
COST	成本			
At 1 January 2015, 31 December 2015 and 31 December 2016	於二零一五年一月一日、 二零一五年十二月三十一日及 二零一六年十二月三十一日	31,144	5,200	36,344
AMORTISATION	攤銷			
At 1 January 2015	於二零一五年一月一日	22,754	-	22,754
Charge for the year	年內開支	3,115	-	3,115
At 31 December 2015	於二零一五年十二月三十一日	25,869	-	25,869
Charge for the year	年內開支	3,115	-	3,115
At 31 December 2016	於二零一六年十二月三十一日	28,984	-	28,984
CARRYING VALUES	賬面值			
At 31 December 2016	於二零一六年十二月三十一日	2,160	5,200	7,360
At 31 December 2015	於二零一五年十二月三十一日	5,275	5,200	10,475

The registration rights were acquired on acquisition of subsidiaries from independent third parties. They are amortised on a straight-line basis over a period of 10 years.

於收購附屬公司時向獨立第三方取得登記權。其於10年期間按直線法予以攤銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

17. SPONSORSHIP RIGHTS

17. 贊助權利

		31/12/2016	31/12/2015
		RMB'000	RMB'000
		二零一六年	二零一五年
		十二月	十二月
		三十一日	三十一日
		人民幣千元	人民幣千元
Sponsorship rights	贊助權利	37,958	-

The above amount represents the sponsorship rights related to certain blood purification centers and kidney hospitals in the PRC (collectively referenced as the "Weigao BPCs"), all of which are non-profitable social organisations funded and established by the Group. Each of the Weigao BPCs has entered into a long-term purchasing contract with the Group, accordingly the funding contributed by the Group is recognised as the sponsorship rights and are amortised over ten years, the period that future economic benefits are expected to be received by the Group.

上述款項指有關中國若干血液淨化中心及腎病醫院（統稱「威高血液淨化中心」，其全部為由本集團提供資金及成立之非盈利社會組織）之贊助權利。各威高血液淨化中心已與本集團建立長期購買合約，因此本集團所提供之資金確認為贊助權利及攤銷十年（預期為本集團可收回未來經濟利益之期間）。

18. INTERESTS IN JOINT VENTURES

18. 於合營公司的權益

		31/12/2016	31/12/2015
		RMB'000	RMB'000
		二零一六年	二零一五年
		十二月	十二月
		三十一日	三十一日
		人民幣千元	人民幣千元
Cost of unlisted investment, at cost	非上市投資成本（按成本計算）	117,990	117,990
Share of post-acquisition loss	應佔收購後虧損	(5,285)	(9,749)
		112,705	108,241

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

18. INTERESTS IN JOINT VENTURES (continued)

18. 於合營公司的權益 (續)

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

於二零一六年及二零一五年十二月三十一日，本集團的合營公司的詳情如下：

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	
名稱	業務架構形式	註冊成立或註冊/營運地點	本集團持有的註冊資本面值比例		主要業務
			二零一六年	二零一五年	
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
威高日機裝(威海)透析機器有限公司(「威高日機裝」)(i)	中外合營企業	中國			製造、銷售及售後服務以日機裝技術製造的醫療製品
Weigao Terumo (Weihai) Medical Products Co., Ltd. ("Weigao Terumo") (ii)	Sino- foreign joint venture	PRC	50%	50%	Production and sales of medical products
威高泰爾茂(威海)醫療製品有限公司(「威高泰爾茂」)(ii)	中外合營企業	中國			生產及銷售醫療製品

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.

附註：

- i 根據股東之間的威高日機裝合作協議的條款，5,610,000美元(相等於人民幣37,990,000元)的註冊資本由威高血液淨化出資，而5,390,000美元(相等於人民幣36,500,000元)的註冊資本由日本日機裝株式會社(「日機裝」)出資。根據威高日機裝的組織章程大綱及公司細則，威高血液淨化擁有威高日機裝50%的投票權，並擁有威高日機裝資產淨值的51%權利，因此，於威高日機裝的投資分類為於合營公司的投資。
- ii 威高泰爾茂於二零一二年十二月六日成立。根據股東之間的威高泰爾茂協議的條款，人民幣160,000,000元的註冊資本將由威高血液淨化及泰爾茂(中國)投資有限公司(「泰爾茂」)出資。根據威高泰爾茂的組織章程大綱及公司細則，威高血液淨化擁有威高泰爾茂50%的投票權，並擁有威高泰爾茂資產淨值的50%權利，因此，於威高泰爾茂的投資分類為於合營公司的投資。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

18. INTERESTS IN JOINT VENTURES (continued)

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
		二零一六年	二零一五年
		十二月	十二月
		三十一日	三十一日
		人民幣千元	人民幣千元
Current assets	流動資產	110,015	87,038
Non-current assets	非流動資產	16,702	17,265
Current liabilities	流動負債	(42,287)	(28,140)
The above amounts of assets and liabilities include the following:	上述資產及負債金額包括以下：		
Cash and cash equivalents	現金及現金等價物	14,730	17,156
		Year ended	Year ended
		31/12/2016	31/12/2015
		RMB'000	RMB'000
		截至	截至
		二零一六年	二零一五年
		十二月	十二月
		三十一日	三十一日
		止年度	止年度
		人民幣千元	人民幣千元
Revenue	收入	175,275	131,389
Profit for the year	本年度溢利	8,267	1,966

18. 於合營公司的權益 (續)

有關本集團合營公司的財務資料摘要載列於下文。財務資料摘要指根據香港財務報告準則編製的合營公司財務報表中列示的金額。

威高日機裝

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

18. INTERESTS IN JOINT VENTURES (continued)

18. 於合營公司的權益 (續)

Weigao Nikkiso (continued)

威高日機裝 (續)

The above profit for the year include the following:

上述本年度溢利包括以下：

		Year ended 31/12/2016 RMB'000 截至 二零一六年 十二月 三十一日 止年度 人民幣千元	Year ended 31/12/2015 RMB'000 截至 二零一五年 十二月 三十一日 止年度 人民幣千元
Depreciation and amortisation	折舊及攤銷	2,985	2,680
Interest income	利息收入	55	51
Income tax expense	所得稅開支	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:

上文概述之財務資料與於綜合財務報表確認的於威高日機裝權益之賬面值的對賬：

		31/12/2016 RMB'000 二零一六年 十二月 三十一日 人民幣千元	31/12/2015 RMB'000 二零一五年 十二月 三十一日 人民幣千元
Net assets of Weigao Nikkiso	威高日機裝之資產淨值	84,430	76,163
Proportion of the Group's ownership interest in Weigao Nikkiso(%)	本集團於威高日機裝之所有權權益比例(%)	51	51
The effect of net profit adjustments caused by the offset of unrealised insider trading	通過未實現內部交易的抵銷導致純利調整的影響	-	(3,076)
Carrying amount of the Group's interest in Weigao Nikkiso	本集團於威高日機裝權益之賬面值	43,059	35,767

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

18. INTERESTS IN JOINT VENTURES (continued)

18. 於合營公司的權益 (續)

Weigao Terumo

威高泰爾茂

		31/12/2016	31/12/2015
		RMB'000	RMB'000
		二零一六年	二零一五年
		十二月	十二月
		三十一日	三十一日
		人民幣千元	人民幣千元
Current assets	流動資產	22,845	24,435
Non-current assets	非流動資產	147,374	131,122
Current liabilities	流動負債	(10,927)	(10,608)
Non-current liabilities	非流動負債	(20,000)	-
The above amounts of assets and liabilities include the following:	上述資產及負債金額包括以下：		
Cash and cash equivalents	現金及現金等價物	8,453	11,150
		Year ended	Year ended
		31/12/2016	31/12/2015
		RMB'000	RMB'000
		截至	截至
		二零一六年	二零一五年
		十二月	十二月
		三十一日	三十一日
		止年度	止年度
		人民幣千元	人民幣千元
Revenue	收入	-	-
Loss for the year	本年度虧損	(5,657)	(3,770)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

18. INTERESTS IN JOINT VENTURES (continued)

18. 於合營公司的權益 (續)

Weigao Terumo (continued)

威高泰爾茂 (續)

The above loss for the year include the following:

上述本年度虧損包括以下：

		Year ended 31/12/2016 RMB'000 截至 二零一六年 十二月 三十一日 止年度 人民幣千元	Year ended 31/12/2015 RMB'000 截至 二零一五年 十二月 三十一日 止年度 人民幣千元
Depreciation and amortisation	折舊及攤銷	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:

上文概述之財務資料與於綜合財務報表確認的於威高泰爾茂權益之賬面值的對賬：

		31/12/2016 RMB'000 二零一六年 十二月 三十一日 人民幣千元	31/12/2015 RMB'000 二零一五年 十二月 三十一日 人民幣千元
Net assets of Weigao Terumo	威高泰爾茂之資產淨值	139,292	144,949
Proportion of the Group's ownership interest in Weigao Terumo(%)	本集團於威高泰爾茂之所有權權益比例(%)	50	50
Carrying amount of the Group's interest in Weigao Terumo	本集團於威高泰爾茂權益之賬面值	69,646	72,474

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

19. AVAILABLE-FOR-SALE INVESTMENTS

19. 可供出售投資

		31/12/2016	31/12/2015
		RMB'000	RMB'000
		二零一六年	二零一五年
		十二月	十二月
		三十一日	三十一日
		人民幣千元	人民幣千元
Unlisted investments	非上市投資		
Equity securities (i)	股本證券(i)	25,659	25,659
Investment fund (ii)	投資基金(ii)	69,752	-
		95,411	25,659
Analysed for reporting purposes as:	就呈報目的分析為:		
Current assets	流動資產	-	-
Non-current assets	非流動資產	95,411	25,659
		95,411	25,659

(i) Included in unlisted equity securities above is the Group's investment in Zurich Medical Corporation ("Zurich"), a company incorporated in Cayman Islands, with a carrying amount of RMB25,659,000 (2015: RMB25,659,000). The investment represents a 22.12% holding of the ordinary shares of Zurich. Since the Group has not assigned representative on the Board of Directors of Zurich and the primary operating activity of Zurich is research and development, the Group is not capable of exerting material influence on the financial and operating decisions of Zurich. Therefore, Zurich is not regarded as an associate of the Group because the Group has no right to exercise significant influence over Zurich. Pursuant to the Confidential Letter of Intent signed between the Group and Zurich on 19 August 2014, in accordance with Zurich's product research and development progress, the Group has the right to further increase its equity interest in Zurich within a specified period. In case the Group exercises this right, it may acquire control of Zurich. However, once the specified period lapsed, Zurich has the right, but is not obliged to repurchase part of or all of the shares the Group owns.

(i) 上述非上市股本證券包括本集團於Zurich Medical Corporation (「Zurich」，一間於開曼群島註冊成立之公司)之投資，賬面值為人民幣25,659,000元(二零一五年：人民幣25,659,000元)。該投資相當於持有Zurich 22.12%之普通股。由於本集團尚未指派代表加入Zurich董事會及Zurich之主要經營活動為研究與開發，本集團未能對Zurich之財務及營運決策施加重大影響力。因此，Zurich不被視為本公司之聯營公司，原因為本集團無權利對Zurich施加重大影響力。根據本集團與Zurich於二零一四年八月十九日簽署之保密意向書，本集團擁有權利根據Zurich之產品研發進程於特定期間進一步增加其在Zurich的權益。倘本集團行使此權利，則其可取得對Zurich之控制權。然而，一旦特定期間失效，則Zurich有權惟無義務購回本集團擁有之部份或全部股份。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

19. AVAILABLE-FOR-SALE INVESTMENTS

(continued)

(i) (continued)

The investment is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

(ii) The amount represents 2% of the interest in a health science fund hold by the Group. The investment is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably. As at 31 December 2016, the Group has no further commitment to this fund.

19. 可供出售投資 (續)

(i) (續)

該投資於報告期末按成本扣除減值計量，原因為合理公平值估計的範圍甚大而致使本公司董事認為其公平值不能可靠地計量。

(ii) 該款項指本集團持有之健康科學基金之2%權益。該投資於報告期末按成本扣除減值計量，原因為合理公平值估計的範圍甚大而致使本公司董事認為其公平值不能可靠地計量。於二零一六年十二月三十一日，本集團並無有關該基金的進一步承擔。

20. GOODWILL

20. 商譽

RMB'000
人民幣千元

CARRYING AMOUNTS

At 1 January 2015, 31 December 2015 and
31 December 2016

賬面值

於二零一五年一月一日、
二零一五年十二月三十一日及
二零一六年十二月三十一日

202,900

Impairment testing on goodwill

The Group uses operating divisions as the basis for reporting segment information. For the purposes of impairment testing, goodwill has been allocated to the following groups of cash generating units ("CGUs"). The carrying amounts of goodwill as at 31 December 2016 and 2015 and as follows:

商譽減值測試

本集團使用經營分部作為其報告分部資料的基準。為進行減值測試，商譽被分配到以下現金產生單位（「現金產生單位」）組別。於二零一六年及二零一五年十二月三十一日，商譽之賬面值如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

20. GOODWILL (continued)

20. 商譽 (續)

Impairment testing on goodwill (continued)

商譽減值測試 (續)

		31/12/2016	31/12/2015
		RMB'000	RMB'000
		二零一六年	二零一五年
		十二月	十二月
		三十一日	三十一日
		人民幣千元	人民幣千元
Single use medical device products	一次性使用醫療器械產品	28,934	28,934
Orthopaedic products	骨科產品	173,966	173,966
		202,900	202,900

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

本集團每年測試商譽減值，或倘有跡象顯示商譽可能已減值，則會更頻密測試減值。

The management considers that groups of CGUs are represented by different groups of subsidiaries for the purpose of goodwill impairment testing.

就商譽減值測試而言，管理層認為現金產生單位組別指不同的附屬公司組別。

The recoverable amounts of the groups of CGUs of single use medical device products have been determined based on a value in use calculation. The recoverable amount is based on the financial budget approved by management for the next year and extrapolates cash flows for the following four years based on an estimated constant growth rate of 10% (2015: 10%). The rate used to discount the forecast cash flows is 15% (2015: 15%). A key assumption for the value in use calculations is the budgeted growth rate, which is determined based on past performance and management's expectations for the market development.

一次性使用醫療器械產品之現金產生單位組別之可收回金額乃按使用價值計算而釐定。可收回金額以管理層批准之下一個年度財政預算為基礎，並按10%（二零一五年：10%）的估計持續增長率推算未來四年的現金流量。預測現金流量所用的貼現率為15%（二零一五年：15%）。計算使用價值之主要假設為預算增長率，乃按過往表現及管理層對市場發展之預期而釐定。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

20. GOODWILL (continued)

Impairment testing on goodwill (continued)

The recoverable amounts of the groups of CGUs of orthopaedic products have been determined based on a value in use calculation. The recoverable amount is based on the financial budget approved by management for the next year and extrapolates cash flows for the following four years based on the estimated growth rates range from 6% to 20% (2015: 17%). The rate used to discount the forecast cash flows is 11% (2015: 15%). A key assumption for the value in use calculations is the budgeted growth rate, which is determined based on past performance and management's expectations for the market development.

Management believes that any reasonably possible change in any of the assumption would not cause the aggregate carrying amount of the above CGUs to exceed the aggregate recoverable amount of the above CGUs, thus there is no impairment on goodwill.

21. DEFERRED TAXATION

The following is the deferred tax asset recognised and movements thereon during the current reporting year:

		Excess of depreciation		Impairment of assets	Unrealised profit	Share-based payments		Unpaid bonus	Total
		Deferred income	over tax depreciation			reserve			
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		折舊較稅項		資產減值	未變現溢利	以股份為基礎		未支付花紅	總計
		遞延收入	折舊超出 的金額			的付款儲備			
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2015	於二零一五年一月一日	-	4,940	17,762	7,527	-	-	-	30,229
Credited (debited) to profit or loss	計入(扣除)損益	3,445	765	4,040	(1,814)	1,845	5,760		14,041
At 31 December 2015	於二零一五年十二月三十一日	3,445	5,705	21,802	5,713	1,845	5,760		44,270
Credited (debited) to profit or loss	計入(扣除)損益	3,736	(142)	6,463	1,315	1,660	2,183		15,215
At 31 December 2016	於二零一六年十二月三十一日	7,181	5,563	28,265	7,028	3,505	7,943		59,485

20. 商譽 (續)

商譽減值測試 (續)

骨科產品之現金產生單位組別之可收回金額乃按使用價值計算而釐定。可收回金額以管理層批准之下一個年度財政預算為基礎，並按介乎6%至20% (二零一五年：17%) 的估計增長率推算未來四年的現金流量。預測現金流量所用的貼現率為11% (二零一五年：15%)。計算使用價值之主要假設為預算增長率，乃按過往表現及管理層對市場發展之預期而釐定。

管理層相信，任何假設之任何合理可能變動不會令上述現金產生單位之總賬面值超出其可收回總額，因此商譽並無減值。

21. 遞延稅項

以下為經確認的遞延稅項資產及其於現時報告年度的有關變動：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

21. DEFERRED TAXATION (continued)

As at 31 December 2016, deductible temporary difference on impairment of assets of RMB13,190,000 (2015: RMB2,524,000), share-based payments reserve of RMB476,000 (2015: RMB766,000) and unpaid bonus of RMB1,593,000 (2015: RMB2,384,000) are not recognised because of the unpredictability of future profit streams.

As at 31 December 2016, the Group has estimated unused tax losses of approximately RMB145,211,000 (2015: RMB112,627,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. The tax losses can be carried forward for 5 years from the date it incurred. The amount of RMB6,332,000 (2015: RMB8,711,000) included in unrecognised tax losses will expire in 2017, the amount of RMB33,265,000 (2015: RMB34,768,000) included in unrecognised tax losses will expire in 2018, the amount of RMB30,654,000 (2015: RMB31,886,000) included in unrecognised tax losses will expire in 2019, the amount of RMB33,935,000 (2015: RMB36,441,000) will expire in 2020, and the other amount of RMB41,025,000 (2015: nil) will expire in 2021.

22. FINANCE LEASE RECEIVABLES

The Group entered into certain finance lease agreements, all interest rates inherent in the leases are fixed at the contract date over the leases terms.

21. 遞延稅項 (續)

由於未能預測未來的溢利來源，於二零一六年十二月三十一日，並無確認資產減值的可扣減暫時性差額人民幣13,190,000元（二零一五年：人民幣2,524,000元）、以股份為基礎的付款儲備人民幣476,000元（二零一五年：人民幣766,000元）及未支付花紅人民幣1,593,000元（二零一五年：人民幣2,384,000元）。

於二零一六年十二月三十一日，本集團擁有可供抵銷未來溢利的估計未使用稅項虧損約人民幣145,211,000元（二零一五年：人民幣112,627,000元）。由於未能預測未來的溢利來源，故並無就稅項虧損確認遞延稅項資產。稅項虧損可由產生當日起承前五年。未確認稅項虧損包括將於二零一七年到期的金額人民幣6,332,000元（二零一五年：人民幣8,711,000元）、未確認稅項虧損包括將於二零一八年到期的金額人民幣33,265,000元（二零一五年：人民幣34,768,000元）、未確認稅項虧損包括將於二零一九年到期的金額人民幣30,654,000元（二零一五年：人民幣31,886,000元）、將於二零二零年到期的金額人民幣33,935,000元（二零一五年：人民幣36,441,000元）及將於二零二一年到期的其他金額人民幣41,025,000元（二零一五年：無）。

22. 應收融資租賃款項

本集團訂立若干融資租賃協議，有關租賃之全部利率均根據租期於合約日期釐定。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

22. FINANCE LEASE RECEIVABLES (continued)

22. 應收融資租賃款項 (續)

		2016 RMB'000 二零一六年 人民幣千元	2015 RMB'000 二零一五年 人民幣千元
Analysed as:	分析為:		
Current	即期	158,993	18,890
Non-current	非即期	381,741	60,053
		540,734	78,943

		Minimum Lease receivables		Present value of minimum lease receivables	
		31/12/2016 RMB'000 二零一六年 十二月 三十一日 人民幣千元	31/12/2015 RMB'000 二零一五年 十二月 三十一日 人民幣千元	31/12/2016 RMB'000 二零一六年 十二月 三十一日 人民幣千元	31/12/2015 RMB'000 二零一五年 十二月 三十一日 人民幣千元
Finance lease receivables	應收融資租賃款項包括				
comprise					
Within one year	於一年內	166,064	19,821	158,993	18,890
In more than one year but not more than two years	超過一年但不超過兩年	142,360	19,821	127,423	17,437
In more than two years but not more than five years	超過兩年但不超過五年	328,006	56,503	261,703	42,616
		636,430	96,145	548,119	78,943
Less: unearned finance income allowance for bad and doubtful debts	減: 未賺取融資收益呆壞賬撥備	(88,311)	(17,202)	-	-
		(7,385)	-	(7,385)	-
		540,734	78,943	540,734	78,943

Effective interest rates of the above finance leases range from 4.43% to 10.01% per annum (2015: 7.79% to 8.02%).

上述融資租賃之實際年利率介乎4.43厘至10.01厘(二零一五年: 7.79厘至8.02厘)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

22. FINANCE LEASE RECEIVABLES (continued)

Movement in the allowance for bad and doubtful debts:

		2016 RMB'000 二零一六年 人民幣千元	2015 RMB'000 二零一五年 人民幣千元
At 1 January	於一月一日	-	-
Impairment losses recognised on finance lease receivables	就應收融資租賃款項確認的 減值虧損	7,385	-
At 31 December	於十二月三十一日	7,385	-

Finance lease receivables are secured over the machineries leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.

Included in finance lease receivables is an amount due from fellow subsidiaries of RMB75,223,000 (2015: nil).

呆壞賬撥備變動：

應收融資租賃款項以所租機器作抵押。本集團不允許在承租人未違約情況下出售或再抵押抵押品。

應收融資租賃款項包括應收同系附屬公司款項人民幣75,223,000元（二零一五年：無）。

23. LOANS RECEIVABLES

		2016 RMB'000 二零一六年 人民幣千元	2015 RMB'000 二零一五年 人民幣千元
Fixed-rate loan receivables (i)	固定利率應收貸款(i)	20,000	-
Variable-rate loan receivables (ii)	浮動利率應收貸款(ii)	226,600	-
		246,600	-
Analysed as:	分析為：		
Receivables within one year	於一年內應收款項	-	-
Receivables after one year	於一年後應收款項	246,600	-
		246,600	-

i The Group provided the loans to the Weigao Terumo with a period of five years. The loan is unsecured, and bearing the fixed interest rate of 4.785% per annum. The loans will be matured in more than one year but within five years.

23. 應收貸款

i 本集團向威高泰爾茂提供之貸款為期五年。貸款為無抵押、按固定年利率4.785厘計息。貸款將於一年後但於五年內到期。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

23. LOANS RECEIVABLES (continued)

- ii The Group provided the loan of RMB221,600,000 to the management of Weigao Ortho with a period of five years for their subscription under the Share Arrangement of Weigao Ortho (note 33(b)). The loan is unsecured, and bearing the benchmark lending rate that published by the People's Bank of China. The entire amount of principle and interest will be receivable on 15 May 2021.

23. 應收貸款 (續)

- ii 本集團向威高骨科之管理層就其於威高骨科之股份安排(附註33(b))項下之認購提供貸款人民幣221,600,000元,為期五年。貸款為無抵押,及每年按中國人民銀行公佈的基準貸款利率計息。全部本金及利息將於二零二一年五月十五日收取。

24. INVENTORIES

		31/12/2016	31/12/2015
		RMB'000	RMB'000
		二零一六年	二零一五年
		十二月	十二月
		三十一日	三十一日
		人民幣千元	人民幣千元
Raw materials	原料	125,349	165,734
Finished goods	製成品	790,237	684,859
		915,586	850,593

24. 存貨

25. TRADE AND OTHER RECEIVABLES

		31/12/2016	31/12/2015
		RMB'000	RMB'000
		二零一六年	二零一五年
		十二月	十二月
		三十一日	三十一日
		人民幣千元	人民幣千元
Trade receivables	應收貿易賬款	3,119,246	2,591,553
Less: Allowance for bad and doubtful debts	減: 呆壞賬撥備	(188,844)	(143,006)
Bills receivable	應收票據	2,930,402	2,448,547
Other receivables	其他應收款項	251,373	242,363
Prepayments	預付款項	214,952	104,586
Prepaid lease payments (note 15)	預付租賃款項(附註15)	89,579	91,841
		12,513	11,133
		3,498,819	2,898,470

25. 應收貿易賬款及其他應收款項

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

25. TRADE AND OTHER RECEIVABLES

(continued)

All the bills receivable will be matured within six month.

As at 31 December 2016, the Group endorsed bills receivable of RMB257,532,000 (2015:RMB236,327,000) for the settlement of trade and other payables. In the opinion of the directors of the Company, the Group has transferred the significant risks and rewards relating to these bills receivable, and the Group's obligations to the corresponding counterparties were discharged in accordance with the commercial practice in the PRC and the risk of the default in payment of the endorsed bills receivable is low because all endorsed bills receivable are issued and guaranteed by the reputable PRC banks. As a result, the relevant assets and liabilities were not recognised. The maximum exposure to the Group that may result from the default of these endorsed bills receivable are RMB257,532,000 (2015:RMB236,327,000).

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.

25. 應收貿易賬款及其他應收款項

(續)

所有應收票據均將於六個月內到期。

於二零一六年十二月三十一日，本集團背書應收票據人民幣257,532,000元（二零一五年：人民幣236,327,000元）以結付應收貿易賬款及其他應收款項。本公司董事認為，本集團已轉移有關該等應收票據的重大風險及回報，本集團對相關交易對手的責任已根據中國商業慣例獲免除，且由於所有已背書應收票據均由中國知名的銀行發出及擔保，故背書應收票據出現拖欠付款的風險較低。因此，有關資產及負債並未獲確認。本集團因該等背書應收票據違約而承受的最大風險為人民幣257,532,000元（二零一五年：人民幣236,327,000元）。

應收貿易賬款包括應收同系附屬公司款項人民幣11,499,000元（二零一五年：人民幣3,856,000元），及應收最終控股公司款項人民幣74,000元（二零一五年：無）。該等款項為無抵押、免息及須於要求時償還。

其他應收款項包括應收同系附屬公司款項人民幣91,120,000元（二零一五年：人民幣32,278,000元），及應收最終控股公司款項人民幣11,933,000元（二零一五年：人民幣553,000元）。該等款項為無抵押、免息及須於要求時償還。

預付款項包括已付同系附屬公司款項人民幣5,346,000元（二零一五年：人民幣755,000元），及已付最終控股公司款項人民幣260,000元（二零一五年：人民幣104,000元）。

本集團給予貿易客戶90至180天之信貸期。按報告期末的發票日（與收益確認日期接近）呈列的應收貿易賬款（經扣減呆賬撥備）之賬齡分析如下。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

25. TRADE AND OTHER RECEIVABLES

(continued)

25. 應收貿易賬款及其他應收款項

(續)

		31/12/2016	31/12/2015
		RMB'000	RMB'000
		二零一六年	二零一五年
		十二月	十二月
		三十一日	三十一日
		人民幣千元	人民幣千元
0 to 90 days	0至90天	1,609,794	1,350,524
91 to 180 days	91至180天	726,236	525,723
181 to 365 days	181至365天	426,610	413,112
Over 365 days	365天以上	167,762	159,188
Trade receivables	應收貿易賬款	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.

接納任何新客戶前，本集團評估潛在客戶的信用質素及決定客戶信用限額。本集團對各客戶的限額一年檢討一次。並未逾期亦未減值之應收貿易賬款中80%（二零一五年十二月三十一日：77%）與本集團有良好還款記錄。

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.

本集團的應收貿易賬款結餘已包括賬面總值為人民幣594,372,000元（二零一五年：人民幣572,300,000元）的應收賬款，其已於報告日期逾期，惟由於信用質素並無重大變動且金額仍視為可收回，故本集團並無作出減值虧損撥備。本集團概無就該等結餘持有任何抵押品。

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

已逾期但未減值的應收貿易賬款的賬齡：

		31/12/2016	31/12/2015
		RMB'000	RMB'000
		二零一六年	二零一五年
		十二月	十二月
		三十一日	三十一日
		人民幣千元	人民幣千元
Overdue by	逾期		
0 to 180 days	0至180天	426,610	413,112
Over 181 days	181天以上	167,762	159,188
		594,372	572,300

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

25. TRADE AND OTHER RECEIVABLES

(continued)

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
		二零一六年	二零一五年
		人民幣千元	人民幣千元
At 1 January	於一月一日	143,006	115,999
Impairment losses recognised on trade receivables	就應收貿易賬款確認的減值虧損	48,352	29,489
Impairment losses reversed	已撥回減值虧損	(1,126)	(1,173)
Amounts written off as uncollectible	撇銷為不能收回的款項	(1,388)	(1,309)
At 31 December	於十二月三十一日	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
		二零一六年	二零一五年
		十二月	十二月
		三十一日	三十一日
		人民幣千元	人民幣千元
0 to 90 days	0至90天	133,433	59,844
91 to 180 days	91至180天	18,167	12,773
181 to 365 days	181至365天	51,685	25,534
Over 365 days	365天以上	11,667	6,435
		214,952	104,586

25. 應收貿易賬款及其他應收款項 (續)

本集團已就所有超過三年的應收賬款作出全數減值撥備，因根據過往經驗，逾期超過三年的應收賬款通常無法收回。

呆壞賬撥備的變動：

其他應收款項為無抵押、免息及無固定還款期。本公司董事認為，該等款項預期將於未來十二個月內收回。其他應收款項（經扣減呆壞賬撥備）的賬齡分析呈列如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

25. TRADE AND OTHER RECEIVABLES

(continued)

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
		二零一六年	二零一五年
		人民幣千元	人民幣千元
At 1 January	於一月一日	2,066	2,205
Impairment losses recognised on other receivables	就其他應收款項確認的減值虧損	833	105
Impairment losses reversed	已撥回減值虧損	(440)	(244)
At 31 December	於十二月三十一日	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.

26. 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%).

27. 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% per annum (2015: 0.35% to 3%).

25. 應收貿易賬款及其他應收款項

(續)

本集團已就所有超過三年之其他應收款項作出全數減值撥備，因根據過往經驗，逾期超過三年之其他應收款項通常無法收回。

呆壞賬撥備的變動：

	2016	2015
	RMB'000	RMB'000
	二零一六年	二零一五年
	人民幣千元	人民幣千元
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

並未減值的應收款項與近期並無拖欠記錄且信用質素良好的眾多客戶有關。

26. 已抵押銀行存款

於二零一六年十二月三十一日，已抵押銀行結餘指抵押予銀行以擔保貿易融資（例如應付票據及信用證）之存款金額人民幣36,980,000元（二零一五年：人民幣46,173,000元）。

於二零一六年十二月三十一日，已抵押銀行結餘按固定利率介乎每年0.3厘至1.65厘（二零一五年：3.15厘）計息。

27. 銀行結餘及現金

銀行結餘及現金包括本集團持有的現金及原到期時間為三個月或以下的短期銀行存款。有關存款按介乎於每年0.35厘至3.3厘之間的利率（二零一五年：0.35厘至3厘）計息。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

28. 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
		二零一六年	二零一五年
		十二月	十二月
		三十一日	三十一日
		人民幣千元	人民幣千元
0 to 90 days	0至90天	391,252	320,914
91 to 180 days	91至180天	65,150	62,427
181 to 365 days	181至365天	10,627	8,615
Over 365 days	365天以上	29,109	27,837
Trade payables	應付貿易賬款	496,138	419,793
Bills payable	應付票據	98,010	58,860
Advances from customers	來自客戶墊款	90,758	50,870
Other tax payables	其他應付稅項	101,304	85,136
Construction cost and retention payables	建築成本及應付保留金	243,757	95,623
Selling expense payables	應付銷售開支	550,186	453,191
Other payables	其他應付款項	494,913	407,906
Dividend payables	應付股息	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.

按報告期末的發票日期呈列的應付貿易賬款的賬齡分析如下：

貿易採購的正常信貸期為90至120天。所有應付票據均將於六個月內到期。

應付貿易賬款包括應付同系附屬公司款項人民幣30,522,000元（二零一五年：人民幣4,650,000元）及應付一間合營公司款項人民幣45,883,000元（二零一五年：人民幣30,399,000元）。該等款項為無抵押、免息及於要求時償還。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

28. TRADE AND OTHER PAYABLES (continued)

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.

29. BORROWINGS

28. 應付貿易賬款及其他應付款項 (續)

來自客戶墊款包括已收同系附屬公司款項人民幣864,000元(二零一五年: 人民幣729,000元)。

其他應付款項包括應付同系附屬公司款項人民幣369,000元(二零一五年: 無)及應付最終控股公司款項人民幣22,173,000元(二零一五年: 人民幣13,981,000)。該等款項為無抵押、免息及於要求時償還。

應付股息包括應付最終控股公司款項人民幣88,550,000元(二零一五年: 無)。該等款項為無抵押、免息及於要求時償還。

29. 借款

		31/12/2016	31/12/2015
		RMB'000	RMB'000
		二零一六年	二零一五年
		十二月	十二月
		三十一日	三十一日
		人民幣千元	人民幣千元
Bank borrowings at variable-rate (i)	按浮動利率計息的銀行借款(i)	388,200	149,100
Bank borrowings at fixed-rate (ii)	按固定利率計息的銀行借款(ii)	700,000	870,000
		1,088,200	1,019,100
Secured (iii)	有抵押(iii)	600,000	600,000
Unsecured	無抵押	488,200	419,100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

29. BORROWINGS (continued)

29. 借款 (續)

The borrowings are repayable as follows:

借款須於下列期間償還：

		31/12/2016	31/12/2015
		RMB'000	RMB'000
		二零一六年	二零一五年
		十二月	十二月
		三十一日	三十一日
		人民幣千元	人民幣千元
Within one year	於一年內	296,400	369,900
More than one year, but not exceeding two years	於一年以上但不超過兩年	27,200	49,200
More than two years, but not exceeding five years	於兩年以上但不超過五年	764,600	600,000
		1,088,200	1,019,100
Less: Amount due within one year shown under current liabilities	減：列為流動負債而於一年以內到期的款項	(296,400)	(369,900)
Amount due after one year shown under non-current liabilities	列為非流動負債而於一年後到期的款項	791,800	649,200

Note:

附註：

- i As at 31 December 2016, the variable-rate borrowings carry interest rates ranged from 4.35% to 5.25% per annum (2015: 5% to 6%).
- ii As at 31 December 2016, the fixed-rate borrowings carry interest rates ranged from 4.35% to 5.25% per annum (2015: 4.83% to 7.275%).
- iii During the year of 2015, the Group obtained a long-term loan of RMB600,000,000 from International Finance Corporation. 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.

- i 於二零一六年十二月三十一日，浮動利率借款按介於每年4.35厘至5.25厘之間的利率（二零一五年：5厘至6厘）計息。
- ii 於二零一六年十二月三十一日，固定利率借款按介於每年4.35厘至5.25厘之間的利率（二零一五年：4.83厘至7.275厘）計息。
- iii 於二零一五年，本集團自國際金融公司取得一項人民幣600,000,000元之長期貸款。貸款以本公司擁有的潔瑞全部股權及威高集團擁有的本公司230,000,000股股份共同作抵押。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

30. DEFERRED INCOME

30. 遞延收入

		31/12/2016	31/12/2015
		RMB'000	RMB'000
		二零一六年	二零一五年
		十二月	十二月
		三十一日	三十一日
		人民幣千元	人民幣千元
Arising from government grants	來自政府補助	84,306	89,024
Analysed as:	分析為：		
Current	流動	8,982	7,436
Non-current	非流動	75,324	81,588
		84,306	89,024

During the year, the Group received new government grants from the government authorities amounting to RMB6,300,000 in aggregate (2015: RMB52,016,000) to subsidise the Group's certain capital expenditures. The Group has complied with the conditions attached to the grants as at the end of the reporting periods and will transfer the grants to profit or loss over the useful lives of the related assets. During the year, the Group recognised these government grants to other income amounting to RMB11,018,000 (2015: RMB5,477,000).

年內，本集團收到政府部門合共人民幣6,300,000元（二零一五年：人民幣52,016,000元）之新政府補助，以為本集團的若干資本開支提供補助。於報告期末，本集團已遵守補助的附帶條件，並按有關資產之可使用年期內轉撥該等補助至損益。年內，本集團確認該等政府補助至其他收入人民幣11,018,000元（二零一五年：人民幣5,477,000元）。

31. SHARE CAPITAL

31. 股本

		Nominal value of each share	Number of Non-listed shares	Number of H shares	Total number of shares	Value
		RMB	(i)	(i)		RMB'000
		每股	非上市	H股數目	股份總數	價值
		股份面值	股份數目	H股數目	股份總數	價值
		人民幣	(i)	(i)		人民幣千元
Registered:	註冊：					
At 1 January 2016 and 31 December 2016	於二零一六年一月一日及 二零一六年十二月三十一日	0.1	2,638,600,000	1,883,732,324	4,522,332,324	452,233
Issued and fully paid:	已發行及繳足：					
At 1 January 2015 and 31 December 2015	於二零一五年一月一日及 二零一五年十二月三十一日	0.1	2,592,640,000	1,883,732,324	4,476,372,324	447,637
Ordinary shares issued (ii)	已發行普通股(ii)	0.1	45,960,000	-	45,960,000	4,596
At 31 December 2016	於二零一六年十二月三十一日	0.1	2,638,600,000	1,883,732,324	4,522,332,324	452,233

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

31. SHARE CAPITAL (continued)

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 (note 33 (a)).

32. LOAN FROM THE ULTIMATE HOLDING COMPANY

Loan from the ultimate holding company at variable-rate

按浮動利率計息的
來自最終控股公司貸款

Analysed as:
Within one year

分析為：
一年內

The loans provided by the ultimate holding company is carrying a fixed interest rate of 4.35% per annum for the subscription of the incentive shares under a share award scheme (note 33(a)), and the loans are secured by these incentive shares of the Company hold by the trustees. The loans were matured at 12 March 2017. Subsequent to the end of the reporting period, the loans have been extended to 12 March 2018.

附註：

- i. 本公司股本中之非上市股份及H股均為普通股。然而，H股僅可由在香港、澳門特別行政區、台灣或除中國以外任何國家之法人或自然人以人民幣以外的貨幣認購及在彼等之間買賣。非上市股份必須以人民幣認購及買賣。本公司就H股派付之所有股息均以港元支付，而本公司就非上市股份派付之所有股息均以人民幣支付。非上市股份及H股彼此於所有其他方面均享有同等地位，特別是就所有已宣派、支付或作出之股息或分派方面享有同等地位。
- ii. 本公司於二零一六年以代價人民幣101,112,000元發行45,960,000股股份作股份激勵計劃（附註33(a)）。

32. 來自最終控股公司貸款

31/12/2016 RMB'000 二零一六年 十二月 三十一日 人民幣千元	31/12/2015 RMB'000 二零一五年 十二月 三十一日 人民幣千元
--	--

104,411	-
104,411	-

最終控股公司提供之貸款按固定年利率4.35厘計息，用作認購股份激勵計劃項下激勵股份（附註33(a)），及貸款以受託人持有之本公司之該等激勵股份做抵押。貸款於二零一七年三月十二日到期。於報告期末後，貸款已延期至二零一八年三月十二日。

33. SHARE-BASED PAYMENTS**33. 以股份為基礎付款****(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.

(a) 本公司股份激勵計劃

於二零一四年十一月十七日，本公司通過股東特別大會、H股持有人類別大會及本公司非上市股份持有人類別大會採納股份激勵計劃（「激勵股份計劃」）。根據股份激勵計劃可發行非上市股份之最多數目將為223,818,616股，分別相當於本公司截至採納日期之已發行股本5%或經發行223,818,616股非上市股份擴大後本公司已發行股本約4.76%，於隨後年度向本集團主要人員及薪酬委員會批准的其他人（「受益人」）分批發行作為激勵股份。激勵股份計劃之年期為十年。激勵股份計劃之詳情載於本公司日期為二零一四年八月十五日之公佈內。

根據激勵股份計劃，激勵股份將在歸屬條件的規限下授予受益人。

根據激勵股份計劃，就持有境內身份的受益人而言，受託人將管理激勵股份，其可能以僱員擁有的公司、於中國的有限合夥公司或合資格信託公司的方式作出，或就持有境外身份的受益人而言，受託人將在中國境外持有激勵股份（「受託人」）。

於二零一五年十二月十一日，本公司首次授出45,960,000股激勵股份予111名受益人。於二零一六年一月四日，受託人以每股股份人民幣2.20元之授出價認購股份，代價為人民幣101,112,000元。

33. SHARE-BASED PAYMENTS (continued)

(a) Share Award Scheme of the Company
(continued)

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.

33. 以股份為基礎付款 (續)

(a) 本公司股份激勵計劃 (續)

於授予日期之激勵股份之估計公平值人民幣104,139,000元乃經參考本公司上市股份之市價而釐定。

就授出須符合指定歸屬條件的股份而言，公平值與已歸屬股份授出價格之間的差額於預期將由有關僱員提供服務的歸屬期內以直線法確認為開支。於本年度，本集團於損益確認激勵股份開支約人民幣10,781,000元（二零一五年：人民幣13,066,000元）。

就管理股份激勵計劃及持有股份設立之三間有限合夥公司（即分別為威海長弘企業管理諮詢中心（有限合夥）、威海揚帆企業管理諮詢中心（有限合夥）及威海宏圖企業管理諮詢中心（有限合夥））據此視為本公司之特殊目的實體及因此於本集團綜合入賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

33. SHARE-BASED PAYMENTS (continued)

33. 以股份為基礎付款 (續)

(a) Share Award Scheme of the Company (continued)

(a) 本公司股份激勵計劃 (續)

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

期內，激勵股份計劃項下之激勵股份變動如下：

Grant Date 授出日期	Grantees 承受人	Grant Price 授出價	As at 31/12/2015 於二零一五年十二月三十一日			As at 31/12/2016 於二零一六年十二月三十一日			Vesting Date 歸屬日期	Lock Up Period 鎖定期
			Granted 已授出	Vested 已歸屬	Unvested 未歸屬	Granted 已授出	Vested 已歸屬	Unvested 未歸屬		
11/12/2015 二零一五年 十二月十一日	111 Employees 111名僱員	RMB2.2 per share 每股人民幣 2.2元	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 將分5批予以歸屬，歸屬日期為二零一五年至二零一九年各年之十二月三十一日	2 years following vested 歸屬後兩年

(b) Share Arrangement of Weigao Ortho

(b) 威高骨科股份安排

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.

於二零一六年五月十二日，兩間有限合夥公司（即分別為威海弘陽瑞信息技術中心（有限合夥）及威海永耀貿易中心（有限合夥））認購22,222,222股威高骨科股份（相當於威高骨科經擴大股本權益之10%），總代價為人民幣311,111,000元。兩間有限合夥公司由威高骨科之管理團隊成員控制及實益擁有。認購事項旨在嘉許管理團隊的貢獻及激勵管理團隊成員，使彼等之利益與威高骨科之利益一致，並鼓勵彼等提升其表現及效率，以為本集團創造最大股本回報。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

33. SHARE-BASED PAYMENTS (continued)

(b) Share Arrangement of Weigao Ortho (continued)

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.

34. OPERATING LEASES

The Group as lessee

Minimum lease payments paid under operating leases during the period
Properties

於本期間根據經營租約支付的最低租金物業

2016 RMB'000 二零一六年 人民幣千元	2015 RMB'000 二零一五年 人民幣千元
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14,211	12,633
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33. 以股份為基礎付款 (續)

(b) 威高骨科股份安排 (續)

於認購日期，上文所載股份之公平值為人民幣606,000,000元，乃經參考威高骨科於二零一五年十二月三十一日之全部股本權益之公平值人民幣6,060,000,000元，並基於與本集團並無關連之獨立合資格專業估值師北京中同華資產評估有限公司於二零一六年六月十四日進行之估值而達致。威高骨科之公平值乃運用收益法估計及所採用之主要模式輸入數據載列如下：

- 假設貼現率為11%；及
- 假設增長率介乎6%至20%。

於本年度，本集團於損益內將公平值與所得款項總額之差額人民幣294,889,000元確認為以股份為基礎付款開支。

34. 經營租約

本集團作為承租人

2016 RMB'000 二零一六年 人民幣千元	2015 RMB'000 二零一五年 人民幣千元
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14,211	12,633
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

34. OPERATING LEASES (continued)

The Group as lessee (continued)

As at 31 December 2016 and 2015, the Group had commitment for future minimum leases payments under non-cancellable operating leases which fall due as follows:

		31/12/2016	31/12/2015
		RMB'000	RMB'000
		二零一六年	二零一五年
		十二月	十二月
		三十一日	三十一日
		人民幣千元	人民幣千元
Within one year	於一年內	8,639	5,808
In the second to fifth year inclusive	於第二至第五年 (包括首尾兩年)	3,362	2,637
		12,001	8,445

Operating lease payments relate to the Group's branch office premises, staff quarters and warehouses. Leases are mainly negotiated for a period ranging from two to five years and all rentals are fixed.

The Group as lessor

Property rental income earned during the year was approximately RMB7,398,000 (2015: RMB7,835,000).

At the end of the reporting period, the Group had contracted with tenants for following future minimum lease payments.

		31/12/2016	31/12/2015
		RMB'000	RMB'000
		二零一六年	二零一五年
		十二月	十二月
		三十一日	三十一日
		人民幣千元	人民幣千元
Within one year	於一年內	2,992	3,003

Operating lease payments relate to rentals generating from the Group's investment properties. Leases are negotiated and rentals are fixed for one year.

34. 經營租約 (續)

本集團作為承租人 (續)

於二零一六年及二零一五年十二月三十一日，本集團根據不可取消經營租約，有於下列日期到期的未來最低付款金額承擔：

		31/12/2016	31/12/2015
		RMB'000	RMB'000
		二零一六年	二零一五年
		十二月	十二月
		三十一日	三十一日
		人民幣千元	人民幣千元
Within one year	於一年內	8,639	5,808
In the second to fifth year inclusive	於第二至第五年 (包括首尾兩年)	3,362	2,637
		12,001	8,445

經營租約款項與本集團之分公司物業、員工宿舍及貨倉有關。租約主要按年期由二年至五年間磋商，而所有租金均固定不變。

本集團作為出租人

於年內，所賺取的物業租金收入約為人民幣7,398,000元（二零一五年：人民幣7,835,000元）。

於報告期末，本集團就下列未來最低租金與租戶訂立租約。

		31/12/2016	31/12/2015
		RMB'000	RMB'000
		二零一六年	二零一五年
		十二月	十二月
		三十一日	三十一日
		人民幣千元	人民幣千元
Within one year	於一年內	2,992	3,003

經營租約款項與本集團投資物業所產生的租金有關。租約經已磋商，而租金於一年內固定不變。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

35. CAPITAL COMMITMENTS

As at 31 December 2016 and 2015, the Group had commitments which were contracted for but not provided in the consolidated financial statements:

		31/12/2016	31/12/2015
		RMB'000	RMB'000
		二零一六年	二零一五年
		十二月	十二月
		三十一日	三十一日
		人民幣千元	人民幣千元
Acquisition of property, plant and equipment	收購物業、廠房及設備	472,729	406,092
Incorporated a joint venture	註冊成立一間合營公司	150,000	-
Investment fund	投資基金	20,811	-

36. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt (which includes borrowings net of cash and cash equivalents) and equity attributable to owners of the Company (comprising issued share capital, share premium, reserves and retained profits).

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and issue of new shares as well as the issue of new debt or the repayment of existing debt.

35. 資本承擔

於二零一六年及二零一五年十二月三十一日，本集團於綜合財務報表中擁有已訂約但未撥備的承擔：

36. 資本風險管理

本集團的資本管理乃確保本集團內各實體將可以持續方式經營，同時透過適當優化債務與權益結餘為股東帶來最大回報。本集團的整體策略與以往年度保持不變。

本集團的資本結構包括債務淨額（包括扣除現金及現金等價物後之借款）以及本公司擁有人應佔權益（包括已發行股本、股份溢價、儲備及保留溢利）。

本公司董事按半年基準對資本結構進行檢討。作為是次檢討的一環，董事會考慮資本成本及與各類資本有關的風險。根據董事建議，本集團將透過派付股息、發行新股份及發行新債務或償還現有債務平衡其整體資本結構。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

37. FINANCIAL INSTRUMENTS

37. 金融工具

Categories of financial instruments

金融工具類別

		2016	2015
		RMB'000	RMB'000
		二零一六年	二零一五年
		人民幣千元	人民幣千元
Financial assets	金融資產		
Loans and receivables (including cash and cash equivalents)	貸款及應收款項 (包括現金及現金等價物)	8,292,933	6,632,766
Available-for-sale investments	可供出售投資	95,411	25,659
Financial liabilities	金融負債		
Amortised cost	攤銷成本	3,167,773	2,454,473

Financial risk management objectives and policies

The Group's major financial instruments include finance leases receivables, loan receivables, available-for-sale investments, trade and other receivables, pledged bank deposits, bank balances and cash, trade and other payables, borrowings and loan from the ultimate holding company. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

PRC subsidiaries of the Company with functional currency of RMB have certain foreign currency sales, purchases and bank balances and cash denominated in Singapore Dollar (SGD), European Dollar (EUR), Hong Kong Dollar (HKD), US Dollar (USD), Japan Yen (JPY), Great Britain Pound (GBP) and Deutsche Mark (DEM), which expose the Group to foreign currency risk.

財務風險管理目標及政策

本集團的主要金融工具包括應收融資租約、應收貸款、可供出售投資、應收貿易款項及其他應收款項、已抵押銀行存款、銀行結餘及現金、應付貿易款項及其他應付款項、借款及來自最終控股公司貸款。該等金融工具詳情於各附註披露。與該等金融工具有關的風險包括市場風險（貨幣風險及利率風險）、信貸風險及流動資金風險。下文載列如何降低該等風險的政策。管理層管理及監控該等風險，以確保及時有效地採取適當的措施。

市場風險

貨幣風險

本公司之功能貨幣為人民幣之中國附屬公司擁有以新加坡元（新加坡元）、歐元（歐元）、港元（港元）、美元（美元）、日圓（日圓）、英鎊（英鎊）及德國馬克（馬克）計值之若干外幣銷售、採購及銀行結餘及現金，因而使本集團承受外幣風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

37. FINANCIAL INSTRUMENTS (continued)

37. 金融工具 (續)

Financial risk management objectives and policies (continued)

財務風險管理目標及政策 (續)

Market risk (continued)

市場風險 (續)

Currency risk (continued)

貨幣風險 (續)

The carrying amounts of the Group's foreign currency denominated monetary assets which are included in the bank balance and cash at the end of the reporting period are as follows.

於報告期末，本集團計入銀行結餘及現金內之以外幣列值之貨幣資產之賬面值如下。

	Liabilities		Assets		
	2016	2015	2016	2015	
	RMB'000	RMB'000	RMB'000	RMB'000	
	負債		資產		
	二零一六年 人民幣千元	二零一五年 人民幣千元	二零一六年 人民幣千元	二零一五年 人民幣千元	
Currency of SGD	新加坡元	-	-	113,254	117,675
Currency of EUR	歐元	11,469	-	79,301	-
Currency of HKD	港元	-	-	21,250	34,431
Currency of USD	美元	20,318	-	40,221	28,239
Currency of JPY	日圓	281	-	4,086	-
Currency of GBP	英鎊	-	-	282	-
Currency of DEM	馬克	37	-	-	-

The Group is mainly exposed to the currency risk of SGD, EUR, HKD, USD, JPY, GBP and DEM.

本集團主要承受新加坡元、歐元、港元、美元、日圓、英鎊及馬克之貨幣風險。

The following table details the Group's sensitivity to a 5% (2015:5%) increase and decrease in the RMB against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax profit for the year where RMB weakens 5% against the relevant currency. For a 5% strengthening of RMB against the relevant currency, there would be an opposite impact on the post-tax profit for the year.

下表詳列本集團對人民幣兌相關外幣之匯率上升及下跌5% (二零一五年:5%)之敏感度。5%為管理層對外匯匯率合理可能變動之評估。敏感度分析僅包括未結付之以外幣列值之貨幣項目，並於期末按5%之外匯匯率變動調整彼等之換算。以下正數表示當人民幣兌相關外幣貶值5%時之本年度稅後溢利之升幅。倘人民幣兌相關外幣升值5%，則會對本年度稅後溢利有相反影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

37. FINANCIAL INSTRUMENTS (continued)

37. 金融工具 (續)

Financial risk management objectives and policies (continued)

財務風險管理目標及政策 (續)

Market risk (continued)

市場風險 (續)

Currency risk (continued)

貨幣風險 (續)

		2016 RMB'000 二零一六年 人民幣千元	2015 RMB'000 二零一五年 人民幣千元
Increase (decrease) in post-tax profit for the year	本年度稅後溢利增加(減少)		
– If RMB weakens against foreign currency	– 倘人民幣兌外幣貶值	9,617	7,665
– If RMB strengthens against foreign currency	– 倘人民幣兌外幣升值	(9,617)	(7,665)

Interest rate risk

利率風險

The Group is exposed to fair value interest rate in relation to loan receivables, pledged bank balances, borrowings and loan from the ultimate holding company with fixed interest rate (notes 23, 26, 29 and 32).

本集團面臨有關應收貸款、已抵押銀行結餘以及定息借款及來自最終控股公司貸款的公平值利率風險(附註23、26、29及32)。

The Group is also exposed to cash flow interest rate in relation to loan receivables, bank balances and borrowings with variable interest rate (notes 23, 27 and 29). The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of saving/lending rate promulgated by the People's Bank of China.

本集團亦面臨有關應收貸款、銀行結餘及浮息借款的現金流量利率風險(附註23、27及29)。本集團的現金流量利率風險主要集中於中國人民銀行頒佈的存款/貸款利率波動。

The Group manages its interest rate exposure based on the interest rate level and outlook as well as potential impact on the Group's financial position arising from volatility of the interest rate.

本集團基於利率水平及展望以及因利率波動對本集團財政狀況的潛在影響管理其利率風險。

The Group currently does not have interest rate hedging policy. However, the management will consider hedging significant interest rate exposure should the need arise.

本集團現時並無利率對沖政策。然而，管理層將於有需要時考慮對沖重大利率風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

37. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for loan receivables, bank balances and borrowings with variable interest rate at the end of the reporting period. The analysis is prepared assuming the variable-rate loan receivables, bank balances and variable-rate borrowings at the end of the reporting period were outstanding for the whole year. A 25 basis points (2015: 25 basis points) increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates on variable-rate loan receivables, bank balances and variable-rate borrowings had been 25 basis points (2015: 25 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2016 would increase/decrease by RMB8,309,000 (2015: RMB7,768,000).

Credit risk

As at 31 December 2016, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge the obligations by the counterparties is arising from the carrying amount of those assets as stated in the consolidated statement of financial position.

37. 金融工具 (續)

財務風險管理目標及政策 (續)

市場風險 (續)

敏感度分析

下文的敏感度分析已按於報告期末應收貸款、銀行結餘及浮息借款承受的利率風險釐定。分析經假設於報告期末的銀行結餘及浮息借款於全年均屬未償還而編製。25個基本點子(二零一五年: 25個基本點子)增加或減少代表管理層對利率的合理可能變動作出的評估。

倘浮息應收貸款、銀行結餘及浮息借款利率升高/降低25個基本點子(二零一五年: 25個基本點子), 所有其他變動維持不變, 則本集團於截至二零一六年十二月三十一日止年度的稅後溢利將增加/減少人民幣8,309,000元(二零一五年: 人民幣7,768,000元)。

信貸風險

於二零一六年十二月三十一日, 倘因對手方未能履行責任而將導致本集團產生財務虧損, 則本集團須承受的最大信貸風險為已於綜合財務狀況表列賬的該等資產賬面值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

37. FINANCIAL INSTRUMENTS (continued)

37. 金融工具 (續)

Financial risk management objectives and policies (continued)

財務風險管理目標及政策 (續)

Credit risk (continued)

信貸風險 (續)

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debtors. In addition, the Group reviews the recoverable amount of each individual debtor at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

為盡量降低信貸風險，本集團管理層已委派一組人員負責釐定信貸限額、信貸審批及其他監控措施，以確保採取跟進措施收回逾期債項。此外，於報告期末，本集團會評估每項個別負債的可收回金額，以確保就不可收回金額所作出足夠的減值虧損。就此而言，本公司董事認為本集團的信貸風險已大幅降低。

The Group has concentration of credit risk on liquid funds which are deposited with several banks. However, the credit risk on cash and cash equivalents and certificate of deposit is limited because the majority of the counterparties are banks with good reputation.

本集團之信貸風險集中於存置於若干銀行之流動資金。然而，現金及現金等價物及存款單之信貸風險有限，原因為大部分對手方為信譽良好之銀行。

Liquidity risk

流動資金風險

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

在管理流動資金風險時，本集團監察及維持管理層視為足夠水平的現金及現金等價物，以為本集團營運提供資金並減輕現金流量波動所帶來的影響。管理層監察借款的使用情況並確保符合貸款契約。

The amounts included below for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates different to those estimates of interest rates determined at the end of the reporting period.

倘可變利率變動有別於報告期末所釐定之利率估計，則以下就非衍生金融資產及負債之可變利率工具納入之數額會出現變動。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

37. FINANCIAL INSTRUMENTS (continued)

37. 金融工具 (續)

Financial risk management objectives and policies (continued)

財務風險管理目標及政策 (續)

Liquidity risk (continued)

流動資金風險 (續)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from the interest rate at the end of the reporting period.

下表根據協定償還期限詳細載列本集團非衍生金融負債的剩餘合約到期日。該表乃根據要求本集團償還金融負債的最早日期的金融負債的未貼現現金流量而編製。該表包括利息及本金現金流量。因利息流為浮動利率，於報告期末之未貼現款項源自於利率。

Liquidity tables

流動資金表

	Weighted average effective interest rate %	Less than 1 year RMB'000	1-2 year RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31/12/2016 RMB'000
2016 Non-derivative financial liabilities	二零一六年非衍生金融負債						
Trade payables	應付貿易款項	496,138	-	-	-	496,138	496,138
Construction cost and retention payable	建築成本及應付保留金	243,757	-	-	-	243,757	243,757
Bills payable	應付票據	98,010	-	-	-	98,010	98,010
Other payables	其他應付款項	1,045,099	-	-	-	1,045,099	1,045,099
Dividend payables	應付股息	92,158	-	-	-	92,158	92,158
Loan from the ultimate holding company	來自最終控股公司貸款	4.35	108,953	-	-	108,953	104,411
Borrowings	借款						
- fixed rate	- 固定利率	5.12	102,074	-	757,500	859,574	700,000
- variable rate	- 浮動利率	4.76	210,103	35,162	167,830	413,095	388,200
			2,396,292	35,162	925,330	-	3,167,773

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

37. FINANCIAL INSTRUMENTS (continued)

37. 金融工具 (續)

Financial risk management objectives and policies (continued)

財務風險管理目標及政策 (續)

Liquidity risk (continued)

流動資金風險 (續)

Liquidity tables (continued)

流動資金表 (續)

	Weighted average effective interest rate %	Less than 1 year RMB'000	1-2 year RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at
							31/12/2015 RMB'000
	加權平均實際利率 %	少於1年人民幣千元	1至2年人民幣千元	2至5年人民幣千元	超過5年人民幣千元	未貼現現金流量總額人民幣千元	於二零一五年十二月三十一日的賬面值人民幣千元
2015							
Non-derivative financial liabilities							
Trade payables		419,793	-	-	-	419,793	419,793
Construction cost and retention payable		95,623	-	-	-	95,623	95,623
Bills payable		58,860	-	-	-	58,860	58,860
Other payables		861,096	-	-	-	861,096	861,096
Borrowings							
- fixed rate	5.65	364,891	-	768,359	-	1,133,250	870,000
- variable rate	6.15	102,926	53,808	-	-	156,734	149,100
		1,903,189	53,808	768,359	-	2,725,356	2,454,472

Fair value measurement of financial instruments

金融工具的公平值計量

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

本公司董事認為，按攤銷成本列入綜合財務報表內的金融資產及金融負債賬面值與彼等的公平值相若。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

38. RELATED PARTY TRANSACTIONS

- (a) The Group had the following related party transactions during the two years ended 31 December 2016 and ended 31 December 2015:

38. 關連人士交易

- (a) 於截至二零一六年十二月三十一日及截至二零一五年十二月三十一日止兩個年度內，本集團有下列關連人士交易：

		2016 RMB'000 二零一六年 人民幣千元	2015 RMB'000 二零一五年 人民幣千元
Sales to fellow subsidiaries	銷售予同系附屬公司	27,885	15,952
Sales to ultimate holding company	銷售予最終控股公司	144	-
Purchases from fellow subsidiaries	向同系附屬公司採購	200,431	108,884
Purchases from a joint venture	向一間合營公司採購	158,505	125,420
Purchases from other related parties	向其他關連人士採購	5,588	-
Operating lease income from fellow subsidiaries	來自同系附屬公司之經營租賃收入	4,224	4,331
Finance lease income from fellow subsidiaries	來自同系附屬公司之融資租賃收入	5,917	-
Rental payments to other related parties	向其他關連人士支付租金	1,361	-
Service received from ultimate holding company	自最終控股公司接獲之服務	59,562	56,510
Service received from fellow subsidiaries	自同系附屬公司接獲之服務	1,638	2,180
Service received from other related parties	自其他關連人士接獲之服務	8,395	-
Service provided to fellow subsidiaries	向同系附屬公司提供之服務	4,472	2,326
Service provided to ultimate holding company	向最終控股公司提供之服務	343	-
Service provided to a joint venture	向一間合營公司提供之服務	-	9,434
Construction service received from fellow subsidiaries	自同系附屬公司獲取之建設服務	12,454	4,800
Loan from ultimate holding company	來自最終控股公司貸款	104,411	-
Loan to a joint venture	向合營公司提供之貸款	20,000	50,000

Details of amounts due from/to related parties are set out in notes 22, 23, 25, 28 and 32.

應收／付關連人士款項的詳情載於附註22、23、25、28及32。

During the year, the principal of the finance lease services provided to the fellow subsidiaries by the Group amounting to RMB98,834,000(2015: nil).

年內，本集團向同系附屬公司提供之融資租賃服務本金額為人民幣98,834,000元（二零一五年：無）。

A long-term loan of the Group is secured by 230,000,000 shares of the Company that owned by the ultimate holding company in both years.

於兩個年度內，本集團之長期貸款乃以最終控股公司持有之本公司之230,000,000股股份作抵押。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

38. RELATED PARTY TRANSACTIONS

(continued)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

		2016 RMB'000 二零一六年 人民幣千元	2015 RMB'000 二零一五年 人民幣千元
Short-term employee benefits	短期僱員福利	173,546	31,059
Post-employment benefits	離職後福利	335	214
		173,881	31,273

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

38. 關連人士交易 (續)

(b) 主要管理人員的報酬

於年內，董事及主要管理層的其他成員的薪酬如下：

		2016 RMB'000 二零一六年 人民幣千元	2015 RMB'000 二零一五年 人民幣千元
Short-term employee benefits	短期僱員福利	173,546	31,059
Post-employment benefits	離職後福利	335	214
		173,881	31,273

董事及主要行政人員的薪酬乃由薪酬委員會就個別人士的表現及市場趨勢而釐定。

39. RETIREMENT BENEFITS SCHEMES

The Group participates in a Mandatory Provident Fund Scheme established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. All Hong Kong employees joining the Group are required to join the Mandatory Provident Fund Scheme.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of mainland. These subsidiaries are required to contribute 18% of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The contributions paid and payable to the schemes by the Group are disclosed in note 9.

39. 退休福利計劃

本集團於二零零零年十二月參與根據強制性公積金計劃條例而設立之強制性公積金計劃。該等計劃之資產乃由受託人監管之基金，與本集團之資產分開持有。所有加盟本集團之香港僱員均須參與強制性公積金計劃。

本集團之中國附屬公司之僱員均為大陸政府經營之國家管理退休福利計劃之成員。該等附屬公司須按薪金成本之18%向退休福利計劃供款作為福利所需資金。本集團對退休福利計劃之唯一責任為作出指定之供款。

本集團就該等計劃已付及應付的供款於附註9作出披露。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

40. 本公司主要附屬公司詳情

Particulars of the Company's subsidiaries as at 31 December 2016 and 2015 are as follows:

於二零一六年及二零一五年十二月三十一日，本公司附屬公司的詳情如下：

Name of subsidiaries	Place of registration	Paid up issued/ registered capital	Effective equity interest attributable to the Group as at 31 December				Principal activities
			% (direct)		% (indirect)		
			2016	2015	2016	2015	
附屬公司名稱	註冊地點	已發行實繳/ 註冊資本	於十二月三十一日 本集團應佔之實際股權				主要業務
			% (直接)		% (間接)		
			二零一六年	二零一五年	二零一六年	二零一五年	
Shandong Weigao Orthopaedic Device Company Limited (山東威高骨科材料股份有限公司)	PRC	RMB222,222,222	62.63	67.50	18.37	22.50	Manufacturing of orthopaedic medical device products
山東威高骨科材料股份有限公司	中國	人民幣222,222,222元					製造骨科醫療設備產品
Beijing Weigao Yahua Artificial Joints Development Company Limited (北京威高亞華人工關節開發有限公司)	PRC	RMB70,000,000	-	-	81	90	Research, services and sales of medical devices
北京威高亞華人工關節開發有限公司	中國	人民幣70,000,000元					醫療設備的研發、服務及銷售
Changzhou Jianli Bangde Medical Devices Co., Ltd. (常州健力邦德醫療器械有限公司)	PRC	RMB65,000,000	-	-	81	90	Manufacturing of orthopaedic devices, implantation materials and artificial organs
常州健力邦德醫療器械有限公司	中國	人民幣65,000,000元					製造骨科設備、移植材料及人造器官
Weihai Weigao Management Asset Management Co., Ltd. (威海威高資產管理有限公司)	PRC	RMB10,000,000	-	100	81	-	Asset management and enterprise consulting service
威海威高資產管理有限公司	中國	人民幣10,000,000元					資產管理及企業顧問服務
Weihai Weigao Blood Purification Products Company Limited (威海威高血液淨化製品有限公司)	PRC	RMB120,000,000	70	70	-	-	Manufacturing of medical blood purification treatments and related consumables
威海威高血液淨化製品有限公司	中國	人民幣120,000,000元					製造血液淨化療法及相關耗材

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

**40. PARTICULARS OF PRINCIPAL
SUBSIDIARIES OF THE COMPANY**
(continued)

40. 本公司主要附屬公司詳情
(續)

Name of subsidiaries	Place of registration	Paid up issued/ registered capital	Effective equity interest attributable to the Group as at 31 December				Principal activities
			% (direct)		% (indirect)		
附屬公司名稱	註冊地點	已發行實繳/ 註冊資本	2016	2015	2016	2015	主要業務
			於十二月三十一日 本集團應佔之實際股權				
			% (直接)		% (間接)		
			二零一六年	二零一五年	二零一六年	二零一五年	
Weigao Blood Purification Products (Shanghai) Company Limited (威高血液淨化製品(上海)有限公司)	PRC	nil/ RMB80,000,000	-	-	70	70	Sales of Type II and Type III medical devices and computer software
威高血液淨化製品(上海)有限公司	中國	無/ 人民幣80,000,000元					第二類及第三類醫療設備及計算機軟件的銷售
Weihai Weigao Biotech Co., Limited (威海威高生命科技有限公司)	PRC	RMB10,000,000	-	-	70	70	Manufacturing and sales of medical devices
威海威高生命科技有限公司	中國	人民幣10,000,000元					製造及出售醫療設備
Shandong Weigao Medical Holding Company Limited (山東威高醫療控股有限公司)	PRC	RMB20,000,000	-	-	70	70	Manufacturing of medical products
山東威高醫療控股有限公司	中國	人民幣20,000,000元					製造醫療產品
Weigao Group (Weihai) Medical Products Marketing Co., Ltd. (威高集團(威海)醫用製品營銷有限公司)	PRC	RMB950,000,000	25	25	75	75	Wholesale of Type I medical devices, surgical devices and other disposal medical products
威高集團(威海)醫用製品營銷有限公司	中國	人民幣950,000,000元					第一類醫療設備、手術設備及其他一次性醫療產品的批發營銷有限公司
Weigao Group (Weihai) Medical Products Material Supply Co., Ltd. (威高集團(威海)醫用製品材料供應有限公司)	PRC	RMB1,006,000,000	25	25	75	75	Wholesale of Type I medical devices, surgical devices and other disposal medical products
威高集團(威海)醫用製品材料供應有限公司	中國	人民幣1,006,000,000元					第一類醫療設備、手術設備及其他一次性醫療產品的批發
Weihai Jierui Medical Products Company Limited (威海潔瑞醫用製品有限公司)	PRC	RMB32,000,000	100	100	-	-	Manufacturing of medical PVC granules, plastic packing bags and carton boxes
威海潔瑞醫用製品有限公司	中國	人民幣32,000,000元					製造醫用PVC粒料、塑料包裝袋及紙箱

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(continued)

40. 本公司主要附屬公司詳情 (續)

Name of subsidiaries	Place of registration	Paid up issued/ registered capital	Effective equity interest attributable to the Group as at 31 December				Principal activities
			% (direct)		% (indirect)		
			2016	2015	2016	2015	
附屬公司名稱	註冊地點	已發行實繳/ 註冊資本	於十二月三十一日 本集團應佔之實際股權				主要業務
			% (直接)		% (間接)		
			二零一六年	二零一五年	二零一六年	二零一五年	
Shandong Weigao Automatic Equipment Company Limited (山東威高自動化設備有限公司)	PRC	RMB5,000,000	-	-	100	100	Manufacturing of industrial automatic equipment and parts
山東威高自動化設備有限公司	中國	人民幣5,000,000元					製造工業自動化設備及配件
Shandong Weigao Group Logistic Company Limited* (山東威高集團物流有限公司)	PRC	RMB20,000,000	100	100	-	-	Provision of logistics and storage services
山東威高集團物流有限公司	中國	人民幣20,000,000元					提供物流及儲存服務
Shandong Weigao New Life Medical Device Company Limited* (山東威高新生醫療器械有限公司)	PRC	RMB20,000,000	50	50	50	50	Manufacturing of medical products
山東威高新生醫療器械有限公司	中國	人民幣20,000,000元					製造醫療產品
Weihai Weigao Group Mould Company Limited* (威海威高集團模具有限公司)	PRC	RMB8,000,000	90	90	10	10	Manufacturing of moulds
威海威高集團模具有限公司	中國	人民幣8,000,000元					製造模具
Sichuan Jierui Weigao Medical Device Company Limited* (四川潔瑞威高醫療器械有限公司)	PRC	RMB2,000,000	100	100	-	-	Trading of medical products
四川潔瑞威高醫療器械有限公司	中國	人民幣2,000,000元					買賣醫療產品
Weihai Weigao Jiasheng Medical Devices Co., Ltd.* (威海威高潔盛醫療器材有限公司)	PRC	RMB20,000,000	100	100	-	-	Trading of medical products
威海威高潔盛醫療器材有限公司	中國	人民幣20,000,000元					買賣醫療產品

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(continued)

40. 本公司主要附屬公司詳情

(續)

Name of subsidiaries	Place of registration	Paid up issued/ registered capital	Effective equity interest attributable to the Group as at 31 December				Principal activities
			% (direct)		% (indirect)		
附屬公司名稱	註冊地點	已發行實繳/ 註冊資本	2016	2015	2016	2015	主要業務
			於十二月三十一日 本集團應佔之實際股權				
			% (直接)		% (間接)		
			二零一六年	二零一五年	二零一六年	二零一五年	
Weihai Weigao Medical International Trading Co., Ltd.* (威海威高醫療國際貿易有限公司)	PRC	RMB5,000,000	80	80	20	20	Sales of medical devices, imports and exports of registered products
威海威高醫療國際貿易有限公司	中國	人民幣5,000,000元					銷售醫療設備、進出口登記產品
Weigao International Medical Co., Ltd. (威高國際醫療有限公司)	Hong Kong	HKD207,699,690	100	100	-	-	Investment holding
威高國際醫療有限公司	香港	207,699,690港元					投資控股
Wellford Capital Limited	British Virgin Islands	USD50,000	-	-	100	100	Investment holding
	英屬處女群島	50,000美元					投資控股
Shandong Weigao Financial Leasing Co., Ltd.* (山東威高融資租賃有限公司)	PRC	RMB500,000,000	-	-	100	100	Engaged in various financial leasing business of medical equipment
山東威高融資租賃有限公司	中國	人民幣500,000,000元					從事醫療設備的各類融資租賃業務
Weigao Medical Holdings Limited (威高醫療控股有限公司)	Hong Kong	HKD1,000,000	-	-	100	100	Investment holding
威高醫療控股有限公司	香港	1,000,000港元					投資控股
Weigao Hemodialysis Technology Development Co., Ltd.* (威海威高血液透析科技發展有限公司)	PRC	RMB150,000,000/ RMB200,000,000	-	-	92.5	92.5	Manufacturing and sales of hemo-dialysis equipment
威海威高血液透析科技發展有限公司	中國	人民幣150,000,000元/ 人民幣200,000,000元					血液透析設備的製造及出售
Shanghai Weigao Financing Lease Co., Limited* (上海威高融資租賃有限公司)	PRC	USD45,000,000/ USD50,000,000	-	-	100	100	Engaged in various financial leasing business
上海威高融資租賃有限公司	中國	45,000,000美元/ 50,000,000美元					從事各類融資租賃業務

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(continued)

40. 本公司主要附屬公司詳情 (續)

Name of subsidiaries	Place of registration	Paid up issued/ registered capital	Effective equity interest attributable to the Group as at 31 December				Principal activities	
			% (direct)		% (indirect)			
附屬公司名稱	註冊地點	已發行實繳/ 註冊資本	2016	2015	2016	2015	主要業務	
			於十二月三十一日 本集團應佔之實際股權					
			% (直接)		% (間接)			
			二零一六年	二零一五年	二零一六年	二零一五年		
Better City Limited	BVI	nil/ USD50,000	-	-	100	100	Investment holding	
	英屬處女群島	無/ 50,000美元					投資控股	
Lucky Goal Limited (祥標有限公司) 祥標有限公司	Hong Kong 香港	HKD1.00 1.00港元	-	-	100	100	Investment holding 投資控股	
Champion Falcon limited (翔冠有限公司) 翔冠有限公司	HK 香港	HKD1.00 1.00港元	-	-	100	100	Investment holding 投資控股	
Brilliant grace limited (耀恩有限公司) 耀恩有限公司	BVI 英屬處女群島	USD1.00 1.00美元	-	-	100	100	Investment holding 投資控股	
Fuzhou Fanshun Medical Device Technology Company Limited* (福州帆順醫療器械技術有限公司) 福州帆順醫療器械技術有限公司	PRC 中國	RMB500,000 人民幣500,000元	95	95	-	-	Wholesale, sales and purchases of disposable sterile medical devices 一次性醫療設備的批發、 銷售及採購	
Weihai Weigao Blood Supplies Co., Limited* (威海威高采血耗材 有限公司) 威海威高采血耗材有限公司	PRC 中國	nil/ RMB10,000,000 無/ 人民幣10,000,000元	100	100	-	-	Trading of medical products 買賣醫療產品	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(continued)

40. 本公司主要附屬公司詳情
(續)

Name of subsidiaries	Place of registration	Paid up issued/ registered capital	Effective equity interest attributable to the Group as at 31 December				Principal activities
			% (direct)		% (indirect)		
			2016	2015	2016	2015	
			於十二月三十一日				
			本集團應佔之實際股權				
			% (直接)		% (間接)		
			二零一六年	二零一五年	二零一六年	二零一五年	
Weihai Weigao Anesthesia Products Co., Limited* (威海威高麻醉製品有限公司)	PRC	nil/ RMB1,000,000	90	90	10	10	Production and sales of Type I Type II and Type III medical devices
威海威高麻醉製品有限公司	中國	無/ 人民幣1,000,000元					生產及銷售第一類、第二類及第三類醫療設備
Weigao Medical (Shenzhen) Co., Ltd. (威高醫療(深圳)有限公司)	PRC	nil/ RMB20,000,000	-	-	70	-	Trading of medical products
威高醫療(深圳)有限公司	中國	無/ 人民幣20,000,000元					買賣醫療產品
Taian Weixin Medical Products Co., Ltd. (泰安市威新醫用製品有限公司)	PRC	RMB300,000/ RMB30,000,000	10	-	90	-	Trading of medical products
泰安市威新醫用製品有限公司	中國	人民幣300,000元/ 人民幣30,000,000元					買賣醫療產品
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))	PRC	RMB50	-	-	-	-	Enterprise management advisory services
威海長弘企業管理諮詢中心(有限合夥)	中國	人民幣50元					企業管理顧問服務
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))	PRC	RMB50	-	-	-	-	Enterprise management advisory services
威海揚帆企業管理諮詢中心(有限合夥)	中國	人民幣50元					企業管理顧問服務
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))	PRC	nil/ RMB41	-	-	-	-	Enterprise management advisory services
威海宏圖企業管理諮詢中心(有限合夥)	中國	無/ 人民幣41元					企業管理顧問服務

* For identification purposes only

* 僅供識別

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(continued)

None of the subsidiaries had issued any debt securities at the end of the year.

In the opinion of the directors of the Company, there is no subsidiary that has non-controlling interests which is material to the Group.

41. COMPARATIVE FINANCIAL INFORMATION

Certain comparative amounts in the prior year's presentation have been reclassified to conform to the current year presentation.

42. EVENT AFTER THE REPORTING PERIOD

On 23 January 2017, Weigao Blood and three subscribers entered into the subscription agreements with the aggregate consideration of RMB536,833,000. Upon completion of the subscription agreements, the equity interest of the Company in Weigao Blood will be reduced from 70% to approximately 49.34%.

43. OTHER MATTERS

On 14 June 2016, the Company and Shandong Weigao Group Logistic Company Limited ("Weigao Logistic"), a subsidiary of the Company, entered into the asset transfer agreement with, among others, Zhuhai Winbase International Chemical Tank Terminal Co., Ltd. ("Winbase International"), a company established under the laws of the PRC and the A shares of which are listed on the Shenzhen Stock Exchange, pursuant to which the Company and Weigao Logistic have conditionally agreed to sell, and Winbase International has conditionally agreed to acquire, a 81% equity interest in Weigao Ortho at an aggregate consideration of approximately RMB4,909,000,000. The consideration will be satisfied by (a) the issuance of the Consideration Shares by Winbase International to the Company; and (b) the transfer of the Winbase Assets by Winbase International to Weigao Logistic.

40. 本公司主要附屬公司詳情 (續)

概無附屬公司於年末發行任何債務證券。

本公司董事認為，概無擁有對本集團有重大影響之非控股權益之附屬公司。

41. 比較財務資料

於過往年度呈列之若干比較金額已予以重新分類以與本年度之呈列保持一致。

42. 報告期後事項

於二零一七年一月二十三日，威高血液與三名認購人訂立認購協議，總代價為人民幣536,833,000元。完成認購協議後，本公司於威高血液之股權將自70%降至約49.34%。

43. 其他事項

於二零一六年六月十四日，本公司及本公司附屬公司山東威高集團物流有限公司（「威高物流」）與（其中包括）珠海恒基達鑫國際化工倉儲股份有限公司（「恒基達鑫國際」，一間根據中國法律成立之股份有限公司，其股份於深圳證券交易所上市）訂立資產轉讓協議，據此，本公司及威高物流已有條件同意出售，而恒基達鑫國際已有條件同意收購威高骨科之81%股權，總代價約人民幣4,909,000,000元。代價將透過(a)恒基達鑫國際向本公司發行代價股份；及(b)恒基達鑫國際向威高物流轉讓恒基達鑫資產支付。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

43. OTHER MATTERS (continued)

On 14 June 2016, Winbase International and the Company entered into the subscription agreement pursuant to which Winbase International has conditionally agreed to issue, and the Company has conditionally agreed to subscribe 29,732,411 Winbase shares at a cash consideration of RMB300,000,000.

Upon Completion, Winbase international will become a direct non-wholly owned subsidiary of the Company. Details of the transactions above are set out in the Company's announcement dated 15 June 2016.

The transactions set out above have not been completed as at the date of this report.

43. 其他事項 (續)

於二零一六年六月十四日，恒基達鑫國際與本公司訂立認購協議，據此，恒基達鑫國際已有條件同意發行，而本公司已有條件同意認購29,732,411股恒基達鑫股份，現金代價為人民幣300,000,000元。

於完成後，恒基達鑫國際將成為本公司之直接非全資附屬公司。上述交易詳情載於本公司日期為二零一六年六月十五日之公佈內。

於本報告日期，上述交易尚未完成。

44. COMPANY'S STATEMENT OF FINANCIAL POSITION

44. 本公司之財務狀況表

		31/12/2016	31/12/2015
		RMB'000	RMB'000
		二零一六年	二零一五年
		十二月	十二月
		三十一日	三十一日
		人民幣千元	人民幣千元
Non-current assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	2,382,664	2,252,923
Investment properties	投資物業	138,764	261,720
Prepaid lease payments	預付租賃款項	222,116	283,576
Intangible assets	無形資產	10,807	2,442
Investments in subsidiaries	於附屬公司的投資	1,072,855	887,822
Amounts due from a subsidiary (note)	應收一間附屬公司之款項(附註)	1,570,391	1,554,677
Deferred tax asset	遞延稅項資產	37,371	29,545
Loan receivables	應收貸款	221,600	-
Deposit paid for acquiring property, plant and equipment	就收購物業、廠房及設備支付的按金	23,702	36,026
		5,680,270	5,308,731

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

44. COMPANY'S STATEMENT OF FINANCIAL POSITION (continued)

44. 本公司之財務狀況表 (續)

		31/12/2016	31/12/2015
		RMB'000	RMB'000
		二零一六年	二零一五年
		十二月	十二月
		三十一日	三十一日
		人民幣千元	人民幣千元
Current assets	流動資產		
Inventories	存貨	383,621	360,178
Trade and other receivables	應收貿易及其他應收款	2,378,749	2,107,270
Amount due from subsidiaries	應收附屬公司款項	168,562	146,753
Pledged bank deposits	已抵押銀行存款	43,827	43,827
Bank balances and cash	銀行結餘及現金	2,924,503	2,076,567
		5,899,262	4,734,595
Current liabilities	流動負債		
Trade and other payables	應付貿易及其他應付款	1,234,259	975,465
Amount due to subsidiaries	應付附屬公司款項	3,448,765	2,590,507
Tax payable	應付稅項	58,142	24,195
		4,741,166	3,590,167
Net current assets	流動資產淨額	1,158,096	1,144,428
		6,838,366	6,453,159
Capital and reserves	股本及儲備		
Share capital	股本	452,233	447,637
Reserves	儲備	5,767,338	5,385,436
Total equity	權益總額	6,219,571	5,833,073
Non-current liability	非流動負債		
Bank and other borrowings – repayable after 1 year	銀行及其他借款—須於一年後償還	600,000	600,000
Deferred income	遞延收入	18,795	20,086
		618,795	620,086
Total equity and non-current liability	權益及非流動負債總額	6,838,366	6,453,159

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

44. COMPANY'S STATEMENT OF FINANCIAL POSITION (continued)

44. 本公司之財務狀況表 (續)

Note: The amounts due from a subsidiary amounted to RMB1,570,391,000 (2015: RMB1,554,677,000) are unsecured, non-trade related and interest bearing at 4.35%(2015: 5.31%) per annum. In the opinion of the directors of the Company, the amounts are not expected to be recovered within the coming twelve months from the end of the reporting period and are therefore classified as non-current.

附註：應收一間附屬公司的款項人民幣1,570,391,000元(二零一五年：人民幣1,554,677,000元)為無抵押、非貿易相關及按每年4.35%(二零一五年：5.31%)計息。本公司董事認為，該等金額預期將不可自報告期結束起計未來十二個月內可予收回而因此分類為非流動。

Information about the movement in reserves of the Company at the end of the reporting period includes:

有關本公司於報告期末之儲備變動表之資料包括：

		Movement in reserves 儲備變動				
		Share premium RMB'000	Share-based payments reserve RMB'000	Statutory surplus reserve fund RMB'000	Retained profits RMB'000	Total RMB'000
		以股份 為基礎付款 儲備 人民幣千元	法定盈餘 公積金 人民幣千元	保留溢利 人民幣千元	總計 人民幣千元	
At 1 January 2015	於二零一五年一月一日	2,478,544	-	223,819	2,424,125	5,126,488
Profit for the year	本年度溢利	-	-	-	577,134	577,134
Share-based payments	以股份為基礎付款	-	13,066	-	-	13,066
Transfer to statutory surplus reserve	轉撥至法定盈餘儲備	-	-	2,298	(2,298)	-
Dividends recognised as distribution	確認為分派的股息	-	-	-	(331,252)	(331,252)
At 31 December 2015	於二零一五年 十二月三十一日	2,478,544	13,066	226,117	2,667,709	5,385,436
Profit for the year	本年度溢利	-	-	-	622,825	622,825
Ordinary shares issued (note 33(a))	已發行普通股 (附註33(a))	96,516	-	-	-	96,516
Share-based payments (note 33(a))	以股份為基礎付款 (附註33(a))	-	10,781	-	-	10,781
Dividends recognised as distribution	確認為分派的股息	-	-	-	(348,220)	(348,220)
At 31 December 2016	於二零一六年 十二月三十一日	2,575,060	23,847	226,117	2,942,314	5,767,338

FINANCIAL SUMMARY

財務摘要

		For the year ended 31 December				
		2016	2015	2014	2013	2012
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		截至十二月三十一日止年度				
		二零一六年	二零一五年	二零一四年	二零一三年	二零一二年
		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
RESULTS	業績					
Revenue	收入	6,730,340	5,918,930	5,277,827	4,613,310	3,689,115
Profit before taxation	除稅前溢利	1,314,346	1,335,505	1,275,664	544,154	1,126,175
Taxation	稅項	(176,754)	(186,647)	(180,844)	(156,475)	(129,805)
Profit for the year	本年度溢利	1,137,592	1,148,858	1,094,820	387,679	996,370
Profit attributable to:	下列各項應佔溢利：					
Owners of the Company	本公司擁有人	1,105,933	1,112,736	1,084,948	387,984	996,486
Non-controlling interests	非控股權益	31,659	36,122	9,872	(305)	(116)
		1,137,592	1,148,858	1,094,820	387,679	996,370
		As at 31 December				
		2016	2015	2014	2013	2012
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		於十二月三十一日				
		二零一六年	二零一五年	二零一四年	二零一三年	二零一二年
		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
ASSETS AND LIABILITIES	資產及負債					
Total assets	總資產	15,756,309	13,519,246	12,070,107	11,288,096	10,478,846
Total liabilities	總負債	(3,551,045)	(2,732,423)	(2,190,516)	(2,225,164)	(1,558,431)
Non-controlling interests	非控股權益	(338,687)	(128,646)	(31,686)	(22,587)	(9,422)
		11,866,577	10,658,177	9,847,905	9,040,345	8,910,993

WEGO 威高