PW MEDTECH GROUP LIMITED
普华和顺集团公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1358)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2017

KEY FINANCIALS

- Revenue from continuing operations for the year ended December 31, 2017 amounted to approximately RMB286.9 million, representing a decrease of 10.2% from approximately RMB319.6 million recorded in 2016.
- Gross profit from continuing operations for the year ended December 31, 2017 amounted to approximately RMB174.5 million, representing a decrease of 17.0% from approximately RMB210.3 million recorded in 2016.
- Profit attributable to owners of the Company for the year ended December 31, 2017 amounted to approximately RMB122.1 million, representing a decrease of 37.4% from approximately RMB194.9 million recorded in 2016.
- Profit attributable to owners of the Company from continuing operations for the year ended December 31, 2017 amounted to approximately RMB33.1 million, representing a decrease of 69.7% from approximately RMB109.1 million recorded in 2016.

MARKET AND BUSINESS REVIEW

In 2017, the global economy maintained a steady recovery trend, with various major economies entering into their up-cycles and their economic and trading activities continuing to pick up. With the macro economy of the People's Republic of China (the "**PRC**" or "**China**") continuing to grow and the national living standard having improved significantly in recent years, public health awareness has been enhanced gradually and there is growing demand for medical services. Such change of living conditions not only enormously fueled the growth of Chinese medical services and medical device market, but also created huge potential for overall industry development, which has significantly contributed to the rapid expansion of industry scale.

Medical device industry is one of the strategic emerging industries in the PRC. It plays an important role in improving clinical medical technology, strengthening prevention and control of disease and safeguarding public health. The Central Economic Work Conference in 2018 specifically highlighted that the government will explore practical solutions for the social problem of "inadequate and overly expensive medical services" and encourage the market to invest in medical sector in the coming years, which is in line with the overall goal of building a "moderately prosperous society". In order to support continuous and steady growth of the industry, in recent years, the Chinese government successively promulgated a number of favorable policies supporting innovation and development of the industry. In particular, in the Special Plan for Technological Innovation for Medical Devices during the 13th Five-Year Period (十三五醫療器械科技創新專項規劃), the Chinese government expressly stated its intention to accelerate the development of the medical device industry in the PRC. The government has also proposed the localization of advanced medical devices. Various measures will be implemented to promote the development of domestic advanced medical device companies focusing on "localization, advanced development, brand building and internationalization", with a view to laying a solid foundation for the long-term stable development of the medical device industry. Meanwhile, the Chinese government also expressed its commitment to promoting the use of domestically-manufactured advanced medical devices in major Class III Grade A hospitals nationwide and will implement further measures to encourage the development of advanced medical device industry. In addition, the PRC government published the Opinions on Deepening Reform of the Assessment and Approval System to Encourage Innovation of Drugs and Medical Devices (關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見) (the "**Opinions**") on October 8, 2017, which has brought significant policy changes to the industry. The Opinions expressly stated that the government will support the structural adjustment and technological innovation of the industry in every aspect by means of accelerating the examination and approval of the commercialization of medical devices, reforming the management of clinical trials, managing medical devices throughout the life cycle and enhancing the ability to support examination and approval. With the support of these favourable national policies, PW Medtech Group Limited ("**PW Medtech**" or the "**Company**", together with its subsidiaries, the "**Group**") expects that the medical device industry will have great development opportunities and will develop in a more healthy and orderly manner.

PW Medtech is a leading medical device company in the PRC with a focus on fast-growing and high-margin segments of medical device industry of the PRC. The Group has been proactively exploring new markets with high growth potential and striving to capture every market opportunity to reinforce its leading position in the industry. In 2017, the Group made great efforts to expand its product portfolio and production capacity and enhance its innovation and research and development ("**R&D**") capabilities, and continued to expand its business coverage. Following the expansion of its production line in 2016 into cosmetic products through the launch of "LE SEUL", a medical-cosmetic-graded mask brand, the Group furthered its success by entering into a share exchange agreement (the "**Share Exchange Agreement**") with China Biologic Products Holdings, Inc. ("**CBPO**") for the acquisition of its 16.66% equity interests during the year. Immediately following the closing of the transactions under the Share Exchange Agreement (the "**Closing**"), the Company became CBPO's single largest shareholder and officially expanded into the plasma-based pharmaceutical industry with huge potential for growth, which has further optimized the business layout and enhanced the comprehensive competitiveness of the Group.

As of December 31, 2017, the Group's revenue from continuing operations was RMB286.9 million, representing a decrease of 10.2% over 2016. As of December 31, 2017, the Group's profit for the year and profit attributable to owners of the Company from continuing operations amounted to RMB33.8 million and RMB33.1 million, respectively, representing a decrease of 68.6% and 69.7% over last year, respectively. The Group recorded a gross profit from continuing operations of RMB174.5 million as of December 31, 2017, representing a decrease of 17.0% over last year. As of December 31, 2017, the overall gross profit margin from continuing operations was 60.8%.

BUSINESS STRATEGIES AND FUTURE OUTLOOK

With regard to the advanced infusion set business (the "**Infusion Set Business**"), the Group has been focusing on the R&D and continuous improvement of manufacturing materials for infusion sets with a view to minimizing the risk of infusion therapy and providing a safer and more efficient medical solution to users. Although infusion sets are common medical consumables, the use of advanced infusion sets has not penetrated into certain medically less-developed regions. In order to further expand the scope of application of advanced infusion sets and to contribute to the medical care industry in the PRC, the Group will put great efforts in expanding into relatively remote areas in the PRC, so that safe infusion concepts can take root in these regions and thus increase the acceptance of precision filter infusion sets among medical institutions. Meanwhile, the Group will continue to invest in R&D and strive for breakthrough at technological level. More new products will be launched with a view to providing the public with more comprehensive product portfolio for infusion therapy.

As for cannula products, despite the fact that China is a country with a large amount of consumers for disposable infusion therapy in the world, the use of intravenous cannula as a supporting service in China is far lower than developed countries. The use of cannula in intravenous infusion can reduce the number of venipuncture, ease the pain of patient and effectively protect medical staff from blood contamination caused by reasons other than injection. In the upcoming years, the use of disposable intravenous cannula will certainly become the development trend for intravenous injection in China, and the cannula market will experience growth at a higher speed. Leveraging the Group's unique technical advantages and under stringent quality supervision, we have diversified our disposable intravenous cannula product line during the year. Currently, we have obtained relevant registration certificates for two cannula products and we are now applying for another three registration certificates. The team of professional sales and clinical specialists of the Group's cannula business department possesses extensive experience and solid strengths. Our core salesmen have many years of sales experience in the medical field on average and all of our clinical specialists were senior front-line nursing staff from hospitals, who will also be our focus of staff development and cultivation in the future as we believe that a professional sales and clinical specialist team will certainly provide our customers with more professional services, and also significantly enhance the market competitiveness of our products in the future.

In the area of cosmetic products, our medical-cosmetic-graded facial mask brand "LE SEUL (諾頌)" succeeded in offering consumers with targeted skin repair products solution, and has been well-received in the marketplace. During the year, we have launched online marketing campaign for "LE SEUL (諾頌)" across multiple channels, and have commenced offline promotion of using medical skincare products, integrating professional skincare information into our product promotion. Looking forward, the Group will continue to uphold a prudent approach in developing more quality medical skincare products and further meet the needs of the public for basic and mid-to-high end skincare products, with a view to optimizing market layout and expanding our market share.

In order to allocate resources in a more effective manner and maximize corporate values, the Company entered into the Share Exchange Agreement with CBPO on October 12, 2017, pursuant to which, the Company agreed to subscribe for 16.66% of the enlarged issued share capital of CBPO in consideration of all the issued shares of Health Forward Holdings Limited ("**Health Forward**" or the "**Disposed Subsidiary**"), which in turn owns 80% equity interest in Tianxinfu (Beijing) Medical Appliance Co., Ltd. (天新福(北京)醫療器材股份有限公司) ("**Beijing Tianxinfu**").

According to the statistics, the PRC is the second largest market for plasma products in the world. The PRC government has ceased issuing new plasma fractionation licenses since 2001, resulting in relatively high industry entry barriers. Following the closing on January 1, 2018, we expect that CBPO would acquire larger market share and strengthen its overall business during the consolidation stage of the industry.

Emphasis on Innovation and R&D

As an industry leader in the development of innovative products, the Group has an experienced R&D team. The team cooperates closely with surgeons, hospitals (especially Class III Grade A hospitals), first class university research centers and other research institutions. As of December 31, 2017, the Group owned 59 patents for advanced infusion set products. Furthermore, the Group has applied for 9 new patents. The Group will continue to invest in product innovation and R&D to maintain its leading position in the industry.

Expansion of Distribution Network

The Group currently has one experienced and dedicated team of professional sales and marketing staff to support and consolidate distribution networks in 31 provinces, municipalities and autonomous regions in China, and enhance products promotion for all of its business segments. Our core salesmen have an average of ten years of experience in their respective fields, and half of them have medical training background, which enables them to communicate with doctors and nurses in a professional and effective manner.

Strategic Acquisitions

Driven by the favorable national policies and the growing demands for healthcare medical services, the medical device industry in China has entered into a rapid growing phase. According to the Annual Report on the Development of the Medical Device Industry in China (2017), it is anticipated that the annual total sales of medical devices in China would exceed RMB700 billion in 2020 and the growth rate of the industry would continue to maintain a yearly rate of 10% or above in the next 10 years. With a view to seizing market business opportunities, the Group will, in addition to its existing business segments, continue to identify opportunities for the fast-growing and high-margin business and extend its business to the novel new areas that are not fully developed, demonstrating its forward-looking perspective as an industry leader.

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to announce the audited consolidated final results of the Group for the year ended December 31, 2017, together with the comparative figures for the year ended December 31, 2016, as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2017	2016
	Notes	***RMB'000***	*RMB'000*
			(Restated)
Continuing operations			
Revenue	*3*	**286,913**	319,583
Cost of sales	*4*	**(112,386)**	(109,277)
Gross profit		**174,527**	210,306
Selling expenses	*4*	**(54,785)**	(41,696)
Administrative expenses	*4*	**(70,560)**	(45,260)
Research and development expenses	*4*	**(13,114)**	(11,713)
Other gains — net	*6*	**8,611**	11,988
Operating profit		**44,679**	123,625
Finance income	*7*	**1,774**	4,218
Finance costs	*7*	**(1,372)**	—
Finance income — net	*7*	**402**	4,218
Profit before income tax		**45,081**	127,843
Income tax expenses	*8*	**(11,304)**	(20,210)
Profit for the year from continuing operations		**33,777**	107,633
Discontinued operations			
Profit for the year from discontinued operations — Regenerative Medical Biomaterial Business	*21*	**117,565**	132,524
Loss for the year from discontinued operations — Orthopedic Implant Business		**—**	(46,711)
Profit for the year		**151,342**	193,446
Profit/(loss) attributable to:			
Owners of the Company		**122,084**	194,949
Non-controlling interests		**29,258**	(1,503)
		151,342	193,446

		Year ended 31 December	
		2017	2016
	Notes	***RMB'000***	*RMB'000*
			(Restated)
Profit attributable to owners of the Company arises from:			
Continuing operations		**33,119**	109,136
Discontinued operations		**88,965**	85,813
		122,084	194,949
Earnings per share from continuing and discontinued operations attributable to owners of the Company for the year (expressed in RMB cents per share)			
Basic earnings per share	*9*		
From continuing operations		**2.10**	6.72
From discontinued operations		**5.64**	5.28
From profit for the year		**7.74**	12.00
Diluted earnings per share	*9*		
From continuing operations		**2.10**	6.71
From discontinued operations		**5.64**	5.27
From profit for the year		**7.74**	11.98

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2017	2016
	Notes	***RMB'000***	*RMB'000*
			(Restated)
Profit for the year		**151,342**	193,446
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Currency translation differences		**(42)**	105
Other comprehensive income for the year, net of tax		**(42)**	105
Total comprehensive income for the year		**151,300**	193,551
Attributable to:			
Owners of the Company		**122,042**	195,054
Non-controlling interests		**29,258**	(1,503)
Total comprehensive income for the year		**151,300**	193,551
Total comprehensive income attributable to owners of the Company arises from:			
Continuing operations		**33,077**	109,241
Discontinued operations		**88,965**	85,813
		122,042	195,054

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2017	2016
	Notes	***RMB'000***	*RMB'000*
Assets			
Non-current assets			
Land use rights	*11*	**47,118**	60,937
Property, plant and equipment	*12*	**837,820**	687,236
Intangible assets	*13*	**187,811**	841,381
Deferred income tax assets		**5,412**	4,357
Long-term prepayments	*14*	**8,486**	3,455
Trade receivables	*16*	**30,200**	—
Total non-current assets		**1,116,847**	1,597,366
Current assets			
Inventories	*15*	**45,807**	53,745
Amounts due from the Disposal Group	*21(a)*	**27,722**	—
Trade and other receivables	*16*	**243,330**	686,437
Prepaid income tax		**1,759**	—
Cash and cash equivalents	*17*	**364,259**	149,563
		682,877	889,745
Assets of disposal group classified as held for sale	*21*	**1,368,929**	—
Total current assets		**2,051,806**	889,745
Total assets		**3,168,653**	2,487,111
Equity			
Equity attributable to owners of the Company			
Share capital	*18*	**964**	979
Share premium	*18*	**1,492,318**	1,528,311
Treasury shares	*18*	**—**	(8,890)
Other reserves		**401,903**	71,354
Retained earnings		**864,668**	742,584
		2,759,853	2,334,338
Non-controlling interests		**183,661**	(336)
Total equity		**2,943,514**	2,334,002

		As at 31 December	
		2017	2016
	Notes	***RMB'000***	*RMB'000*
Liabilities			
Non-current liabilities			
Deferred income tax liabilities		**28,714**	53,438
Deferred income	*20*	**1,083**	1,283
Total non-current liabilities		**29,797**	54,721
Current liabilities			
Amounts due to the Disposal Group	*21(a)*	**28,330**	—
Trade and other payables	*19*	**54,826**	94,763
Current income tax liabilities		**—**	3,625
		83,156	98,388
Liabilities of disposal group classified as held for sale	*21*	**112,186**	—
Total current liabilities		**195,342**	98,388
Total liabilities		**225,139**	153,109
Total equity and liabilities		**3,168,653**	2,487,111

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Share capital *RMB'000*	Share premium *RMB'000*	Treasury shares *RMB'000*	Other reserves *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2016	1,034	1,666,821	—	82,008	547,635	2,297,498	1,167	2,298,665
Comprehensive income								
Profit for the year	—	—	—	—	194,949	194,949	(1,503)	193,446
Other comprehensive income								
Currency translation differences	—	—	—	105	—	105	—	105
Total comprehensive income	—	—	—	105	194,949	195,054	(1,503)	193,551
Exercise of employee share option *(Note 18)*	—	266	—	(164)	—	102	—	102
Buy-back of shares *(Note 18)*	(55)	(138,776)	(8,890)	—	—	(147,721)	—	(147,721)
Share option reserve	—	—	—	(10,595)	—	(10,595)	—	(10,595)
Total transactions with owners in their capacity as owners	(55)	(138,510)	(8,890)	(10,759)	—	(158,214)	—	(158,214)
Balance at 31 December 2016	979	1,528,311	(8,890)	71,354	742,584	2,334,338	(336)	2,334,002
Balance at 1 January 2017	979	1,528,311	(8,890)	71,354	742,584	2,334,338	(336)	2,334,002
Comprehensive income								
Profit for the year	—	—	—	—	122,084	122,084	29,258	151,342
Other comprehensive income								
Currency translation differences	—	—	—	(42)	—	(42)	—	(42)
Total comprehensive income	—	—	—	(42)	122,084	122,042	29,258	151,300
Exercise of employee share option *(Note 18)*	—	3,369	—	(2,012)	—	1,357	—	1,357
Buy-back and cancellation of shares *(Note 18)*	(15)	(39,362)	8,890	—	—	(30,487)	—	(30,487)
Changes in ownership interest in subsidiaries without change of control	—	—	—	332,603	—	332,603	167,397	500,000
Dividends paid to non-controlling interests in subsidiaries	—	—	—	—	—	—	(12,658)	(12,658)
Total transactions with owners in their capacity as owners	(15)	(35,993)	8,890	330,591	—	303,473	154,739	458,212
Balance at 31 December 2017	964	1,492,318	—	401,903	864,668	2,759,853	183,661	2,943,514

CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended 31 December	
		2017	2016
	Notes	***RMB'000***	*RMB'000*
Cash flows from operating activities			
Cash generated from operations		**240,080**	324,380
Income tax paid		**(56,303)**	(57,617)
Net cash generated from operating activities		**183,777**	266,763
Cash flows from investing activities			
Proceeds from disposals of subsidiaries		**454,367**	(29,908)
Payments for property, plant and equipment		**(10,037)**	(4,366)
Payments for construction in progress		**(250,050)**	(270,562)
Purchases of land use rights	*11*	**—**	(630)
Purchases of intangible assets	*13*	**—**	(1,218)
Purchases of available-for-sale financial assets		**(1,181,750)**	(309,700)
Proceeds from disposals of available-for-sale financial assets		**1,199,521**	310,859
Proceeds from disposals of property, plant and equipment		**18**	589
Interest received		**1,774**	3,979
Net decrease in restricted cash		**—**	40,000
Net cash generated from/(used in) investing activities		**213,843**	(260,957)
Cash flows from financing activities			
Buy-back of shares	*18*	**(30,487)**	(147,721)
Proceeds from capital injection by non-controlling interests		**500,000**	—
Proceeds from employee share option exercised	*18*	**390**	102
Dividends paid to non-controlling interest in subsidiaries		**(12,658)**	—
Net cash generated from/(used in) financing activities		**457,245**	(147,619)
Net increase/(decrease) in cash and cash equivalents		**854,865**	(141,813)
Cash and cash equivalents at beginning of the year	*17*	**149,563**	288,224
Exchange (losses)/gains on cash and cash equivalents		**(1,763)**	3,152
Transfer to disposal group classified as held for sale	*21(a)*	**(638,406)**	—
Cash and cash equivalents at end of the year		**364,259**	149,563

NOTES TO FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 13 May 2011 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of the Company's registered office is the Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 8 November 2013.

The Company is an investment holding company. The Group is principally engaged in the development, manufacturing and sale of (i) Infusion Set Business; (ii) regenerative medical biomaterial products (the "**Regenerative Medical Biomaterial Business**"); and (iii) orthopedic implants products (the "**Orthopedic Implant Business**") in the China. During the year ended 31 December 2016, the Orthopedic Implant Business was disposed and presented as a discontinued operation. On 1 January 2018, the Regenerative Medical Biomaterial Business was disposed and presented as a discontinued operations in these financial statements (Note 21).

These consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRS**"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and available-for-sale financial assets, which are carried at fair value.

(i) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2017:

- Income taxes — Amendments to HKAS 12, and
- Statement of cash flows — Amendments to HKAS 7, and
- Disclosure of interest in other entities — Amendments to HKFRS 12.

The adoption of these amendments did not have any impact on the amounts recognised in prior periods. Most of the amendments will also not affect the current or future periods.

(ii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
Amendments to HKFRS 4	Insurance contracts ‘Applying HKFRS 9 financial instruments with HKFRS 4 insurance contracts’	1 January 2018 or when the entity first applies HKFRS 9
Amendment to HKFRS 1	First time adoption of HKFRS	1 January 2018
Amendment to HKAS 28	Investments in associates and joint ventures	1 January 2018
Amendments to HKAS 40	Transfers of investment property	1 January 2018
HK (IFRIC) 22	Foreign currency transactions and advance consideration	1 January 2018
HKFRS 16	Leases	1 January 2019 Early adoption is permitted only if HKFRS 15 is adopted at the same time.
HK (IFRIC) 23	Uncertainty over income tax treatments	1 January 2019
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

3 SEGMENT INFORMATION

The chief operating decision-makers have been identified as the executive directors of the Company. The executive directors review the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The executive directors consider the business from a product perspective, and determine that the Group has the following operating segments:

Continuing operations:

— Infusion Set Business — manufacturing and sale of high-end infusion sets.

Discontinued operations:

— Regenerative Medical Biomaterial Business — On 1 January 2018, Regenerative Medical Biomaterial Business was disposed and presented as discontinued operations for the year ended 31 December 2017 and comparatives for the year ended 31 December 2016 has been restated accordingly (Note 21);

— Orthopedic Implant Business — During 2016, Orthopedic Implant Business was disposed and presented as discontinued operations for the year ended 31 December 2016.

— Others — operations of other businesses.

The chief operating decision-makers assess the performance of the operating segments based on the operating profit of each segment. Substantially all of the businesses of the Group are carried out in the PRC.

	Continuing operations	**Discontinued operations**				
Year ended 31 December 2017	**Infusion Set Business** *RMB'000*	**Regenerative Medical Biomaterial Business** *RMB'000*	**Orthopedic Implant Business** *RMB'000*	**Others** *RMB'000*	**Sub-total** *RMB'000*	**Total** *RMB'000*
Revenue from external customers	286,913	280,979	—	5,546	286,525	573,438
Cost of sales	(112,386)	(44,450)	—	(4,641)	(49,091)	(161,477)
Gross profit	174,527	236,529	—	905	237,434	411,961
Selling expenses	(54,785)	(41,338)	—	(5,412)	(46,750)	(101,535)
Administrative expenses (c)	(70,560)	(21,542)	—	(308)	(21,850)	(92,410)
Research and development expenses	(13,114)	(8,797)	—	(2,516)	(11,313)	(24,427)
Other gains — net	8,611	17,296	—	—	17,296	25,907
Segment profit	44,679	182,148	—	(7,331)	174,817	219,496
Finance income						2,179
Finance costs						(1,795)
Finance income — net						384
Profit before income tax						219,880
Segment assets (d)	1,794,312	1,337,055	—	29,553	1,366,608	3,160,920
Deferred income tax assets						7,733
Total assets						3,168,653
Segment liabilities	84,239	67,279	—	4,739	72,018	156,257
Deferred income tax liabilities						68,882
Total liabilities						225,139
Other segment information						
Amortisation of land use rights	1,054	332	—	8	340	1,394
Depreciation of property, plant and equipment	16,050	2,464	—	49	2,513	18,563
Amortisation of intangible assets	3,672	22,275	—	—	22,275	25,947

Year ended 31 December 2016 (Restated)	Continuing operations	Discontinued operations				
	Infusion Set Business *RMB'000*	Regenerative Medical Biomaterial Business *RMB'000*	Orthopedic Implant Business *RMB'000*	Others *RMB'000*	Sub-total *RMB'000*	Total *RMB'000*
Revenue from external customers	319,583	241,745	121,108	5,494	368,347	687,930
Cost of sales	(109,277)	(35,096)	(28,677)	(4,256)	(68,029)	(177,306)
Gross profit	210,306	206,649	92,431	1,238	300,318	510,624
Selling expenses	(41,696)	(31,037)	(21,095)	(4,543)	(56,675)	(98,371)
Administrative expenses (c)	(45,260)	(10,914)	(99,821)	(478)	(111,213)	(156,473)
Research and development expenses	(11,713)	(5,941)	(10,833)	(2,010)	(18,784)	(30,497)
Other gains — net	11,988	2,151	813	—	2,964	14,952
Segment profit	123,625	160,908	(38,505)	(5,793)	116,610	240,235
Finance income						4,511
Finance costs						(24)
Finance income — net						4,487
Profit before income tax						244,722
Segment assets	1,248,301	768,574	—	465,879	1,234,453	2,482,754
Deferred income tax assets						4,357
Total assets						2,487,111
Segment liabilities	63,870	33,439	—	2,362	35,801	99,671
Deferred income tax liabilities						53,438
Total liabilities						153,109
Other segment information						
Amortisation of land use rights	1,032	332	60	8	400	1,432
Depreciation of property, plant and equipment	15,357	3,252	16,047	74	19,373	34,730
Amortisation of intangible assets	4,270	21,970	1,003	—	22,973	27,243

(a) Concentration of customers

Revenues of approximately RMB28,956,000 (2016: RMB35,333,000) are derived from a single external customer. These revenues are attributable to the Infusion Set Business segment.

(b) Geographical segment information

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

(c) The head office overheads were of approximately RMB18,894,000 and RMB17,680,000 in 2017 and 2016, respectively, and all of them were allocated to continuing operations.

(d) The segment assets of Infusion Set Business included the proceeds of RMB439,367,000 from disposal of Orthopedic Implant Business.

4 EXPENSES BY NATURE

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Raw materials and consumable used	**42,047**	51,964
Changes in inventories of finished goods and work in progress	**(1,594)**	(10,057)
Employee benefits expenses *(Note 5)*	**90,837**	75,179
Depreciation of property, plant and equipment *(Note 12)*	**16,050**	15,357
Advertising, promotions and business development costs	**20,109**	14,686
Office and communication expenses	**6,339**	6,463
Direct research costs	**5,636**	8,048
Travelling and entertainment expenses	**8,068**	6,929
Taxes and levies	**5,788**	6,723
Provision for impairment of receivables *(Note 16)*	**20,995**	866
Low-value consumables	**3,103**	1,894
Operating lease payments	**2,162**	2,361
Transportation costs	**9,668**	7,997
Amortisation of land use rights *(Note 11)*	**1,054**	1,032
Amortisation of intangible assets *(Note 13)*	**3,672**	4,270
Professional fee	**5,562**	3,751
Auditor's remuneration		
— Audit services	**2,280**	2,700
— Non-audit services	**200**	—
Utilities	**7,842**	7,680
Others	**1,027**	103
Total cost of sales, selling expenses, administrative expenses and research and development expenses	**250,845**	207,946

5 EMPLOYEE BENEFITS EXPENSES

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Wages, salaries and bonuses	**71,292**	67,219
Staff welfare	**8,553**	5,123
Social security costs	**8,279**	7,546
Housing fund	**2,713**	2,987
Reversal of share-based compensation expenses	**—**	(7,696)
Total employee benefits expenses	**90,837**	75,179

6 OTHER GAINS — NET

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Government grants		
— relating to costs	**8,512**	5,354
— relating to assets	**—**	200
Gain on disposals of a subsidiary	**—**	6,099
Loss on disposals of property, plant and equipment	**(22)**	—
Others	**121**	335
	8,611	11,988

7 FINANCE INCOME — NET

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Finance income:		
— Net foreign exchange gain	**—**	(1,975)
— Interest income on short-term bank deposits	**(1,774)**	(2,243)
Total finance income	**(1,774)**	(4,218)
Finance costs:		
— Net foreign exchange loss	**1,372**	—
Finance income — net	**(402)**	(4,218)

8 INCOME TAX EXPENSES

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Current income tax	**14,409**	22,214
Deferred income tax	**(3,105)**	(2,004)
Income tax expenses	**11,304**	20,210

Below are the major tax jurisdictions that the Group operates during the year.

(a) Cayman Islands profits tax

The Company has not been subject to any taxation in the Cayman Islands.

(b) Hong Kong profits tax

Companies incorporated in Hong Kong are subject to the Hong Kong profits tax at a rate of 16.5% during the year.

(c) The PRC Corporate Income Tax (the "CIT")

Except for Beijing Tianxinfu, Beijing Fert Technology Co., Ltd ("**Fert Technology**") and Xuzhou Yijia Medical Device Co., Ltd ("**Xuzhou Yijia**"), the CIT of the Group in respect of its operations in mainland China is calculated at the tax rate of 25% on the estimated assessable profits for each of the year, based on the existing legislation interpretation and practices in respect thereof.

Beijing Tianxinfu, Fert Technology and Xuzhou Yijia, were qualified as "High and New Technology Enterprises" under the CIT Law. Therefore, they were entitled to a preferential income tax rate of 15% on their estimated assessable profits during the year. They will continue to enjoy the preferential tax rate in the subsequent periods, provided that they continue to be qualified as "High and New Technology Enterprises" during such periods.

(d) The Withholding Tax (the "WHT")

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to WHT. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

The Group does not have any plan to require its PRC subsidiaries to distribute their retained earnings and intends to retain them to operate and expand the Group's business in the PRC. Accordingly, no deferred income tax liability on WHT was accrued as of the end of the year.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Profit before income tax	**45,081**	127,843
Tax calculated at statutory tax rates applicable to profits in the respective countries	**11,270**	31,960
Tax effects of:		
Preferential income tax rates applicable to subsidiaries	**(5,343)**	(12,746)
Tax losses for which no deferred income tax asset was recognised	**4,590**	810
Additional deductible allowance for research and development expenses (i)	**(968)**	(745)
Deemed income for tax purpose	**87**	114
Expenses not deductible for tax purpose	**1,136**	841
Adjustment in respect of prior years	**532**	(24)
Tax charge	**11,304**	20,210

(i) Pursuant to the CIT Law, an additional tax deduction is allowed based on the actual research and development expense charged to the consolidated income statement calculated at 50% of such expenses incurred if approved by tax authorities.

9 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year (Note 18).

	2017	2016
		(Restated)
Profit attributable to owners of the Company:		
— Continuing operations (RMB'000)	**33,119**	109,136
— Discontinued operations (RMB'000)	**88,965**	85,813
	122,084	194,949
Weighted average number of ordinary shares in issue (thousands)	**1,576,456**	1,624,838
Basic earnings per share:		
— Continuing operations (RMB cents per share)	**2.10**	6.72
— Discontinued operations (RMB cents per share)	**5.64**	5.28
	7.74	12.00

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary share: share options. The share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2017	2016 (Restated)
Profit attributable to owners of the Company:		
— Continuing operations (RMB'000)	**33,119**	109,136
— Discontinued operations (RMB'000)	**88,965**	85,813
	122,084	194,949
Weighted average number of ordinary shares in issue (thousands)	**1,576,456**	1,624,838
Adjustments for:		
— Share options (thousands)	**871**	2,011
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**1,577,327**	1,626,849
Diluted earnings per share:		
— Continuing operations (RMB cents per share)	**2.10**	6.71
— Discontinued operations (RMB cents per share)	**5.64**	5.27
	7.74	11.98

10 DIVIDENDS

The Board does not propose a final dividend for the year ended 31 December 2017 (2016: Nil).

11 LAND USE RIGHTS

The Group's interests in land use rights represent prepayments for operating lease of land located in the PRC, the net book values of which are analysed as follows:

	2017	2016
	RMB'000	*RMB'000*
Opening net book amount	**60,937**	64,110
Additions	**—**	630
Amortisation charge	**(1,394)**	(1,432)
Disposals of subsidiaries	**—**	(2,371)
Transfer to disposal group classified as held for sale	**(12,425)**	—
Closing net book amount	**47,118**	60,937
Cost	**52,297**	66,181
Accumulated amortisation	**(5,179)**	(5,244)
	47,118	60,937

Amortisation of land use rights has been charged to the consolidated income statement as follows:

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Cost of sales	**204**	263
Administrative expenses	**850**	769
	1,054	1,032

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Profit or loss of continuing operations *(Note 4)*	**1,054**	1,032
Profit or loss of discontinued operations — Orthopedic Implant Business	**—**	60
Profit or loss of discontinued operations — Regenerative Medical Biomaterial Business	**340**	340
	1,394	1,432

12 PROPERTY, PLANT AND EQUIPMENT

	Buildings and facilities *RMB'000*	Leasehold improvements *RMB'000*	Furniture, fittings and office equipment *RMB'000*	Machinery and equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
At 1 January 2016							
Cost	157,793	18,920	18,092	171,606	10,601	389,442	766,454
Accumulated depreciation	(28,791)	(7,103)	(12,910)	(52,819)	(5,503)	—	(107,126)
Net book amount	129,002	11,817	5,182	118,787	5,098	389,442	659,328
Year ended 31 December 2016							
Opening net book amount	129,002	11,817	5,182	118,787	5,098	389,442	659,328
Additions	251	—	2,861	1,027	227	229,965	234,331
Transfer	42,650	—	536	6,817	—	(50,003)	—
Disposals	—	—	(288)	(332)	(10)	—	(630)
Depreciation	(8,610)	(4,035)	(2,292)	(18,152)	(1,641)	—	(34,730)
Disposals of subsidiaries	(105,960)	(3,008)	(1,759)	(59,548)	(788)	—	(171,063)
Closing net book amount	57,333	4,774	4,240	48,599	2,886	569,404	687,236
At 31 December 2016							
Cost	83,972	6,831	14,583	86,778	6,939	569,404	768,507
Accumulated depreciation	(26,639)	(2,057)	(10,343)	(38,179)	(4,053)	—	(81,271)
Net book amount	57,333	4,774	4,240	48,599	2,886	569,404	687,236
Year ended 31 December 2017							
Opening net book amount	57,333	4,774	4,240	48,599	2,886	569,404	687,236
Additions	1,770	—	966	1,900	355	203,077	208,068
Transfer	126,836	—	2,472	1,195	—	(130,503)	—
Disposals	—	—	(25)	(266)	—	—	(291)
Depreciation	(7,316)	(186)	(1,644)	(8,500)	(917)	—	(18,563)
Transfer to disposal group classified as held for sale	(12,833)	—	(975)	(4,001)	(476)	(20,345)	(38,630)
Closing net book amount	165,790	4,588	5,034	38,927	1,848	621,633	837,820
At 31 December 2017							
Cost	191,130	6,831	7,994	72,592	6,380	621,633	906,560
Accumulated depreciation	(25,340)	(2,243)	(2,960)	(33,665)	(4,532)	—	(68,740)
Net book amount	165,790	4,588	5,034	38,927	1,848	621,633	837,820

As at 31 December 2017, the Group is still in the process of applying the ownership certificates of certain buildings with the aggregated carrying amounts of RMB129,031,000 (2016: RMB8,102,000).

Depreciation of property, plant and equipment has been charged to the consolidated income statement as follows:

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Cost of sales	**9,161**	10,289
Administrative expenses	**5,467**	4,242
Selling expenses	**324**	305
Research and development expenses	**1,098**	521
	16,050	15,357

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Profit or loss of continuing operations *(Note 4)*	**16,050**	15,357
Profit or loss of discontinued operations — Orthopedic Implant Business	**—**	16,047
Profit or loss of discontinued operations — Regenerative Medical Biomaterial Business	**2,513**	3,326
	18,563	34,730

Construction work in progress as at 31 December 2017 mainly comprises new manufacturing factory under construction.

No capitalised borrowing costs in 2017 and 2016.

13 INTANGIBLE ASSETS

	Goodwill	Computer software	Trademarks	Technology know-how	Customer relationship	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2016						
Cost	622,956	1,449	34,711	356,820	5,012	1,020,948
Accumulated amortisation	—	(439)	(5,826)	(42,987)	(3,898)	(53,150)
Net book amount	622,956	1,010	28,885	313,833	1,114	967,798
Year ended 31 December 2016						
Opening net book amount	622,956	1,010	28,885	313,833	1,114	967,798
Additions	—	898	—	320	—	1,218
Amortisation charge	—	(298)	(2,314)	(23,796)	(835)	(27,243)
Impairment of goodwill	(79,397)	—	—	—	—	(79,397)
Disposals of subsidiaries	(9,576)	(1,147)	—	(10,272)	—	(20,995)
Closing net book amount	533,983	463	26,571	280,085	279	841,381
At 31 December 2016						
Cost	533,983	858	34,711	343,237	5,012	917,801
Accumulated amortisation	—	(395)	(8,140)	(63,152)	(4,733)	(76,420)
Net book amount	533,983	463	26,571	280,085	279	841,381
Year ended 31 December 2017						
Opening net book amount	533,983	463	26,571	280,085	279	841,381
Amortisation charge	—	(180)	(2,314)	(23,174)	(279)	(25,947)
Transfer to disposal group classified as held for sale	(373,229)	—	(17,728)	(236,666)	—	(627,623)
Closing net book amount	160,754	283	6,529	20,245	—	187,811
At 31 December 2017						
Cost	160,754	858	11,755	36,440	5,012	214,819
Accumulated amortisation	—	(575)	(5,226)	(16,195)	(5,012)	(27,008)
Net book amount	160,754	283	6,529	20,245	—	187,811

Amortisation of intangible assets has been charged to the consolidated income statement as follows:

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Cost of sales	**2,429**	2,429
Administrative expenses	**180**	222
Selling expenses	**1,063**	1,619
	3,672	4,270

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Profit or loss of continuing operations *(Note 4)*	**3,672**	4,270
Profit or loss of discontinued operations — Orthopedic Implant Business	**—**	1,003
Profit or loss of discontinued operations — Regenerative Medical Biomaterial Business	**22,275**	21,970
	25,947	27,243

Impairment tests for goodwill

Goodwill acquired through business combinations has been primarily allocated to the Infusion Set Business and Regenerative Medical Biomaterial Business as below:

	Infusion Set Business	**Regenerative Medical Biomaterial Business**(*)	**Total**
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2016	160,754	373,229	533,983
As at 31 December 2017	160,754	—	160,754

(*) Regenerative Medical Biomaterial Business was disposed on 1 January 2018 (Notes 21 and 23).

Goodwill is monitored by the management at the operating segment level.

The recoverable amount of a cash-generating unit ("**CGU**") is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the businesses in which the CGU operates.

The key assumptions used for value-in-use calculations in 2017 and 2016 are as follows:

	Infusion Set Business	
	2017	2016
Gross margin	**63.0%**	65.0%
Growth rate	**2.5%**	2.5%
Discount rate	**17.6%**	17.6%

These assumptions have been used for the analysis of the CGU within the operating segment.

Management determined budgeted gross margin based on past performance and its expectations of market development. The discount rates used are pre-tax and reflect specific risks relating to the operating segment.

Management does not foresee any significant change in the key assumptions used in the value-in-use calculation that will cause the recoverable amount of goodwill to be less than its carrying amount.

14 LONG-TERM PREPAYMENTS

	2017	2016
	RMB'000	*RMB'000*
Prepayments for property, plant and equipment	**8,310**	3,264
Others	**176**	191
	8,486	3,455

15 INVENTORIES

	2017	2016
	RMB'000	*RMB'000*
Raw materials	**24,271**	20,556
Work in progress	**8,273**	9,224
Finished goods	**13,263**	23,965
	45,807	53,745

The cost of inventories recognised as expense and included in "cost of sales" of continuing operations amounted to RMB96,921,000 (2016: RMB93,771,000), with no inventory write-down included.

16 TRADE AND OTHER RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
Trade receivables	**213,018**	214,125
Less: provision for impairment (b)	**(21,861)**	(866)
Less: non-current portion (c)	**(30,200)**	—
Trade receivables — net (a)	**160,957**	213,259
Bills receivable (d)	**2,200**	689
Prepayments	**53,778**	7,125
Receivables from disposals of Orthopedic Implant Business (e)	**4,466**	443,833
Receivables from disposal of a subsidiary (e)	**—**	15,000
Value added tax recoverable	**15,723**	—
Other receivables (f)	**6,206**	6,531
	243,330	686,437

As at 31 December 2017 and 2016, except for the prepayments which are not financial assets, the fair value of the trade and other receivables approximated their carrying amounts. As at 31 December 2017 and 2016, the carrying amounts of the trade and other receivables are denominated in RMB.

(a) As at 31 December 2017 and 2016, the ageing analysis of the trade receivables based on invoice date is as follows:

	2017	2016
	RMB'000	*RMB'000*
Up to 3 months	**49,356**	83,950
3 months to 6 months	**32,574**	28,062
6 months to 12 months	**43,040**	48,744
1 year to 2 years	**57,494**	36,194
2 years to 3 years	**8,693**	16,309
	191,157	213,259

(b) Impaired trade receivables

Trade receivables arose mainly from Infusion Set Business as sales from Regenerative Medical Biomaterial Business were normally settled by advance payments from customers. The Group agreed with the customers of Infusion Set Business in settling trade receivables with reference to credit periods within 180 days to 365 days or outstanding balances within certain limits. No interests are charged on the trade receivables.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment. The Group considers that there is evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the customers
- probability that the customers will enter bankruptcy or financial reorganisation, and
- default or delinquency in payments.

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognised in profit or loss within administrative expenses. Subsequent recoveries of amounts previously written off are credited against administrative expenses.

As of 31 December 2017, trade receivables of RMB139,926,000 (2016: RMB4,615,000) were impaired. The amount of the provision was RMB21,861,000 as of 31 December 2017 (2016: RMB866,000). The ageing of these receivables is as follows:

	2017	2016
	RMB'000	*RMB'000*
Up to 3 months	**17,228**	—
3 months to 6 months	**15,992**	—
6 months to 12 months	**30,535**	1,151
1 year to 2 years	**71,645**	3,464
2 years to 3 years	**4,526**	—
	139,926	4,615

Movements on the Group's provision for impairment of trade receivables are as follows:

	2017	2016
	RMB'000	*RMB'000*
At 1 January	**866**	8,076
Provision for impairment of receivables	**20,995**	866
Disposals of subsidiaries	**—**	(8,076)
At 31 December	**21,861**	866

(c) Non-current portion of the trade receivables

As of February 2018, Fert Technology entered into agreements (the "**Agreements**") individually with three major customers (the "**Customers**") who owed total amount of approximately RMB125,865,000 to Fert Technology. Pursuant to the Agreements, approximately RMB55,865,000 (the "**Overdue Debts**") are identified as amount that exceeding the line of credit being granted to the Customers. The Overdue Debts will be settled in cash by monthly instalment of RMB2.8 million for a period within two years commencing from March 2018. Accordingly, total amount of RMB30,200,000 is classified as non-current portion of trade receivables.

(d) The ageing of bills receivable is within 180 days, which is within the credit term.

(e) Movements on the receivables from disposals of subsidiaries are as follows:

	2017	2016
	RMB'000	*RMB'000*
At 1 January	**458,833**	—
Receivables from disposals of Orthopedic Implant Business	**—**	449,833
Receivables from disposal of a subsidiary	**—**	15,000
Cash receipt from disposals of Orthopedic Implant Business	**(439,367)**	(6,000)
Cash receipt from disposals of a subsidiary	**(15,000)**	—
At 31 December	**4,466**	458,833

(f) The breakdown of other receivables is as follows:

	2017	2016
	RMB'000	*RMB'000*
Advances to employees	**2,542**	2,308
Deposits	**495**	1,265
Others	**3,169**	2,958
	6,206	6,531

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

17 CASH AND CASH EQUIVALENTS

	2017	2016
	RMB'000	*RMB'000*
Cash on hand	**162**	118
Cash at banks	**364,097**	149,445
	364,259	149,563

The carrying amount of the cash and cash equivalents are denominated in the following currencies:

	2017	2016
	RMB'000	*RMB'000*
RMB	**340,504**	134,988
HKD	**22,953**	12,544
USD	**802**	1,927
EUR	**—**	104
	364,259	149,563

18 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of ordinary shares	Share capital	Share premium	Treasury shares	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2016	1,673,022,168	1,034	1,666,821	—	1,667,855
Proceeds from employee share option exercised	159,236	—	102	—	102
Buy-back of shares	(82,864,000)	(55)	(138,776)	(8,890)	(147,721)
Transfer from other reserves upon exercise of share option (c)	—	—	164	—	164
Balance at 31 December 2016	1,590,317,404	979	1,528,311	(8,890)	1,520,400
Balance at 1 January 2017	1,590,317,404	979	1,528,311	(8,890)	1,520,400
Proceeds from employee share option exercised (a)	2,149,682	—	1,357	—	1,357
Buy-back and cancellation of shares (b)	(23,835,000)	(15)	(39,362)	8,890	(30,487)
Transfer from other reserves upon exercise of share option (c)	—	—	2,012	—	2,012
Balance at 31 December 2017	1,568,632,086	964	1,492,318	—	1,493,282

(a) Options exercised during the year ended 31 December 2017 resulted in 2,149,682 shares being issued, with exercise proceeds of HKD442,000 (equivalent to RMB390,000) and receivables of HKD1,130,000 (equivalent to RMB967,000). The related weighted average price of the Company's share at the time of exercise was HKD1.72 per share.

(b) The Company acquired 18,956,000 of its own shares through purchases on the Stock Exchange in 2017 and cancelled all the treasury shares. The total amount paid to acquire the shares was RMB30,487,000.

(c) Upon exercise of share options, share option reserve amounting to RMB2,012,000 (2016: RMB164,000) was transferred to share premium.

19 TRADE AND OTHER PAYABLES

	2017	2016
	RMB'000	*RMB'000*
Trade payables	**15,782**	26,679
Salary and staff welfare payables	**21,299**	32,096
Advances from customers	**4,283**	4,258
Provisions for sales rebate	**—**	8,309
Deposits	**823**	5,658
Payables for purchase of land use rights	**4,277**	4,277
Value added tax and other taxes	**1,008**	6,479
Professional service fee	**1,968**	2,295
Other payables	**5,386**	4,712
	54,826	94,763

Except for the salary and staff welfare payables, advances from customers and value added tax and other taxes which are not financial liabilities, as at 31 December 2017 and 2016, all trade and other payables of the Group were non-interest bearing, and their fair value approximated their carrying amounts due to their short maturities.

As at 31 December 2017 and 2016, the ageing analysis of the trade payables based on invoice date are as follows:

	2017	2016
	RMB'000	*RMB'000*
Up to 3 months	**13,917**	21,197
3 months to 6 months	**197**	420
6 months to 12 months	**536**	3,811
1 year to 2 years	**854**	431
2 years to 3 years	**259**	100
Over 3 years	**19**	720
	15,782	26,679

All of the carrying amounts of the Group's trade payables are denominated in RMB.

20 DEFERRED INCOME

Deferred income represents government grants relating to acquisition of property, plant and equipment. These government grants are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate. The movement of deferred income during the year are as follows:

	2017	2016
	RMB'000	*RMB'000*
At beginning of year	**1,283**	6,169
Additions	**—**	600
Credited to consolidated income statement	**(200)**	(714)
Disposals of subsidiaries	**—**	(4,772)
At end of year	**1,083**	1,283

21 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Disposal of Regenerative Medical Biomaterial Business

On 12 October 2017, the Company and CBPO entered into a Share Exchange Agreement, pursuant to which the Company agreed to subscribe for a total of 5,521,000 new shares of CBPO (subject to adjustment) (the "**CBPO Shares**") in consideration of Regenerative Medical Biomaterial Business (the "**Disposal Group**") in the form of the entire issued share capital of Health Forward, which in turn owns 80% equity interest in Beijing Tianxinfu, at a total value of approximately US$513.45 million (equivalent to approximately RMB3.38 billion) with a subscription price of US$93.0 (equivalent to approximately RMB611.9) per CBPO Share. Immediately following the Closing, the Company is expected to become the single largest shareholder of CBPO, with the CBPO Shares representing approximately 16.66% of the enlarged issued share capital of CBPO.

At the Closing, the Company and CBPO intend to enter into an investor rights agreement (the "**Investor Rights Agreement**") in relation to the Company's rights and obligations as a shareholder of CBPO after the Closing. The Investor Rights Agreement provides, among others, that the Company may designate one director to the board of directors of CBPO as long as the shares of CBPO beneficially owned by the Company represent at least 10% of the issued and outstanding share capital of CBPO immediately after the Closing.

Immediately following the Closing, the Company will cease to directly hold any equity interest in Health Forward and Beijing Tianxinfu, which will cease to be subsidiaries of the Company. Immediately following the Closing, CBPO will not become a subsidiary of the Company and its results will not be consolidated in the financial statements of the Company. The CBPO Shares held by the Company would be treated as an investment in an associate and accounted for using the equity method of accounting.

All the conditions precedent to the Closing as set out in the Share Exchange Agreement had been fulfilled on 1 January 2018 (Note 23).

After the disposal of the Disposal Group, the Group retains mainly Infusion Set Business (the "**Remaining Group**").

The assets and liabilities related to Disposal Group have been presented as disposal group classified as held for sale. The assets and liabilities of Disposal Group were measured at its carrying amount, which was lower than the fair value less costs to sell as at 31 December 2017.

The operation of Disposal Group for the year ended 31 December 2017 was presented as discontinued operation in the consolidated financial statements. The consolidated income statement and consolidated statement of comprehensive income for the year ended 31 December 2016 and the related disclosure notes have been restated to separate the disclosures relating to the discontinued operation from that of the continuing operations.

(a) ***Assets and liabilities of disposal group classified as held for sale***

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 31 December 2017:

	2017
	RMB'000
Assets classified as held for sale	
Land use rights	**12,425**
Property, plant and equipment	**38,630**
Intangible assets	**254,394**
Goodwill	**373,229**
Deferred income tax assets	**2,321**
Inventories	**17,351**
Amounts due from the Remaining Group (*)	**28,330**
Trade and other receivables	**3,843**
Cash and cash equivalents	**638,406**
Total assets of disposal group classified as held for sale	**1,368,929**
Liabilities directly associated with assets classified as held for sale	
Deferred income tax liabilities	**(40,168)**
Amounts due to the Remaining Group (*)	**(27,722)**
Trade and other payables	**(38,744)**
Current income tax liabilities	**(5,552)**
Total liabilities of disposal group classified as held for sale	**(112,186)**

(*) Amounts due from or due to the Remaining Group were mainly the unsettled outstanding balances of intra-group reorganization, which were presented as amounts due to or due from the Disposal Group in the consolidated balance sheet accordingly.

(b) Analysis of the result of the discontinued operations is as follows:

	2017	2016
	RMB'000	*RMB'000*
Revenue	**286,525**	247,239
Cost of sales	**(49,091)**	(39,352)
Gross profit	**237,434**	207,887
Selling expenses	**(46,750)**	(35,580)
Administrative expenses	**(21,850)**	(11,392)
Research and development expenses	**(11,313)**	(7,951)
Other gains, net	**17,296**	2,151
Operating profit	**174,817**	155,115
Finance income	**405**	267
Finance costs	**(423)**	—
Finance (costs)/income — net	**(18)**	267
Profit before income tax	**174,799**	155,382
Income tax expenses	**(57,234)**	(22,858)
Profit for the year from discontinued operations	**117,565**	132,524
Profit for the year from discontinued operations attributable to:		
Owners of the Company	**88,965**	132,524
Non-controlling interests	**28,600**	—
Profit for the year from discontinued operations	**117,565**	132,524

(c) Analysis of cash flow of the discontinued operations is as follows:

	2017	2016
	RMB'000	*RMB'000*
Operating cash flows	**166,304**	147,564
Investing cash flows	**(2,173)**	(130,607)
Financing cash flows	**388,324**	(31,500)
Total cash flows	**552,455**	(14,543)

22 CONTINGENCIES

(a) During the year ended 31 December 2015, one of the Group's subsidiaries (the "**Subsidiary**", which is the principal company of the Regenerative Medical Biomaterial Business) received a Demand for Response Notice (應訴通知書) and corresponding litigation materials from a court in Beijing, the PRC, in which the plaintiff filed a civil action against the Subsidiary and its former shareholders before it was being acquired by the Group (collectively, the "**Defendants**") due to a dispute arising from the Technology Development Agreement (技術開發合同). The plaintiff required the Defendants to be liable for the profit dividend and interest of RMB10 million and the litigation costs of the case of RMB81,800. According to a written civil ruling issued by the court in charge of the case, the plaintiff's claim was previously rejected by the court. However, upon the plaintiff has appealed to the court of intellectual property, as of 7 June 2017 the litigation completed civil second instance and a retrial is required for the court in charge of the case. Despite such retrial, the directors of the Company (the "**Directors**") and the Group's attorney agent still considered that since the Subsidiary is not a principal party of the said Technology Development Agreement, it is expected that it is unlikely for the Subsidiary to undertake legal liability for the litigation. Therefore, the directors estimate that the case will not make any substantial impact to the Group, nor will result in any material loss. As described in Note 21, the Subsidiary was disposed on 1 January 2018. According to the Share Exchange Agreement which signed between the Company and CBPO, there is a mutual understanding that the Company is obligated to pay to CBPO for any contingent liabilities arising from the Company's past practice conduct in the ordinary course of business.

(b) During the year ended 31 December 2016, a PRC intermediate people's court issued a civil judgement (the "**First Instance Judgement**"), pursuant to which one of the Group's subsidiary, Xuzhou Yijia, shall undertake joint guarantee liability with another independent guarantor (the "**Joint Guarantor**") for a loan granted by a bank (the "**Borrowing Bank**" or the "**Plaintiff**") to the original independent corporate borrower (the "**Borrower**") with principal (RMB10 million) and interest thereon totalling approximately RMB15 million, as the loan has been default in repayment. The directors of the Company and its appointed attorney agent analysed the case and considered that the Borrower is suspected of loan fraud and the Borrowing Bank may have grave fault in granting the loan to the Borrower (the "**Suspected facts of the Borrower and the Borrowing Bank**"). Accordingly, in August 2016, Xuzhou Yijia instituted an appeal to a PRC superior people's court on rejecting the First Instance Judgement.

On 10 July 2017, the litigation of second instance commenced and the Plaintiff submitted new evidence to support its ground to grant loan to the Borrower. On 24 November 2017, the litigation of second instance (the "**Second Instance Judgement**") completed, the Borrower shall undertake the principal and interest of the above loan, and Joint Guarantor shall undertake joint guarantee liability for it. The estimated joint guarantee liability including the original loan principal and accrued interest thereon amounted to approximately RMB22.5 million (the "**Loan**").

The directors of the Company and its appointed attorney agent analysed the latest situation of the case and considered the following in addition to the Suspected facts of the Borrower and the Borrowing Bank:

(i) The owner of the Borrower may have ability to repay part of the Loan via the realisation of certain assets in the company owned by the same owner;

(ii) There is another Joint Guarantor and shall undertake joint guarantee liability with Xuzhou Yijia for the Loan; and

(iii) There is legal ground to claim that Xuzhou Yijia shall undertake joint guarantee liability only limited to the loan principal amount of RMB10 million.

Based on the abovementioned considerations, the Company's appointed attorney agent instituted an appeal to a PRC higher court on rejecting the Second Instance Judgement.

The directors of the Company considered that the result of the appeal is uncertain and the Joint Guarantor is also obligated to the joint guarantee liability. However, as the Group acquired Xuzhou Yijia subsequent to its provision of the joint guarantee, the Group is entitled to make claims against the former owners of Xuzhou Yijia if the joint guarantee obligation causes any losses to the Group. Therefore, despite any unfavourable judgement, the directors of the Company are of the view that the case will not make any substantial impact to the Group, nor will result in any material loss.

(c) On 26 December 2017, a PRC intermediate people's court issued a civil judgement, pursuant to which one of the Group's subsidiary, Xuzhou Yijia, shall undertake joint loan liability with an independent individual (the "**Individual**", which is one of the former owner of Xuzhou Yijia) for a loan amounting to RMB850,000 provided by another independent individual, the plaintiff, as the loan has been default in repayment. According to the civil judgement, the estimated joint loan liability including the original loan principal and accrued interest thereon amounted to approximately RMB2,100,000.

In 2018, Xuzhou Yijia has instituted an appeal to a PRC superior people's court on rejecting the aforementioned judgment.

The directors of the Company considered that the result of the litigation is uncertain and the Individual is also obligated to the joint loan liability. However, as the Group acquired Xuzhou Yijia subsequent to its provision of the joint loan liability, the Group is entitled to make claims against the former owners of Xuzhou Yijia if the joint loan obligation causes any losses to the Group. Therefore, the directors of the Company are of the view that the case will not make any substantial impact to the Group, nor will result in any material loss.

23 EVENTS AFTER THE BALANCE SHEET DATE

On 1 January 2018, all the conditions precedent to the Closing (Note 21) as set out in the Share Exchange Agreement had been fulfilled. Upon the Closing, the Company became the single largest shareholder of CBPO, with the CBPO Shares representing approximately 16.66% of the enlarged issued share capital of CBPO, and Health Forward and Beijing Tianxinfu ceased to be subsidiaries of the Company.

Below shows the financial impact of the disposal of Disposal Group:

	RMB'000
Total consideration	3,355,005
Less: Carrying amount of net assets of Disposal Group	(1,256,743)
Add: Release of foreign exchange reserves attributable to Health Forward	8,342
Add: Non-controlling interest of Beijing Tianxinfu	184,506
Less: Stamp tax expenses of transaction	(3,489)
Gain before WHT	2,287,621
Less: WHT (10%)	(247,501)
Gain after WHT	2,040,120
Less: Income tax expenses of intra-group reorganization	(10,055)
Stamp tax expenses of intra-group reorganization	(1,240)
Net gain	2,028,825

FINANCIAL REVIEW

Overview

	Year ended December 31,		
	2017	2016	**Change**
	RMB'000	*RMB'000*	
		(Restated)	
Continuing operations			
Revenue	**286,913**	319,583	–10.2%
Gross profit	**174,527**	210,306	–17.0%
Profit for the year from continuing operations	**33,777**	107,633	–68.6%
Discontinued operations			
Profit for the year from discontinued operations — Regenerative Medical Biomaterial Business*	**117,565**	132,524	–11.3%
Loss for the year from discontinued operations — Orthopedic Implant Business	**—**	(46,711)	Not applicable
Profit for the year	**151,342**	193,446	–21.8%
Profit attributable to owners of the Company	**122,084**	194,949	–37.4%

* On January 1, 2018, the Group completed transferring its entire interests in the Disposed Subsidiary, which was mainly engaged in the Regenerative Medical Biomaterial Business to CBPO. The operations of the Disposed Subsidiary is classified as discontinued operations in the Group's consolidated income statement for the year ended December 31, 2017. The operations of the Company and the other remaining subsidiaries, which are mainly engaged in the Infusion Set Business and other businesses, are presented in the Group's consolidated income statement as continuing operations. The consolidated income statement for the comparative period is also restated on the aforesaid basis.

Revenue from Continuing Operations

The revenue of the Group from continuing operations decreased by 10.2% from approximately RMB319.6 million in 2016 to approximately RMB286.9 million in 2017, as a result of the decrease in sales of the Infusion Set Business in the continuing operations. The sales decrease in the Infusion Set Business was mainly due to governmental control on use of infusion sets and a stronger market competition.

Gross Profit from Continuing Operations

The Group's gross profit from continuing operations decreased by 17.0% from approximately RMB210.3 million in 2016 to approximately RMB174.5 million in 2017. The gross profit margin of continuing operations decreased from 65.8% in 2016 to 60.8% in 2017, which was mainly due to the decrease in the proportion of direct sales of the Infusion Set Business and the inflation in labor costs.

Selling Expenses of Continuing Operations

Selling expenses of continuing operations increased by 31.4% from approximately RMB41.7 million in 2016 to approximately RMB54.8 million in 2017. This increase was mainly attributable to the expansion of distribution networks and production promotion.

Administrative Expenses of Continuing Operations

Administrative expenses of continuing operations increased by 55.9% from approximately RMB45.3 million in 2016 to approximately RMB70.6 million in 2017. The increase of approximately RMB21.0 million was the result of bad debt expense, and the rest increase of approximately RMB4.3 million was the result of the expanded business scope and scale of the continuing operations.

R&D Expenses of Continuing Operations

R&D expenses of continuing operations increased by 12.0% from approximately RMB11.7 million in 2016 to approximately RMB13.1 million in 2017, mainly due to the increase in disposable intravenous cannula R&D activities in the Infusion Set Business during the year ended December 31, 2017.

Finance Income — Net, of Continuing Operations

The Group had a net finance income of continuing operations of RMB0.4 million for the year ended December 31, 2017, decreased by approximately RMB3.8 million from RMB4.2 million in 2016. The decrease was mainly due to the net loss of foreign exchange incurred during the year.

Income Tax Expenses of Continuing Operations

For the year ended December 31, 2017, income tax expenses of continuing operations amounted to approximately RMB11.3 million, decreased by approximately 44.1% as compared with approximately RMB20.2 million in 2016, which is due to the decrease in profit before income tax.

Loss/Profit from Discontinued Operations

A breakdown of the performance result of discontinued operations can be found in Note 21 to the consolidated financial statements for the year ended December 31, 2017. The gain for the year from discontinued operations amounted to RMB117.6 million, comprising the operating results of the Regenerative Medical Biomaterial Business and the non-recurring expenses of RMB5.8 million and taxes of RMB34.0 million relating to the share exchange transaction with CBPO and the relevant re-organisation.

Profit for the Year from Continuing Operations and Net Profit

For the foregoing reasons, the profit from continuing operations of the Group in 2017 decreased by 68.6% from approximately RMB107.6 million in 2016 to RMB33.8 million in 2017.

After taking into account the gain from discontinued operations in 2017, the Group's consolidated net profit for the year ended December 31, 2017 amounted to approximately RMB151.3 million, representing a decrease of 21.8% compared to the consolidated net profit for the year ended December 31, 2016.

Trade and Other Receivables

The significant decrease of the trade and other receivables was mainly due to the collection of the consideration for the disposal of the Orthopedic Implant Business during the year ended December 31, 2017. The Group's trade receivables primarily comprised the outstanding payment from credit sales. As of December 31, 2017, the trade receivables including current and non-current portions of the Group was approximately RMB191.2 million, representing a decrease of approximately RMB22.1 million as compared to approximately RMB213.3 million trade receivables as of December 31, 2016.

Inventories

Inventories decreased by approximately 14.8%, from approximately RMB53.7 million as of December 31, 2016 to approximately RMB45.8 million as of December 31, 2017. The decrease of inventories was mainly due to the decrease in finished goods and was in line with the decrease of the sales in the continuing operations.

Property, Plant and Equipment

Property, plant and equipment included buildings and facilities, machinery and equipment and construction in progress. As of December 31, 2017, the property, plant and equipment of the Group amounted to approximately RMB837.8 million, representing an increase of approximately RMB150.6 million as compared to approximately RMB687.2 million as of December 31, 2016. The increase was primarily due to the construction of facilities to expand production capacities of continuing operations in an amount of approximately RMB208.1 million for the year ended December 31, 2017.

Intangible Assets

The Group's intangible assets mainly include goodwill, technology know-how, trademarks, computer software and customer relationship. The Group's goodwill, technology know-how and trademarks are mainly identified and recorded during the purchase accounting process for the acquisitions of subsidiaries in prior years. The goodwill is subject to impairment test at each period end, while the technology know-how and trademarks are amortised with straight line method for 15 years. As of December 31, 2017, the net value of the Group's intangible assets was approximately RMB187.8 million, representing a decrease of approximately RMB653.6 million as compared to RMB841.4 million as of December 31, 2016. The decrease was primarily due to the disposal of subsidiaries in an amount of approximately RMB627.6 million, and amortisation of approximately RMB25.9 million charged during the year ended December 31, 2017.

Financial Resources and Liquidity

As of December 31, 2017, the Group's cash and bank balances amounted to approximately RMB364.3 million (2016: RMB149.6 million) and the Group had no term deposits (2016: Nil). As at December 31, 2017, the Group's bank borrowing balances was nil (2016: Nil).

The Board is of the opinion that the Group is in a strong and healthy financial position and has sufficient resources to support its operations and meet its foreseeable capital expenditures.

Charges on Assets

Save as those disclosed in Note 22 to the consolidated financial statements, during the year ended December 31, 2017, the Group did not enter into any off-balance sheet guarantees or other commitments to guarantee the payment obligations of any third party. It did not have any interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to it or engages in leasing or hedging or R&D or other services with it.

Commitments

As of December 31, 2017, the Group had a total capital commitment of approximately RMB15.9 million (2016: RMB17.1 million), comprising mainly contracted capital expenditure for construction or acquisition of property, plant and equipment.

Contingent Liabilities

Save as those as disclosed in Note 22 to the consolidated financial statements, there was no material contingent liability as of December 31, 2017 (2016: Nil).

Capital Expenditure

During the year ended December 31, 2017, the Group incurred expenditure of RMB203.1 million on the construction in progress including facilities and production lines and expenditure of RMB5.0 million on the purchase of property, plant and equipment.

Gearing Ratio

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as total borrowings divided by total capital. Since there was no borrowing as of December 31, 2017 and 2016, the gearing ratio was zero.

Foreign Exchange Risk

The Group mainly operates its business in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Hong Kong dollar. Foreign exchange risk arises from foreign currencies held in certain overseas subsidiaries. The Group did not hedge against any fluctuation in foreign currency during the year ended December 31, 2017. Management may consider entering into currency hedging transactions to manage the Group's exposure towards fluctuations in exchange rates in future.

The currencies in which the cash and cash equivalents are denominated have been disclosed in Note 17 to the consolidated financial statements.

Cash Flow and Fair Value Interest Rate Risk

Other than bank balances with variable interest rates, the Group has no other significant interest-bearing assets. The management does not anticipate any significant impact to interest-bearing assets resulting from the changes in interest rates because the interest rates of bank balances are not expected to change significantly.

Credit Risk

The carrying amounts of cash and cash equivalents and trade and other receivables represent the Group's maximum exposure to credit risk in relation to its financial assets. The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problems. The credit risk of bank balances is limited because the counterparties are banks with good reputation and most of them are state-owned commercial banks in China or public listed companies. Most of the bank deposits of the Group are placed with commercial banks with an acceptable credit rating. In respect of trade and other receivables, individual credit evaluations are performed on all customers and counterparties. These evaluations focus on the counterparties' financial position and past history of making payments and take into account information specific to the counterparties as well as pertaining to the economic environment in which the counterparties operate. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. We grant credit limits to certain customers in consideration of their payment history and business performance. Prepayment is usually required for orders placed over credit limits. In addition, the Group reviews the recoverable amount of each individual trade and other receivable balance at the end of the year to ensure adequate impairment losses are made for irrecoverable amounts.

Significant Investments

The Company and CBPO entered into the Share Exchange Agreement on October 12, 2017, pursuant to which the Company agreed to subscribe for the CBPO shares in consideration of the disposal business in the form of the entire issued share capital of Health Forward (the "**Disposal Business**"), which in turn owns 80% equity interest in Beijing Tianxinfu, at a total value of approximately US$513.45 million (equivalent to approximately RMB3.38 billion) with a subscription price of US$93.0

(equivalent to approximately RMB611.9) per CBPO share. The Closing took place on January 1, 2018, whereupon the Company became the single largest shareholder of CBPO, with the CBPO shares held by the Company representing approximately 16.66% of the enlarged issued share capital of CBPO.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

Save as the Company's subscription for the CBPO shares in consideration of the Disposal Business as disclosed in the subsection headed "— Significant Investments" of this announcement, the Group had no other material acquisitions or disposals of subsidiaries or associated companies of the Company during the year ended December 31, 2017. The operations of the Disposed Subsidiary is classified as discontinued operations in the Group's consolidated income statement. Details of the financial impact of the disposal of the Regenerative Medical Biomaterial Business is set out in Note 23 to the consolidated financial statements.

EMPLOYEES

The Group had approximately 1,322 employees as at December 31, 2017, as compared to 1,383 employees as at December 31, 2016. The Group enters into employment contracts with its employees to cover matters such as position, term of employment, wage, employee benefits, liabilities for breaches and grounds for termination.

Remuneration of the Group's employees includes basic salaries, allowances, bonus and other employee benefits, and is determined with reference to their experience, qualifications and general market conditions. The emolument policy for the employees of the Group is set up by the Board on the basis of their merit, qualification and competence.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended December 31, 2017, the Company repurchased on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") a total of 18,956,000 shares of the Company at a total consideration of approximately HK$34,859,670. Details of the share repurchases are summarized as follows:

Month of repurchase	Total number of shares repurchased	Repurchase price per share Highest	Repurchase price per share Lowest	Aggregate consideration
		HK$	*HK$*	*HK$*
February, 2017	5,148,000	2.06	1.70	10,008,920
July, 2017	13,808,000	1.83	1.72	24,850,750

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the Company's listed securities during the year ended December 31, 2017. The purchase of the Company's shares was made for the benefit of the Company's shareholders with a view to enhancing the net asset value per share and earnings per share of the Company.

FINAL DIVIDEND

The Board has resolved not to recommend payment of any final dividend for the year ended December 31, 2017 (2016: Nil).

CLOSURE OF REGISTER OF MEMBERS FOR 2018 AGM

For determining the entitlement to attend and vote at the annual general meeting to be held on June 5, 2018 ("**2018 AGM**"), the register of members of the Company will be closed from May 31, 2018 to June 5, 2018, both days inclusive, and during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2018 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the corresponding share certificates are lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. (Hong Kong time) on May 30, 2018.

CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of its shareholders as a whole. The Company has adopted the code provisions as set out in the "Corporate Governance Code" (the "**Code**") as contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code to govern its corporate governance practices.

In the opinion of the Directors, the Company has complied with the relevant code provisions contained in the Code during the year under review.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by each of the Directors and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the year under review. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the year under review.

REVIEW OF FINANCIAL STATEMENTS

Audit Committee

The Audit Committee of the Company (comprising Mr. Wang Xiaogang, Mr. Chen Geng and Mr. Lin Junshan) has reviewed with the Group's management the consolidated financial information of the Group for the year ended December 31, 2017, including accounting principles and practices adopted by the Group, and discussed risk management and internal controls and financial reporting matters.

Review of Preliminary Announcement of Results by the Independent Auditor

The figures in respect of the Group's results for the year ended 31 December 2017 as set out in this announcement have been agreed by the Company's independent auditor, PricewaterhouseCoopers, Certified Public Accountants of Hong Kong ("**PricewaterhouseCoopers**") in relation to the amounts set out in the Group's consolidated financial statements for the year ended December 31, 2017. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by PricewaterhouseCoopers on this announcement.

APPRECIATION

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our shareholders, customers, bankers and other business partners for their trust and support.

By Order of the Board
PW Medtech Group Limited
Yue'e Zhang
Chairman

Hong Kong, March 28, 2018

As at the date of this announcement, the Board comprises two executive Directors, namely, Ms. Yue'e Zhang and Mr. Jiang Liwei; one non-executive Director, namely Mr. Lin Junshan; and three independent non-executive Directors, namely, Mr. Zhang Xingdong, Mr. Wang Xiaogang and Mr. Chen Geng.