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**WEGO 威高**

**山東威高集團醫用高分子製品股份有限公司**

**Shandong Weigao Group Medical Polymer Company Limited \***

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

**(Stock Code: 1066)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

**SUMMARY**

For the six months ended 30 June 2024 (the “**Period**”), the unaudited revenue of Shandong Weigao Group Medical Polymer Company Limited (the “**Company**”) and its subsidiaries (the “**Group**”) was approximately RMB6,635,688,000 (same period in 2023: approximately RMB6,897,700,000), representing a decrease of approximately 3.8% as compared with the same period last year, the unaudited net profit attributable to the owners of the Company was approximately RMB1,107,549,000 (same period in 2023: approximately RMB1,197,767,000), representing a decrease of approximately 7.5% as compared with the same period last year.

The board of directors (the “**Board**”) proposed the distribution of an interim dividend for the six months ended 30 June 2024 of RMB0.0919 per share (same period in 2023: RMB0.0734 per share). The proposal is subject to the approval of shareholders of the Company (the “**Shareholders**”) at the forthcoming extraordinary general meeting.

\* For identification purpose only

## UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

The Board is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2024, together with the unaudited comparative figures for the same period in 2023 as follows:

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited For the six months ended 30 June	
		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	<b>6,635,688</b>	6,897,700
Cost of sales		<b>(3,259,245)</b>	(3,354,221)
Gross profit		<b>3,376,443</b>	3,543,479
Other income, gains and losses		<b>191,376</b>	173,617
Impairment losses under expected credit loss model		<b>(7,490)</b>	(11,864)
Selling expenses		<b>(1,264,556)</b>	(1,321,107)
Administration expenses		<b>(539,773)</b>	(537,778)
Research and development expenses		<b>(301,613)</b>	(294,558)
Finance costs	4	<b>(128,776)</b>	(138,174)
Share of results of associates		<b>47,633</b>	53,598
Share of results of joint ventures		<b>(6,865)</b>	1,126
Profit before taxation	5	<b>1,366,379</b>	1,468,339
Income tax expense	6	<b>(212,809)</b>	(225,267)
Profit for the Period		<b><u>1,153,570</u></b>	<b><u>1,243,072</u></b>

		<b>Unaudited</b>	
		<b>For the six months ended</b>	
		<b>30 June</b>	
		<b>2024</b>	<b>2023</b>
<i>Notes</i>		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Other comprehensive income			
Exchange difference on translation of foreign operations		<u>17,077</u>	<u>154,061</u>
Total comprehensive income for the Period		<u><b>1,170,647</b></u>	<u><b>1,397,133</b></u>
Profit for the Period attributable to:			
Owners of the Company		<u>1,107,549</u>	<u>1,197,767</u>
Non-controlling interests		<u>46,021</u>	<u>45,305</u>
		<u><b>1,153,570</b></u>	<u><b>1,243,072</b></u>
Total comprehensive income attributable to:			
Owners of the Company		<u>1,125,269</u>	<u>1,335,382</u>
Non-controlling interests		<u>45,378</u>	<u>61,751</u>
		<u><b>1,170,647</b></u>	<u><b>1,397,133</b></u>
		<b><i>RMB</i></b>	<b><i>RMB</i></b>
Earnings per share (basic)	<i>8</i>	<u><b>0.25</b></u>	<u>0.27</u>
Earnings per share (diluted)	<i>8</i>	<u><b>0.24</b></u>	<u>0.26</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at <b>30 June 2024</b>	As at 31 December 2023
	<i>Notes</i>	<b>RMB'000</b> <b>(Unaudited)</b>	<b>RMB'000</b> <b>(Audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	<b>6,586,600</b>	6,512,423
Right-of-use assets		<b>486,039</b>	494,308
Investment properties		<b>132,805</b>	135,611
Goodwill		<b>3,749,130</b>	3,727,790
Deposits paid for acquiring property, plant and equipment		<b>238,443</b>	328,302
Intangible assets		<b>1,399,503</b>	1,507,337
Interests in associates		<b>1,509,014</b>	1,461,381
Interests in joint ventures		<b>342,642</b>	349,318
Financial assets at fair value through profit or loss		<b>82,960</b>	86,910
Deferred tax assets		<b>187,222</b>	207,102
Finance lease receivables		<b>8,202</b>	15,302
Loan receivables		<b>220,625</b>	147,191
Prepayments	11	<b>58,379</b>	62,965
		<b><u>15,001,564</u></b>	<u>15,035,940</u>
<b>Current assets</b>			
Inventories	10	<b>2,310,775</b>	2,495,352
Loan receivables		<b>570,638</b>	642,476
Trade and other receivables	11	<b>8,033,761</b>	7,365,212
Financial assets at fair value through profit or loss		<b>2,162</b>	371
Debt instruments at fair value through other comprehensive income		<b>336,760</b>	344,211
Finance lease receivables		<b>33,689</b>	42,963
Pledged/restricted bank deposits	12	<b>725,505</b>	754,975
Bank balances and cash	13	<b>7,527,635</b>	6,988,731
		<b><u>19,540,925</u></b>	<u>18,634,291</u>

		As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Current liabilities			
Trade and other payables	14	4,741,221	4,319,784
Contract liabilities		385,479	424,492
Borrowings		647,372	2,546,750
Financial liabilities at fair value through profit or loss		–	7,653
Taxation payable		141,907	239,964
Deferred income		9,789	7,369
Lease liabilities		26,487	26,587
Provisions		7,376	9,442
		<u>5,959,631</u>	<u>7,582,041</u>
Net current assets		<u>13,581,294</u>	<u>11,052,250</u>
Total assets less current liabilities		<u><u>28,582,858</u></u>	<u><u>26,088,190</u></u>
Capital and reserves			
Share capital		457,063	457,063
Reserves	15	<u>22,618,726</u>	<u>21,992,058</u>
Equity attributable to owners of the Company		<u>23,075,789</u>	22,449,121
Non-controlling interests		<u>1,556,965</u>	<u>1,543,584</u>
Total equity		<u><u>24,632,754</u></u>	<u><u>23,992,705</u></u>
Non-current liabilities			
Borrowings		2,361,134	499,894
Bonds payable		996,119	995,405
Trade and other payables		283,497	226,363
Deferred income		57,919	59,977
Deferred tax liabilities		120,243	165,794
Contract liabilities		2,893	9,730
Lease liabilities		98,007	100,681
Provisions		30,292	37,641
		<u>3,950,104</u>	<u>2,095,485</u>
		<u><u>28,582,858</u></u>	<u><u>26,088,190</u></u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Net cash inflow from operating activities	<b>1,022,774</b>	1,117,151
Net cash outflow from investing activities	<b>(447,281)</b>	(268,164)
Net cash before financing activities	<b>575,493</b>	848,987
Net cash outflow from financing activities	<b>(261,714)</b>	(1,246,076)
Net increase (decrease) in cash and cash equivalents	<b>313,779</b>	(397,089)
Cash and cash equivalents as at the beginning of the Period	<b>4,797,461</b>	5,521,050
Effect of foreign exchange rate changes	<b>3,841</b>	43,224
Cash and cash equivalents as at the end of the Period	<b><u>5,115,081</u></b>	<b><u>5,167,185</u></b>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Balance as at 1 January	<b>22,449,121</b>	21,766,855
Net profit for the Period	<b>1,107,549</b>	1,197,767
Business combination under common control	–	(743,454)
Dividends recognised as distribution	<b>(425,093)</b>	(356,122)
Share-based payments	<b>17,592</b>	27,237
Repurchase of shares of subsidiaries under a share incentive scheme	<b>(80,983)</b>	–
Recognition of sales of repurchased shares under a share award scheme	–	(535)
Repurchase of shares of a subsidiary	<b>(10,117)</b>	–
Exchange differences arising on translation of foreign operations	<b>17,720</b>	137,615
	<u><b>17,720</b></u>	<u>137,615</u>
Balance as at 30 June	<u><b>23,075,789</b></u>	<u>22,029,363</u>

## NOTES:

### 1. Overview

The Company was incorporated as a joint stock company with limited liability on 28 December 2000 in Shandong Province, the People's Republic of China (the “**PRC**”) under the Company Law of the PRC and listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in February 2004 and migrated to the main board in the Stock Exchange in July 2010. The ultimate holding company of the Company is Weihai Weigao International Medical Investment Holding Co Ltd\* (威海威高國際醫療投資控股有限公司), a company registered in the PRC with limited liability. Its ultimate controlling shareholder is Mr. Chen Xue Li. The address of the registered office and principal place of business of the Company is No. 1, Wei Gao Road, Weihai, Shandong Province, PRC.

The Company and its subsidiaries are principally engaged in the research and development, production and sale of medical device products, orthopaedic products, interventional products, pharma packaging products and blood management products, and operate financing business. The unaudited condensed consolidated financial statements are presented in Renminbi (“**RMB**”), which is the functional currency of the Company.

### 2. Basis of preparation and principal accounting policies

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value, as appropriate.

Other than the accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2023.

### ***Application of new and amendments to HKFRSs***

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease liabilities in a Sale and Lease Back
Amendments to HKAS 1	Classification of Current or Non-current Liabilities
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

### **3. Revenue and segment information**

The Group is principally engaged in the research and development, production and sale of medical device products, orthopaedic products, interventional products, pharma packaging products, blood management products, and operate finance lease and factoring businesses in the PRC.

For management purposes, the Group is currently organised into six operating divisions – medical device products, orthopaedic products, interventional products, pharma packaging, blood management and others. These divisions are segmented on the basis of internal reporting of the Group that are regularly reviewed by the chief operating decision maker for allocating resources to the segments and assessing their performance.

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

Medical device products	—	production and sale of clinical care, medical testing devices, anesthesia and surgical related products.
Orthopaedic products	—	production and sale of orthopaedic products.
Interventional products	—	production and sale of tumour and blood vessel interventional instruments.
Pharma packaging products	—	production and sale of pre-filled syringes and flushing syringes.
Blood management	—	production and sale of blood bag products, blood transfusion equipment and blood irradiators.
Others	—	finance lease and factoring businesses.

The segment information and results of those businesses are as follows:

**For the six months ended 30 June 2024 (Unaudited)**

	Medical device products <i>RMB'000</i>	Orthopaedic products <i>RMB'000</i>	Interventional products <i>RMB'000</i>	Pharma packaging <i>RMB'000</i>	Blood management <i>RMB'000</i>	Others <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue								
External sales	3,292,636	744,991	1,010,341	1,167,605	420,115	-	-	6,635,688
Inter-segment sales	<u>30,629</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,629)</u>	<u>-</u>
Total	<u>3,323,265</u>	<u>744,991</u>	<u>1,010,341</u>	<u>1,167,605</u>	<u>420,115</u>	<u>-</u>	<u>(30,629)</u>	<u>6,635,688</u>
Segment profit	<u>592,519</u>	<u>86,662</u>	<u>32,959</u>	<u>475,031</u>	<u>33,070</u>	<u>35,810</u>	<u>-</u>	1,256,051
Depreciation of investment properties								(2,807)
Unallocated other income, gains and losses								(4,458)
Rental income of investment properties								5,706
Bank interest income								77,069
Gain from changes in fair value of financial instruments at fair value through profit or loss								5,495
Share of results of associates								47,633
Share of results of joint ventures								(6,865)
Share-based payment expenses								(11,445)
Profit before taxation								<u>1,366,379</u>

For the six months ended 30 June 2023 (Unaudited)

	Medical device products <i>RMB'000</i>	Orthopaedic products <i>RMB'000</i>	Interventional products <i>RMB'000</i>	Pharma packaging <i>RMB'000</i>	Blood management <i>RMB'000</i>	Others <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue								
External sales	3,568,392	797,103	947,598	1,061,119	523,488	-	-	6,897,700
Inter-segment sales	18,521	-	-	-	1,784	-	(20,305)	-
Total	<u>3,586,913</u>	<u>797,103</u>	<u>947,598</u>	<u>1,061,119</u>	<u>525,272</u>	<u>-</u>	<u>(20,305)</u>	<u>6,897,700</u>
Segment profit	<u>660,716</u>	<u>102,713</u>	<u>45,628</u>	<u>421,526</u>	<u>65,382</u>	<u>38,583</u>	<u>-</u>	<u>1,334,548</u>
Depreciation of investment properties								(3,691)
Unallocated other income, gains and losses								1,997
Rental income of investment properties								6,551
Bank interest income								70,111
Gain from changes in fair value of financial instruments at fair value through profit or loss								25,084
Share of results of an associate								53,598
Share of results of joint ventures								1,126
Share-based payment expenses								<u>(20,985)</u>
Profit before taxation								<u>1,468,339</u>

#### 4. Finance costs

Finance costs for the six months ended 30 June 2024 were approximately RMB128,776,000 (same period in 2023: approximately RMB138,174,000), which were mainly interest expenses on bank and other borrowings.

## 5. Profit before taxation

	Unaudited	
	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Profit before taxation has been arrived at after charging (crediting) the followings:		
Allowances for credit losses	7,490	11,864
Impairment losses on inventories	13,687	39,270
Amortization of intangible assets	130,612	127,391
Depreciation of property, plant and equipment	301,407	284,385
Depreciation of investment properties	2,807	3,691
Depreciation of right-of-use assets	20,541	18,580
Cost of inventories recognized as expenses	3,259,245	3,354,221
Staff costs, including directors' and supervisors' remuneration		
Retirement benefits scheme contribution	90,525	84,767
Salaries and other allowances	1,156,547	1,111,144
Share-based payment expenses	18,290	28,055
Total staff costs	1,265,362	1,223,966
Loss/(gain) on disposal of property, plant and equipment	210	(661)

## 6. Income tax expense

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

In accordance with the Notice of the Ministry of Finance and the State Administration of Taxation Regarding Certain Preferential Treatment Policies on Enterprise Income Tax, new and high technology enterprises are subject to income tax at a tax rate of 15%.

The Company, Weihai Jierui Medical Products Company Limited (威海潔瑞醫用製品有限公司), Shandong Weigao Orthopaedic Device Company Limited (“**Weigao Orthopaedic**”), Weigao Medical Material Co., Ltd. (威海威高醫用材料有限公司), Weigao Jiesheng Medical Devices Co., Ltd. (威高潔盛醫療器械有限公司) and Shandong Weigao Puri Pharmaceutical Packaging Co., Ltd. (山東威高普瑞醫藥包裝有限公司) were recognized as Shandong Province New and High Technology Enterprises (山東省高新技術企業), Changzhou Jianli Bangde Medical Devices Co., Ltd. (“**Changzhou Jianli Bangde**”) was recognized as Jiangsu Province New and High Technology Enterprises (江蘇省高新技術企業), and Zhejiang Liangzi Medical Devices Co., Ltd. (浙江量子醫療器械有限公司) was recognized as Zhejiang Province New and High Technology Enterprises (浙江省高新技術企業). Therefore, they are subject to income tax at a rate of 15%.

Jierui Subsidiary was recognised as a “Social Welfare Entity”. Pursuant to Cai Shui [2016] No. 52 issued by the Ministry of Finance and the State Administration of Taxation, with effect from 1 May 2016, Jierui Subsidiary is also subject to an income tax at a tax rate of 15% and an amount equivalent to the total salaries paid to staff with physical disability is further deducted from the assessable profit of Jierui Subsidiary. The tax charge provided for the period ended 30 June 2024 was made after taking these tax incentives into account.

Taxation for other PRC subsidiaries is computed at a tax rate of 25% (2023: 25%).

In the USA, the Group is subject to the Federal corporate income tax at a tax rate of 21% plus tax rate of state governments.

## **7. Dividends**

The Board recommends the distribution of an interim dividend of RMB0.0919 per share for the six months ended 30 June 2024 (same period in 2023: RMB0.0734 per share).

## **8. Earnings per share**

For the six months ended 30 June 2024, basic earnings per share was calculated based on the net profits attributable to shareholders of approximately RMB1,107,549,000 (same period in 2023: approximately RMB1,197,767,000) and the weighted average total number of shares of 4,507,876,324 shares (same period in 2023: 4,507,876,324 shares).

For the six months ended 30 June 2024, diluted earnings per share was RMB0.24.

## 9. Property, plant and equipment

	Construction in progress <i>RMB'000</i>	Freehold land <i>RMB'000</i>	Buildings <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Furniture, fixtures equipment and tools <i>RMB'000</i>	Total <i>RMB'000</i>
COST							
As at 31 December 2022	769,558	8,490	3,844,293	3,485,130	81,789	1,101,007	9,290,267
Additions	491,269	–	39,277	116,532	6,356	92,089	745,523
Transfer	(257,621)	–	37,463	109,055	–	111,103	–
Transfer from investment properties	–	–	41,831	–	–	–	41,831
Transfer to investment properties	–	–	(39,451)	–	–	–	(39,451)
Acquisition of a subsidiary	–	–	10,138	1,497	6	3,468	15,109
Disposals	–	–	(214)	(61,123)	(2,386)	(46,996)	(110,719)
Adjustment on exchange rate	1,123	144	1,261	3,255	444	1,206	7,433
As at 31 December 2023	1,004,329	8,634	3,934,598	3,654,346	86,209	1,261,877	9,949,993
Additions	267,206	–	181	50,112	3,600	63,159	384,258
Transfer	(442,418)	–	70,560	358,344	41	13,473	–
Transfer from investment properties	–	–	–	–	–	–	–
Transfer to investment properties	–	–	–	–	–	–	–
Acquisition of a subsidiary	–	–	–	–	–	–	–
Disposals	–	–	(6,489)	(31,762)	(1,560)	(35,410)	(75,221)
Adjustment on exchange rate	179	54	503	1,303	107	906	3,052
As at 30 June 2024 (Unaudited)	829,296	8,688	3,999,353	4,032,343	88,397	1,304,005	10,262,082

	<b>Construction in progress</b>	<b>Freehold land</b>	<b>Buildings</b>	<b>Plant and machinery</b>	<b>Motor vehicles</b>	<b>Furniture, fixtures equipment and tools</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>DEPRECIATION</b>							
As at 31 December 2022	10,776	–	781,906	1,437,395	48,272	667,757	2,946,106
Depreciation provided for the year	–	–	139,352	294,638	5,850	147,905	587,745
Impairment provided for the year	1,679	–	–	–	–	–	1,679
Transfer from investment properties	–	–	10,323	–	–	–	10,323
Transfer to investment properties	–	–	(7,718)	–	–	–	(7,718)
Eliminated on disposals	–	–	(90)	(55,531)	(1,632)	(44,646)	(101,899)
Adjustment on exchange rate	–	–	289	536	22	487	1,334
As at 31 December 2023	12,455	0	924,062	1,677,038	52,512	771,503	3,437,570
Provision for the period	–	–	70,945	151,276	3,755	75,431	301,407
Eliminated on disposals	–	–	(1,259)	(28,408)	(1,636)	(32,855)	(64,158)
Adjustment on exchange rate	–	–	126	305	23	209	663
As at 30 June 2024 (Unaudited)	<u>12,455</u>	<u>0</u>	<u>993,874</u>	<u>1,800,211</u>	<u>54,654</u>	<u>814,288</u>	<u>3,675,482</u>
<b>CARRYING VALUES</b>							
As at 30 June 2024 (Unaudited)	<u>816,841</u>	<u>8,688</u>	<u>3,005,479</u>	<u>2,232,132</u>	<u>33,743</u>	<u>489,717</u>	<u>6,586,600</u>
As at 31 December 2023 (Audited)	<u>991,874</u>	<u>8,634</u>	<u>3,010,536</u>	<u>1,977,308</u>	<u>33,697</u>	<u>490,374</u>	<u>6,512,423</u>

## 10. Inventories

	<b>30 June 2024 (Unaudited) RMB'000</b>	31 December 2023 (Audited) RMB'000
Raw materials	628,746	705,362
Finished goods	<u>1,682,029</u>	<u>1,789,990</u>
	<b><u>2,310,775</u></b>	<b><u>2,495,352</u></b>

## 11. Trade and other receivables

	<b>30 June 2024 (Unaudited) RMB'000</b>	31 December 2023 (Audited) RMB'000
0 to 90 days	2,593,020	2,756,267
91 to 180 days	1,291,993	1,105,295
181 to 365 days	1,638,498	1,037,082
Over 365 days	<u>781,352</u>	<u>789,843</u>
Trade receivables	6,304,863	5,688,487
Receivables from factoring business	282,456	228,678
Other receivables	804,681	770,043
Prepayments	<u>700,140</u>	<u>740,969</u>
	<b><u>8,092,140</u></b>	<b><u>7,428,177</u></b>
Analysed for reporting purposes as:		
Current assets	8,033,761	7,365,212
Non-current assets	<u>58,379</u>	<u>62,965</u>
	<b><u>8,092,140</u></b>	<b><u>7,428,177</u></b>

## 12. Pledged/restricted bank deposits

The amounts represented deposits pledged to banks to secure trade facilities granted to the Group and the issuance of letter of guarantee. The amounts had been pledged to secure against the short-term bank loans and bank credit facilities and are therefore classified as current assets. The bank deposits carry interest rates ranging from 0.5% to 5.21% (same period in 2023: 0.3% to 1.95%) per annum.

## 13. Bank balances and cash

### *Cash and cash equivalents*

Cash and cash equivalents include demand deposits and short-term deposits for the purpose of meeting the Group's short term cash commitments, the interest rate of which ranges from 0.15% to 1.05% (same period in 2023: nil to 1.9%) per annum.

### *Time deposits*

The Group's time deposits were issued by banks with original maturity over three months, the interest rate of which ranges from 1.05% to 5.5% (same period in 2023: 1.35% to 6.2%) per annum.

## 14. Trade and other payables

	<b>30 June 2024 (Unaudited) RMB'000</b>	31 December 2023 (Audited) RMB'000
0 to 90 days	<b>893,751</b>	874,314
91 to 180 days	<b>122,641</b>	92,060
181 to 365 days	<b>9,303</b>	72,292
Over 365 days	<b>140,458</b>	118,744
Trade payables	<b>1,166,153</b>	1,157,410
Bills payable	<b>566,306</b>	612,207
Other tax payables	<b>105,896</b>	138,266
Construction cost and retention payables	<b>108,702</b>	75,264
Selling expense payables	<b>1,078,834</b>	995,471
Other payables	<b>1,596,760</b>	1,567,529
Dividend payable	<b>402,067</b>	–
	<b>5,024,718</b>	4,546,147
Analysed for reporting purposes as:		
Current liabilities	<b>4,741,221</b>	4,319,784
Non-current liabilities	<b>283,497</b>	226,363
	<b>5,024,718</b>	4,546,147

## 15. Movement in reserves

	Share capital <i>RMB'000</i>	Share premium reserve <i>RMB'000</i>	Statutory surplus reserve <i>RMB'000</i> <i>Note</i>	Translation reserve <i>RMB'000</i>	Share-based payments reserve <i>RMB'000</i>	Other reserves <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2023 (Audited)	457,063	2,743,144	261,271	166,760	221,627	604,375	17,312,626	21,766,866	1,815,419	23,582,285
Profit for the year	-	-	-	-	-	-	2,001,906	2,001,906	59,696	2,061,602
Other comprehensive income for the year	-	-	-	49,354	-	-	-	49,354	8,828	58,182
Total comprehensive income for the year	-	-	-	49,354	-	-	2,001,906	2,051,260	68,524	2,119,784
Consideration for business combination under common control in 2023	-	-	-	-	-	(743,407)	-	(743,407)	(286,593)	(1,030,000)
Adoption of share award scheme	-	-	-	-	-	46,958	-	46,958	-	46,958
Recognition of equity-settled share-based payments	-	-	-	-	53,977	-	-	53,977	1,482	55,459
Repurchase of shares of a subsidiary	-	-	-	-	-	(19,962)	-	(19,962)	(16,568)	(36,530)
Dividends recognised as distribution	-	-	-	-	-	-	(687,000)	(687,000)	(45,632)	(732,632)
Acquisition of a subsidiary	-	-	-	-	-	(19,571)	-	(19,571)	6,952	(12,619)
As at 31 December 2023	457,063	2,743,144	261,271	216,114	275,604	(131,607)	18,627,532	22,449,121	1,543,584	23,992,705
Profit for the period	-	-	-	-	-	-	1,107,549	1,107,549	46,021	1,153,570
Other comprehensive income for the period	-	-	-	17,720	-	-	-	17,720	(643)	17,077
Total comprehensive income for the period	-	-	-	17,720	-	-	1,107,549	1,125,269	45,378	1,170,647
Recognition of equity-settled share-based payments	-	-	-	-	17,592	-	-	17,592	698	18,290
Repurchase of shares of subsidiaries under a share award scheme	-	-	-	-	(41,905)	(39,078)	-	(80,983)	(9,190)	(90,173)
Repurchase of shares of a subsidiary	-	-	-	-	-	(10,117)	-	(10,117)	(10,846)	(20,963)
Dividends recognised as distribution	-	-	-	-	-	-	(425,093)	(425,093)	(12,659)	(437,752)
As at 30 June 2024 (Unaudited)	457,063	2,743,144	261,271	233,834	251,291	(180,802)	19,309,988	23,075,789	1,556,965	24,632,754

Notes:

### (a) Bases for appropriation to reserves

Appropriation to statutory surplus reserve and statutory public welfare fund has been calculated based on the net profits in the financial statement prepared under the generally accepted accounting principles in the PRC (“PRC GAAP”).

**(b) *Statutory surplus reserve***

The Articles of Association of the companies under the Group (other than overseas companies) requires that 10% of the profit after taxation for each year (prepared in accordance with the PRC GAAP) should be transferred to the statutory surplus reserve, until it has reached 50% of the registered capital. Pursuant to the Articles of Association of the companies under the Group, under normal circumstances, statutory surplus reserve can only be used to make up for the losses, converted into share capital by way of capitalisation, and for the expansion of the Company's production and operation scope. In the event of converting the statutory surplus reserve into share capital by way of capitalisation, the balance of such reserve shall not be less than 25% of the registered capital.

**(c) *Statutory public welfare fund***

According to the Company Law of the PRC and the amended Articles of Association of the Company, from 1 January 2006 onwards, the companies under the Group ceased to transfer funds from statutory public welfare fund. The statutory public welfare fund as of 31 December 2005 was part of the share capital of the shareholders, which cannot be distributed other than for the purpose of liquidation. Pursuant to the board resolution of the Company, in accordance with the Company Law of the PRC, the Company transferred an amount of RMB17,147,000 from statutory public welfare fund to the statutory surplus reserve on 1 January 2006.

According to the laws and regulations of the PRC, the distributable profit of the Company was determined at the lower of such amount computed based on the accounting principles and regulations of the PRC or the generally accepted accounting principles in Hong Kong. As of 30 June 2024, the retained earnings available for distribution to shareholders was approximately RMB9,434,762,000.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Optimisation and Upgrade of Business Segments

During the Period, the gross profit margin of the Group decreased from 51.4% for the corresponding period of last year to 50.9%. The Group proactively responded to national and regional volume-driven procurements by lowering the selling prices of some of the products. The impact of such price cuts on gross profit margin was partially offset by the Group's reduction in production costs. Moreover, the impact of volume-driven procurements on operating profit was offset by the reduction in operating expenses. The product mix of the Group was further adjusted and optimised, thus further enhancing its risk resistance capability.

The existing major products of the Group under each business line are as follows:

- The medical device products business includes clinical care, medical testing equipment, anesthesia and surgical-related products
  - The pharmaceutical packaging business includes prefilled syringes and pre-filled flush syringes
  - The orthopaedic business includes trauma, spinal implant, artificial joints, sports injury, soft tissue repair, reconstruction implant, orthopaedic filling, and orthopaedic related surgical tools
  - Interventional business includes tumor intervention, vascular intervention, and interventional imaging
  - The blood management business includes blood collection, storage, separation, and sterilization of consumables and equipment
1. During the Period, medical device products recorded a turnover of approximately RMB3,188,625,000, representing a decrease of 7.7% over the corresponding period. The Group seized the opportunity of volume-driven procurements of different products in various provinces to quickly increase its sales volume and market share. Looking forward into the future, the Group will continue to enrich its product mix, and leverage the strong scalable strengths of the Company to continue maintaining and further increasing its dominant market position.

2. During the Period, the pharmaceutical packaging business recorded a turnover of approximately RMB1,167,605,000, representing a growth of 10.0% over the corresponding period of last year. The continuous robust demand for prefilled syringes further expanded its market influence in the pre-pack bio-pharmaceuticals segment and formed a broad customer base.
3. During the Period, the orthopaedic business recorded a turnover of approximately RMB744,991,000, representing a decrease of 6.5% over the corresponding period of last year. Facing the continued deepening of the policy impact and the new stage of industry reshaping, we grasped the opportunity for change and continued to push forward the transformation of the sales model, with significant improvement in the terminal service capability, continuing increase in customer coverage and substantial growth in terminal surgical implantation.
4. During the Period, the interventional business recorded a turnover of approximately RMB1,114,352,000, representing an increase of 5.0% over the corresponding period of last year. Global business progressed in a steady manner, and the customer coverage in China continued to increase with great potential.

## **RESEARCH AND DEVELOPMENT**

For the six months ended 30 June 2024, the Group had 55 new patents and 171 patents are under application in the PRC. New product registration certificates for 56 products were obtained. The research and development for 59 products were completed for which applications for product registration certificates are underway. For overseas market, 14 new patents are under application and the research and development for 156 products were completed for which application for product registration certificates are underway.

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

As at 30 June 2024, the Group had 827 product registration certificates and 996 patents, of which 166 were patents on invention, in the PRC. For overseas market, the Group had 784 product registration certificates and 201 patents.

In view of the need for the strategic adjustments to product mix, the Group continued to invest in the research and development in existing products series and several new medical devices, so as to further improve its product mix under sub-classification of medical devices product types. For the six months ended 30 June 2024, total research and development expenses amounted to approximately RMB301,613,000 (same period in 2023: approximately RMB294,558,000), representing 4.5% (same period in 2023: 4.3%) of the revenue of the Group.

## **PRODUCTION**

During the Period, the Group continued to increase its investments in capacity building and production facilities to meet the increasing sales and market growth in the future. At the same time, the Group actively strives for the improvement in production process and intelligent production equipment and automation to reduce production costs through efficiency improvement and scientific management, so as to maintain the overall profitability of the Company.

## **SALES AND MARKETING**

The Group continues to implement the strategy in integrating its sales channels and adjusting its product mix. For the six months ended 30 June 2024, the Group newly added 112 hospitals, 29 other medical institutions and 129 distributors to its PRC customer base. As at the publication date of this announcement, the Group has a PRC customer base of 10,040 in aggregate (including 3,914 hospitals, 419 blood stations, 1,207 other medical units and 4,500 distributors) and an overseas customer base of 7,501 in aggregate (including 3,269 hospitals, 1,987 other medical units and 2,245 distributors).

Sales proportion for various products by geographical regions when compared with the same period last year is set out as follows:

### Turnover by Geographical Locations

Regions	Unaudited For the six months ended 30 June				Over corresponding period %
	2024		2023		
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	
The PRC					
– Eastern and Central	<b>2,589,176</b>	<b>39.0</b>	2,668,638	38.7	(3.0)
– Northern	<b>943,302</b>	<b>14.2</b>	1,168,381	16.9	(19.3)
– Southern	<b>491,994</b>	<b>7.4</b>	495,956	7.2	(0.8)
– Northeast	<b>409,178</b>	<b>6.2</b>	450,962	6.5	(9.3)
– Southwest	<b>374,319</b>	<b>5.7</b>	393,288	5.7	(4.8)
– Northwest	<b>107,589</b>	<b>1.6</b>	108,527	1.6	(0.9)
PRC sub-total	<b>4,915,558</b>	<b>74.1</b>	5,285,752	76.6	(7.0)
Overseas					
– The US	<b>670,525</b>	<b>10.1</b>	651,567	9.4	2.9
– Asia	<b>451,456</b>	<b>6.8</b>	413,023	6.0	9.3
– Europe, Middle East and Africa	<b>377,756</b>	<b>5.7</b>	356,307	5.2	6.0
– Others	<b>220,393</b>	<b>3.3</b>	191,051	2.8	15.4
Overseas sub-total	<b>1,720,130</b>	<b>25.9</b>	1,611,948	23.4	6.7
Total	<b>6,635,688</b>	<b>100.0</b>	6,897,700	100.0	(3.8)

Comparison of sales revenue of principal products with that in the same period last year is as follows:

<b>Product category</b>	<b>Unaudited</b>		<b>Over corresponding period</b>
	<b>For the six months ended 30 June</b>		
	<b>2024</b>	<b>2023</b>	<b>%</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>	
Medical device products	<b>3,188,625</b>	3,454,340	(7.7)
Interventional products	<b>1,114,352</b>	1,061,650	5.0
Pharma packaging products	<b>1,167,605</b>	1,061,119	10.0
Orthopaedic products	<b>744,991</b>	797,103	(6.5)
Blood management	<b>420,115</b>	523,488	(19.7)
	<hr/>	<hr/>	
Total	<b>6,635,688</b>	<b>6,897,700</b>	<b>(3.8)</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## HUMAN RESOURCES

As at 30 June 2024, the Group employed a total of 12,606 employees. The breakdown by departments when compared with last year is as follows:

<b>Department</b>	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Production	<b>6,311</b>	6,183
Sales and marketing	<b>3,220</b>	3,265
Research and development	<b>1,354</b>	1,370
Finance and administration	<b>633</b>	626
Quality control	<b>652</b>	653
Management	<b>350</b>	336
Purchasing	<b>86</b>	86
	<hr/>	<hr/>
Total	<b>12,606</b>	<b>12,519</b>
	<hr/> <hr/>	<hr/> <hr/>

A total of 1,317 overseas employees reside in the US, Europe and Hong Kong. Other employees of the Group reside in Mainland China. During the Period, total cost of salaries, welfare and social benefits of the Group amounted to approximately RMB1,265,362,000 (same period in 2023: approximately RMB1,223,966,000).

## **Remuneration System**

The Group's remuneration policy has been determined based on its performance, 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 remuneration of Directors is determined by the Board subject to approval by shareholders at the annual general meeting.

## **FINANCIAL REVIEW**

For the six months ended 30 June 2024, the turnover reached approximately RMB6,635,688,000, representing a decrease of approximately 3.8% over the same period last year. Net profit attributable to owners of the Company was approximately RMB1,107,549,000, representing a decrease of approximately 7.5% as compared to the same period last year.

## **Liquidity and Financial Resources**

The Group has maintained a sound financial position. As at 30 June 2024, the Group's cash and bank balance amounted to approximately RMB7,527,635,000. For the six months ended 30 June 2024, net cash flow from operating activities of the Group amounted to approximately RMB1,022,774,000, representing a sound cash flow position.

Total interest expenses of the Group for the six months ended 30 June 2024 were approximately RMB128,776,000 (same period in 2023: approximately RMB138,174,000).

## **Gearing Ratio**

As at 30 June 2024, the gearing ratio of the Group was 17.9% (31 December 2023: 18.6%). The gearing ratio represents total debt as a percentage of total capital. Total debt is calculated as total borrowings and bonds payable. Total capital is calculated as the equity attributable to owners of the Company.

## **Foreign Exchange Risks**

The Group's purchases and sales are mainly conducted in the PRC and the United States. Assets, liabilities and transactions in the PRC are denominated in RMB, while overseas assets and transactions are mainly denominated in US dollars. Foreign exchange risk mainly arises from domestic outstanding borrowings denominated in foreign currencies. The Group has adopted foreign currency hedging instruments to achieve better foreign exchange risk management. The objective of the hedge is to minimise the volatility of the RMB expenditures expected to be incurred in the future to meet foreign currency liabilities. The Group's risk management policy is to partially hedge the forecasted cash flows in foreign currencies by considering the appropriate hedging instruments and costs of hedging. The Group uses foreign exchange structured derivative financial contracts to hedge its foreign currency risk. For the six months ended 30 June 2024, the Group had not encountered any material difficulty due to currency fluctuation nor had it affected its funds for operation purpose.

Due to the fluctuation in exchange rates, foreign exchange gain equivalent to RMB19,970,000 (same period in 2023: foreign exchange gain equivalent to RMB14,971,000) for the six months ended 30 June 2024 was realised by the Company.

## **Material Investments in Subsidiaries/Future Material Investment Plans**

1. During the Period, the Group continued to invest approximately RMB270,011,000 in the purchase of property, production facilities and plant construction for the purpose of enhancing the overall construction of the industrial zone for the Group's medical consumables.
2. The Group planned to invest RMB770,000,000 to acquire the 38.5% interest in the Songyuan Healthcare Industry Fund (松源健康醫療產業基金), which focuses on the investments in the medical and healthcare sector mainly covering medical devices, biopharmaceuticals, medical services and rehabilitation and elderly care, of which a total of RMB308,000,000 has been contributed.
3. During the Period, a new production line project with a planned investment of approximately RMB200,000,000 is under construction and is expected to be successively put into operation in 2025.
4. During the Period, construction was underway for the planned investment of approximately RMB320,000,000 for upgrading and reconfiguration of the single-use consumables and orthopaedic consumables production equipment to further enhance the level of production automation.
5. In January 2023, Weigao Orthopaedic, a subsidiary of the Company acquired 100% equity interest in Shandong Weigao Newlife Medical Device Co., Ltd., a fellow subsidiary of the Company, which is principally engaged in the research and development, manufacture and sale of tissue repair product lines, at a consideration of RMB1,030,000,000. The transfer price is payable in instalments, with RMB103,000,000 is expected to be paid in the second half of the year.

Save for the above material investments and investment plans, the Group had no any future plans involving significant investments or capital assets acquisition as at 30 June 2024.

## **Capital Commitment**

As at 30 June 2024, the capital commitment that the Group and the Company had contracted for but not provided in the financial statements amounted to approximately RMB1,179,123,000 (same period in 2023: approximately RMB1,199,214,000).

## REVIEW & OUTLOOK

In the first half year, the diagnoses and treatment volume in domestic medical institutions resumed normal, the sales volume of each business segment increased in general, the market share of core products further increased, and brand influence continued to strengthen. Product prices were converging between the old and new policies which had exerted a certain impact on the growth rate of operating results.

The national healthcare reform policies continued to advance in full implementation, which produced a profound impact on the medical industry. The centralized procurement policies, in particular, have presented some challenges to the Group in the short term, although, in the long run, it presents enormous development opportunities.

The Group's foreign operation grew rapidly and gradually evolved from a foreign trade and export business model to focusing on target markets, integrating local resources and comprehensively developing Weigao's superior products. Overseas merger and acquisition projects continued to extend the product portfolio to explore and expand new business areas.

In addition, the US dollar interest rate remained high, which pushed up the finance costs; and the prolonged accounts receivable period of some domestic medical institutions increased operating costs and lowered the asset turnover efficiency.

In the clinical care segment, the centralized procurement of different products by various provinces will continue to move forward. Leveraging its prolific product portfolio and extensive market coverage, the Company boasted strong capabilities to counter risks. Through various means such as product upgrading and iteration, sound cost control and mass market expansion, the Company seized opportunities to expand its market share rapidly and enhanced its competitiveness in the industry.

In the orthopedic segment, facing the continuous deepening of policy impact and the new stage of industry reshaping, we grasped the opportunity of reform and continued to facilitate sales model transformation. Our terminal service capabilities improved significantly and customer coverage continued to expand. Integrating with the market and technology development trend as well as clinical feedback, the Group continued to explore and develop new materials, new horizons and new technologies, so as to gradually improve the upstream and downstream orthopedics industrial layout.

In the pharmaceutical packaging business, the market position has been further reinforced. Customer loyalty was strengthened by continuously increasing production capacity to enhance its ability to serve downstream pharmaceutical manufacturers. The Group also grasped the opportunities from downstream enterprise products, business layout and product upgrading to expand sales and actively expand pharmaceutical packaging product portfolio represented by pen injector. In addition, the Group continued to optimise production and supply chain management to reduce costs and adapt to the market environment better.

In the interventional segment, revenue grew steadily in the first half year. With continuous new product arrangements and quickly introduced them into the markets, the revenue increased.

As a leading medical device enterprise in China, the Group is committed to providing medical institutions with total solutions in various professional segments to help them improve their diagnostic and treatment capabilities and standards. The Group continued to expand and enrich its product portfolios in various specialty areas such as anesthesia and respiration, urology, endocrinology, endoscopy diagnosis and treatment, and rehabilitation.

The Group continued to improve and enhance corporate governance and propel strategies for sustainable development to facilitate long-term and high-quality development. The Group highlights responsible operation and meets public demands for medical products with high-quality products. The Company stresses the green development concept and implements concepts, goals and initiatives in relation to energy conservation and emission reduction in production and operation.

The Group formulates development strategies and medium and long-term development plans on a rolling basis. Taking into account the changes in industry policies and the competitive landscape, clinical requirements and its own internal resources reserves, the Company proposed a three-pronged operational strategy of “platform-based”, “internationalised” and “digitalised” development and dual assurance strategies underpinned by “talents” and “innovation”. The Company intends to deliver long-term and stable value through the implementation of such strategies.

The management believes that on the back of its strategic presence in a wide range of business sectors and high-quality products, an operational strategy underpinned by persistent market adaptation and a future-oriented approach and initiatives that motivate employee creativity, the Group will continue to maintain and strengthen its leading position in the PRC market. Meanwhile, the Company will actively promote global resource sharing to achieve synergistic development in the domestic and foreign markets to support the stable growth of the Group’s operating results.

## **PROPOSED INTERIM DIVIDEND**

The Board recommended the distribution of an interim dividend of RMB0.0919 per share (corresponding period in 2023: RMB0.0734 per share) for the six months ended 30 June 2024. Such proposal is subject to the approval by the shareholders of the Company (the “Shareholders”) at the forthcoming extraordinary general meeting (“Extraordinary General Meeting”) to be held on Wednesday, 16 October 2024.

## **EXTRAORDINARY GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS**

### **Attending and Voting in the Extraordinary General Meeting**

In order to determine the shareholders who are entitled to attend and vote at the Extraordinary General Meeting, the register of members of the Company for H Shares will be closed from Friday, 11 October 2024 to Wednesday, 16 October 2024 (both days inclusive), during which period no transfer of H Shares will be effected. In order to qualify for attending and voting in the Extraordinary 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 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Thursday, 10 October 2024.

In order to qualify for attending the Extraordinary General Meeting:–

Notice of Extraordinary General Meeting . . . . . on or before  
Friday, 20 September 2024

Latest time to lodge in the transfer  
instrument accompanied  
by the share certificates. . . . . 4:30 p.m., Thursday,  
10 October 2024

Closure of register of members of  
the Company for attendance  
of the Extraordinary General Meeting . . . . . Friday, 11 October 2024 to  
Wednesday, 16 October 2024

Date of Extraordinary General Meeting . . . . . Wednesday, 16 October 2024

## Entitlement of Interim dividend

In order to determine the entitlement to the interim dividend payment, the register of members of the Company for H Shares will be closed from Tuesday, 22 October 2024 to Friday, 25 October 2024 (both days inclusive), during which period no transfer of H Shares will be effected. In order to qualify for entitlement of the interim 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 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 21 October 2024.

In order to qualify for the interim dividend for the six months ended 30 June 2024:

Latest time to lodge in the transfer instrument accompanied  
by the share certificates. . . . . 4:30 p.m., Monday,  
21 October 2024

Closure of register of members of the Company for  
entitlement of interim dividend . . . . . Tuesday, 22 October 2024 to  
Friday, 25 October 2024

Record date for entitlement of  
interim dividend . . . . . Friday, 25 October 2024

Despatch date of interim dividend. . . . . Friday, 22 November 2024

The interim dividend will be despatched at the risk of those entitled thereto to their respective registered addresses on or before Friday, 22 November 2024. The applicable exchange rate for converting RMB into Hong Kong dollar for the purpose of the interim dividend payment will be based on the average middle exchange rate of Renminbi as quoted by the People's Bank of China for the calendar week preceding 16 October 2024, the date on which the interim dividend to be declared.

## INCENTIVE SHARE SCHEME

The Company adopted an incentive share scheme on 17 November 2014 (“**Incentive Share Scheme**”). The purposes of the Incentive Share Scheme are to: (i) enable the Company to provide incentive to the Eligible Participants (as defined below) in order to recognise and motivate the contributions they have made or will make to the Group; (ii) attract and retain quality talents for the business operation, management and development of the Group; (iii) align the interests of the management, the employees and the Group to ensure the realisation of the Group’s development strategy and business objectives; and (iv) attain a long-term relationship between the Group and its employees.

Subject to the relevant requirements under the Listing Rules, Eligible Participants are persons eligible to receive awards under the Incentive Share Scheme include any employee (whether full-time or part-time, but excluding any Excluded Employee as defined under the Incentive Share Scheme) of any member of the Group, or any person who, in the sole opinion of the remuneration committee of the Company, will contribute or has contributed to any member of the Group. The maximum number of the issuable Shares under the specific mandate of Incentive Share shall not exceed 223,818,616 Shares, representing 5% of the number of Shares in issue on the date of adoption of the Incentive Share Scheme.

The Company issued 94,260,000 Shares in total under the specific mandate. As at 30 June 2024, 129,558,616 outstanding Shares remain available to issue under the specific mandate, representing approximately 2.83% of the total issue share capital of the Company. The maximum number of Shares that may be granted to the Eligible Participant selected by the remuneration committee of the Company to participate in the Incentive Share Scheme (“**Selected Employees**”) must not exceed 0.5% of the issued share capital of the Company at the date of the grant. The length of the vesting period, vesting and other conditions (such as the length of the lock-up period) that must be satisfied for the exercise of the subscription right will be determined by the remuneration committee of the Company at its discretion, and may vary among the Selected Employees depending on their position, length of service with the Group and performance. No exercise period for awarded shares was set. The Selected Employees can exercise the share awards in anytime upon vesting. Save for the subscription price, participants are not required to pay any amount upon participation of the Incentive Share Scheme. The subscription price represents the net asset value per Share as set out in the audited consolidated financial statements of the Company in the last financial year immediately preceding the grant date of the share awards. Subject to an early termination of the Incentive Share Scheme as determined by the Remuneration Committee, the Incentive Share Scheme will be effective for a term of 10 years commencing from the date of adoption of the Incentive Share Scheme, until 16 November 2024.

Details of the movement of the share awards granted pursuant to the Incentive Share Scheme during the Period were as follows:

Name of grantee	Date of grant	Number of share awards					Exercisable as at 30 June 2024	Subscription price upon grant (RMB)	Weighted average closing price of the shares immediately before the dates the awards were exercised or vested (HKD)
		Exercisable as at 1 January 2024	Vested during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period			
<b>Directors</b>									
Mr. Long Jing	11/12/2015 (batch 1)	480,000	-	-	-	-	480,000	2.2	5.59
	24/12/2021 (batch 2)	3,600,000	-	-	-	-	3,600,000	3.58	9.38
Mr. Cong Rinan	11/12/2015 (batch 1)	200,000	-	-	-	-	200,000	2.2	5.59
	24/12/2021 (batch 2)	1,200,000	-	-	-	-	1,200,000	3.58	9.38
Mr. Wang Daoming	24/12/2021 (batch 2)	300,000	-	-	-	-	300,000	3.58	9.38
<b>Other Eligible Participants</b>									
employees	11/12/2015 (batch 1)	430,000	-	-	-	-	430,000	2.2	5.59
	24/12/2021 (batch 2)	23,880,000	-	-	-	-	23,880,000	3.58	9.38

**Notes:**

- With respect to batch 1 of the share awards granted in 2015, a total of 1,110,000 shares were exercisable as at 30 June 2024. Such shares, together with (i) 8,812,000 shares that were repurchased by the trustee upon exercise by the directors and employees; and (ii) 4,534,000 shares that were lapsed and retained by the trustee prior to 1 January 2024 pursuant to the Incentive Share Scheme, represents the total outstanding incentive shares of 14,456,000 held by the trustee for the benefit of the Incentive Share Scheme (batch 1).
- The number of share awards and the shares are calculated on a 1:1 basis (i.e. 1 share award = 1 Shares).

## DISCLOSURE OF INTERESTS

### Directors' and Chief Executives' Interests and Short Position

As at 30 June 2024, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) of the Company, which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as contained in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) were as follows:

#### (i) Long positions in the shares and underlying shares of the Company:

Name of director	Nature of interest	Capacity	Number of H Shares held	% of H Shares in issue <sup>(Note 1)</sup>	Number of Domestic Shares held	% of Domestic Shares in issue <sup>(Note 1)</sup>	% of the total issued share capital of the Company <sup>(Note 1)</sup>
Mr. Long Jing (Note 2)	Personal	Beneficial Owner	480,000	0.0106	6,000,000	12.42	0.1418
Mr. Cong Rinan (Note 3)	Personal	Beneficial Owner	200,000	0.0044	2,000,000	4.14	0.0481
Mr. Wang Daoming (Note 4)	Personal	Beneficial Owner	–	–	500,000	1.04	0.0109
Mr. Chen Lin	Personal	Beneficial Owner	196,000	0.0043	–	–	0.0043

#### Note:

- As at 30 June 2024, the number of total issued shares of the Company was 4,570,632,324, comprising 4,522,332,324 H Shares and 48,300,000 Domestic Shares.
- The interest disclosed represents (i) Mr. Long’s personal interest in 480,000 H Shares; and (ii) 6,000,000 unlisted physically settled incentive share options granted pursuant to the Incentive Share Scheme.
- The interest disclosed represents (i) Mr. Cong’s personal interest in 200,000 H Shares; and (ii) 2,000,000 unlisted physically settled incentive share options granted pursuant to the Incentive Share Scheme.
- The relevant interests are unlisted physically settled incentive share options granted pursuant to the Incentive Share Scheme.

**(ii) Long positions in the shares and underlying shares of the associated corporations of the Company**

Name of director	Name of associated corporation	Capacity/Nature of interest	Amount of equity interest held	% of interest in the associated corporation
Mr. Chen Lin	(1) Weihai Weigao International Medical Investment Holding Co., Ltd. <sup>(Note i)</sup>	Beneficial owner	RMB1,100,800	6.90%
	(2) Weigao Holding Company Limited <sup>(Note i)</sup>	Beneficial owner	RMB9,760,000	0.81%
Mr. Lu Junqiang	Shandong Weigao Orthopaedic Device Company Limited	Beneficial Owner	400,000 A shares <sup>(Note ii)</sup>	0.10%

*Notes:*

- (i) Weihai Weigao International Medical Investment Holding Co., Ltd. (“**Weihai Weigao International**”) holds 89.93% equity interest in Weigao Holding Company Limited (“**Weigao Holding**”), which is the controlling shareholder of the Company holding 45.94% equity interest in the Company.
- (ii) These underlying shares were incentive share options granted to Mr. Lu Junqiang and were vested pursuant to the share award scheme of Shandong Weigao Orthopadeic Device Company Limited, a subsidiary of the Company listed on the Shanghai Stock Exchange.

Save as disclosed above, as at 30 June 2024, none of the Directors and chief executive of the Company had any interests or short position in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including the interests and short positions which the Director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

## Substantial Shareholders

As at 30 June 2024, so far as the Directors are aware, the following persons (other than the Directors and the chief executive of the Company) or institutions have interests or short positions of 5% or more in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholder	Nature of interest	Number of H Shares held <i>(Note 2)</i>	% of total issued share capital <i>(Note 1)</i>
Mr. Chen Xueli	Interest of controlled corporation	2,099,755,676 (L)	45.94
Weihai Weigao International	Interest of controlled corporation	2,099,755,676 (L)	45.94
Weigao Holding	Beneficial owner	2,099,755,676 (L)	45.94

### Notes:

- As at 30 June 2024, the number of total issued shares of the Company was 4,570,632,324, comprising 4,522,332,324 H Shares and 48,300,000 Domestic Shares.
- The Company is owned as to 45.94% by Weigao Holding, which is 89.83% owned by Weihai Weigao International. Weihai Weigao International is 50.80% owned by Mr. Chen Xueli. Accordingly, Mr. Chen Xueli and Weihai Weigao International are deemed to be interested in the shares of the Company held by Weigao Holding for the purpose of Part XV of the SFO.

Save as disclosed above, as at 30 June 2024, no other persons (other than the Directors and chief executives of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

## MAJOR CUSTOMERS AND SUPPLIERS

During the Period, the combined value of the Group's contracts with its five largest suppliers, which were not of a capital nature, was less than 30 per cent of the total value of supplies purchased. The Group's five largest customers combined contributed less than 30 per cent of its total revenue and other income during the Period.

During the Period, none of the Directors, their associates or any shareholders (which to the knowledge of the Director owned more than 5% of the Company's issued share capital) has a beneficial interest in the Group's five largest customers or suppliers.

## **CORPORATE GOVERNANCE**

The Board is committed to high standards of corporate governance and recognises that good governance is vital for the long-term success and sustainability of the Group's businesses. The Company has adopted the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix C1 to the Listing Rules. For the six months ended 30 June 2024, the Company has complied with all the code provisions as set out in the Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix C3 of the Listing Rules as the standard for securities transactions by Directors. The Company had made specific enquiry of all Directors whether they have complied with the required standard set out in the Model Code during the six months ended 30 June 2024 and all Directors confirmed that they have complied with the Model Code during the six months ended 30 June 2024.

## **AUDIT COMMITTEE**

The audit committee of the Company currently comprises four independent non-executive Directors, being Mr. Li Guohui (chairman of the audit committee), Mrs. Meng Hong, Mr. Li Qiang and Mr. Sun Heng; and one non-executive Director, being Mr. Tang Zhengpeng. The audit committee has reviewed the unaudited consolidated financial statement of the Company for the six months ended 30 June 2024 and considered that the relevant financial statements have been prepared in compliance with the applicable accounting principles and requirements of the Stock Exchange and other laws, and adequate disclosures have been made.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

## **ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

At no time during the Period was the Company, its ultimate holding company or any subsidiaries of its ultimate holding company, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## **EVENTS AFTER THE REPORTING PERIOD**

There have been no significant events occurring after the end of the reporting period and up to the date of this announcement.

By Order of the Board  
**Shandong Weigao Group Medical Polymer Company Limited**  
**Long Jing**  
*Chairman*

28 August 2024

Weihai, Shandong, the PRC

As at the date of this announcement, the Board comprises:

Mr. Long Jing (*Executive Director*)  
Mr. Cong Rinan (*Executive Director*)  
Mr. Lu Junqiang (*Executive Director*)  
Mr. Wang Daoming (*Executive Director*)  
Mr. Tang Zhengpeng (*Non-executive Director*)  
Mr. Chen Lin (*Non-executive Director*)  
Ms. Yan Xia (*Non-executive Director*)  
Mr. Li Guohui (*Independent Non-executive Director*)  
Mrs. Meng Hong (*Independent Non-executive Director*)  
Mr. Li Qiang (*Independent Non-executive Director*)  
Mr. Sun Heng (*Independent Non-executive Director*)