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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 THIRD QUARTER RESULTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**

This announcement is made voluntarily by the Company pursuant to Rule 13.09(1) of the Listing Rules. In view of transparency, the board of Directors would like to continue the practice of providing shareholders and investors with quarterly reports of the Company and its subsidiaries.

The board of Directors is pleased to announce the unaudited consolidated results of Shandong Weigao Group Medical Polymer Company Limited (the "Company" and together with its subsidiaries, collectively referred to as the "Group") for the three months and nine months ended 30 September 2013 (the "Period"), together with the unaudited comparative figures for the same periods in 2012 as follows:

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

	Notes	Unaudited For the nine months ended 30 September		Unaudited For the three months ended 30 September	
		2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Revenue	1	3,400,230	2,859,843	1,238,174	980,780
Cost of sales		(1,384,390)	(1,237,080)	(503,962)	(407,415)
Gross profit		2,015,840	1,622,763	734,212	573,365
Other income	3	11,827	55,435	20,631	15,584
Distribution costs	4	(850,825)	(646,673)	(288,475)	(225,057)
Administration expenses	5	(359,242)	(289,869)	(123,782)	(100,430)
Finance costs		(7,190)	(1,380)	(3,033)	-
Share of profit/(loss) of two jointly controlled entities	6	(984)	(2,925)	438	(844)
Share of profit of associates	7	90,395	130,036	58,063	43,744
Profit before taxation		899,821	867,387	398,054	306,362
Income tax expense	8	(117,942)	(101,088)	(46,070)	(36,489)
Profit for the Period		<u>781,879</u>	<u>766,299</u>	<u>351,984</u>	<u>269,873</u>

* For identification purpose only

		Unaudited		Unaudited	
		For the nine months		For the three months	
		ended 30 September		ended 30 September	
		2013	2012	2013	2012
<i>Notes</i>		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other comprehensive income					
Exchange differences arising on translation of foreign operations		<u>(70,975)</u>	<u>22,870</u>	<u>(55,682)</u>	<u>7,682</u>
Total comprehensive income for the Period		<u>710,904</u>	<u>789,169</u>	<u>296,302</u>	<u>277,555</u>
Profit for the Period attributable to:					
Owners of the Company	10	<u>776,935</u>	<u>766,406</u>	<u>347,464</u>	<u>271,290</u>
Non-controlling interest		<u>4,944</u>	<u>(107)</u>	<u>4,520</u>	<u>(1,417)</u>
		<u>781,879</u>	<u>766,299</u>	<u>351,984</u>	<u>269,873</u>
Total comprehensive income attributable to:					
Owners of the Company		<u>705,960</u>	<u>789,276</u>	<u>291,782</u>	<u>278,972</u>
Non-controlling interest		<u>4,944</u>	<u>(107)</u>	<u>4,520</u>	<u>(1,417)</u>
		<u>710,904</u>	<u>789,169</u>	<u>296,302</u>	<u>277,555</u>
Earnings per share – Basic	11	<u>RMB0.174</u>	<u>RMB0.171</u>	<u>RMB0.078</u>	<u>RMB0.061</u>

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated statement of comprehensive income has been prepared in accordance with Hong Kong Accounting Standards (the “HKAS”) No. 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong, Hong Kong Financial Reporting Standards and the relevant applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The accounts are prepared under the historical cost convention.

The accounting policies adopted and methods of computation used in the preparation of these consolidated financial information are consistent with those used in the preparation of the financial statements for the year ended 31 December 2012.

These financial statements should be read in conjunction with the audited annual financial statements for the year ended 31 December 2012.

INTERPRETATION AND EXPLANATION

1. Revenue

For the three months and nine months ended 30 September 2013, the revenue of the Group amounted to approximately RMB1,238,174,000 and RMB3,400,230,000, representing an increase of approximately 26.2% and 18.9% over approximately RMB980,780,000 and RMB2,859,843,000 for the same periods last year respectively.

During the third quarter, the rate of sales growth and profitability of the Group improved as compared with the first half of 2013 were mainly due to the adjustment in sales strategies gradually taking effect and the improvement in efficiency of the integrated supply chain management.

For the three months and nine months ended 30 September 2013, turnover of single-use consumables was approximately RMB964,437,000 and RMB2,624,008,000 (for the same periods in 2012: approximately RMB819,963,000 and RMB2,373,269,000) respectively, representing an increase of 17.6% and 10.6% respectively when compared with the same periods last year. During the Period, the Group executed the sales organization restructuring in its marketing system focusing on major customers, improved the coverage of customers and product lines by the strategic measures of channel sharing and sales synergy and achieved initial success. The Directors believe that through sales restructuring and changes in the sales channels, the Group will be able to consolidate its competitive advantage in the sales network enabling it to increase its market shares.

For the three months and nine months ended 30 September 2013, the turnover of orthopaedic products was approximately RMB125,786,000 and RMB385,828,000 (for the same periods in 2012: approximately RMB67,028,000 and RMB213,404,000) respectively, representing an increase of 87.7% and 80.8% respectively when compared with the same periods last year. During the Period, Weigao Orthopaedic completed the integration of the sales team from the joint venture. Meanwhile, Weigao Orthopaedic increased its investment in research and development and reduced the inventory level in the distributor channels laying a solid foundation for launching new products in 2014.

For the three months and nine months ended 30 September 2013, turnover of haemodialysis consumable products was approximately RMB126,560,000 and RMB318,732,000 (for the same periods in 2012: approximately RMB73,176,000 and RMB197,399,000) respectively, representing an increase of 73.0% and 61.5% respectively when compared with the same periods last year. During the Period, the Group entered into the contracts to purchase equipment for the third and fourth dialyser production lines, which are expected to come into commercial production in 2014 and 2015 with planned annual production capacity of 8,000,000 pieces of dialysers. During the Period, three haemodialysis centres of Weigao Blood Purification are operating well. The capital injection and incorporation of the joint venture company between the Company and Terumo Medical Corporation has been completed. The research and development and the applications for product registration are underway.

Comparison of the sales revenue of the principal products with that of the same periods last year is set out as follows:

Product category	For the nine months ended 30 September			For the three months ended 30 September		
	2013 RMB'000	2012 RMB'000	Increase/ (Decrease) over corresponding period %	2013 RMB'000	2012 RMB'000	Increase/ (Decrease) over corresponding period %
Single-use consumables						
Infusion sets	936,651	872,118	7.4	345,963	306,449	12.9
Needles	541,991	488,541	10.9	190,928	152,695	25.0
Syringes	445,303	408,835	8.9	167,128	151,226	10.5
Blood bags	167,706	146,492	14.5	60,614	48,250	25.6
Pre-filled syringes	158,651	131,996	20.2	51,527	42,608	20.9
Blood sampling products	61,739	54,260	13.8	25,525	20,346	25.5
Wound Management products	57,337	47,709	20.2	21,604	16,708	29.3
PVC granules	54,985	48,834	12.6	19,643	15,551	26.3
Other consumables	199,645	174,484	14.4	81,505	66,130	23.2
Subtotal for single-use consumables	2,624,008	2,373,269	10.6	964,437	819,963	17.6
Orthopaedic products	385,828	213,404	80.8	125,786	67,028	87.7
Blood purification consumables	318,732	197,399	61.5	126,560	73,176	73.0
Blood purification equipments	71,662	75,771	(5.4)	21,391	20,613	3.8
Total	<u>3,400,230</u>	<u>2,859,843</u>	<u>18.9</u>	<u>1,238,174</u>	<u>980,780</u>	<u>26.2</u>

2. Gross profit margin

During the Period, due to effective adjustments in product mix and improvement in operational efficiency, the Group absorbed the impact of the significant increase in production costs as a result of factory relocation, and further increased the gross profit margin to 59.3% from 56.7% in the same period last year. The percentage of turnover from high value-added products (products with gross profit margins of over 60%) of the Group to the total turnover was 52.5% (same period in 2012: 45.2%).

3. Other income

During the Period, other income decreased by 78.7% as compared with the same period last year, which was mainly due to the decrease in interest income on bank deposits and the increase in foreign exchange loss.

4. Distribution costs

During the Period, distribution costs increased by 31.6%, which was mainly due to the increase in sales revenue and increased investment in the market channels.

5. Administrative expenses

During the Period, administrative expenses increased by 23.9%, which was mainly due to the increase in salaries and administrative costs. During the Period, research and development expenditure was approximately RMB148,559,000 (same period in 2012: approximately RMB120,552,000), representing 4.4% of revenue (same period in 2012: 4.2%).

6. Share of profit or loss of two jointly controlled entities

During the Period, Weigao Nikkiso (Weihai) Dialysis Equipment Co., Ltd (“Weigao Nikkiso”), the joint venture company with Nikkiso Co., Ltd., performed well. The joint venture company produces haemodialysis machines and provides after-sales services in China. Weigao Blood distributes haemodialysis machines produced by the joint venture company in the China market. The collaboration leverages the complementary strengths of the two partners and it has further strengthened the Group’s competitive position in the blood purification segment. It also lays a solid foundation for the business expansion of the Group in the blood purification market in China. Profit from Weigao Nikkiso attributable to the Group for the nine months ended 30 September 2013 amounted to approximately RMB3,678,000 (same period in 2012: loss of approximately RMB2,925,000).

During the Period, the joint venture company with Terumo Corporation and Terumo (China) Holding Co. Ltd in production and sales of peritoneal dialysis and peritoneal dialysis related devices in the PRC with capital of RMB480,000,000 was established. Weigao Blood Purification, a subsidiary of the Company, holds 50% equity interests of the joint venture company. Up to the date of this announcement, the research and development and the applications for product registration of the joint venture company are underway. Loss from Weigao Terumo attributable to the Group for the nine months ended 30 September 2013 amounted to approximately RMB4,662,000 (same period in 2012: Nil).

7. Share of profit of associates

During the Period, the dissolution procedure of the Distribution Joint Venture with Medtronic in orthopaedic products was underway. The division and transfer of its principal assets, personnel, markets and business operation had been completed. The Joint Venture contributed approximately RMB46,731,000 to the profit of the Group for the same period of last year.

During the Period, Biosensors International Pte Ltd. (“Biosensors”), in which the Company holds 21.7% equity interests, contributed approximately RMB90,395,000 (same period in 2012: approximately RMB83,305,000) to the profit of the Group. Excluding the extraordinary items, Biosensors contributed approximately RMB88,927,000 (same period in 2012: approximately RMB133,401,000) to the profit of the Group.

8. Taxation

During the Period, tax expenses increased by 16.7%, which was mainly attributable to the increase of assessable profit.

During the Period, the Company, Weigao Orthopaedic, Weihai Jierui Medical Products Company Limited and Weihai Weigao Blood Purification Product Company Limited are subject to income tax at a rate of 15% (same period in 2012: 15%). Taxation for other PRC subsidiaries is computed at a tax rate of 25% (same period in 2012: 25%).

During the Period, no provision for taxation was made for Weigao International Medical Co., Ltd., Wego Medical Holding Company Limited and Wellford Capital Limited as they did not have any assessable profit in Hong Kong during the Period.

9. Dividend

There was no dividend declared by the Company for the three months ended 30 September 2013 (same period in 2012: nil).

10. Profit attributable to equity holders of the Company

For the three months and nine months ended 30 September 2013, net profit attributable to shareholders of the Group was approximately RMB347,464,000 and RMB776,935,000 (same periods in 2012: approximately RMB271,290,000 and RMB766,406,000) respectively, representing an increase of 28.1% and 1.4% respectively over the same periods last year. For the three months and nine months ended 30 September 2013, net profit attributable to the owners of the Company, excluding extraordinary items, was approximately RMB307,694,000 and RMB806,410,000 (same periods in 2012: approximately RMB290,279,000 and RMB816,502,000) respectively, representing an increase of approximately 6.0% and a decrease of approximately 1.2% respectively over the same periods last year.

11. Earnings per share

For the three months and nine months ended 30 September 2013, basic earnings per share was computed based on the net profit attributable to shareholders of approximately RMB347,464,000 and RMB776,935,000 (same periods in 2012: approximately RMB271,290,000 and RMB766,406,000), and the weighted average total number of 4,476,372,324 shares (same period in 2012: 4,476,372,324 shares).

On behalf of the Board
Shandong Weigao Group Medical Polymer Company Limited
Chen Xue Li
Chairman

Weihai, Shandong, the PRC
13 November 2013

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

Mr. Zhang Hua Wei (*Executive Director*)
Mr. Wang Yi (*Executive Director*)
Mr. Gong Jian Bo (*Executive Director*)
Mr. Xia Lie Bo (*Executive Director*)
Mr. Chen Xue Li (*Non-executive Director*)
Mrs. Zhou Shu Hua (*Non-executive Director*)
Mr. Lo Wai Hung (*Independent non-executive Director*)
Mr. Li Jia Miao (*Independent non-executive Director*)
Mrs. Fu Ming Zhong (*Independent non-executive Director*)
Mrs. Wang Jin Xia (*Independent non-executive Director*)