



**Leading in Development,  
Manufacturing and Marketing of  
Single-use Medical Devices in the PRC**

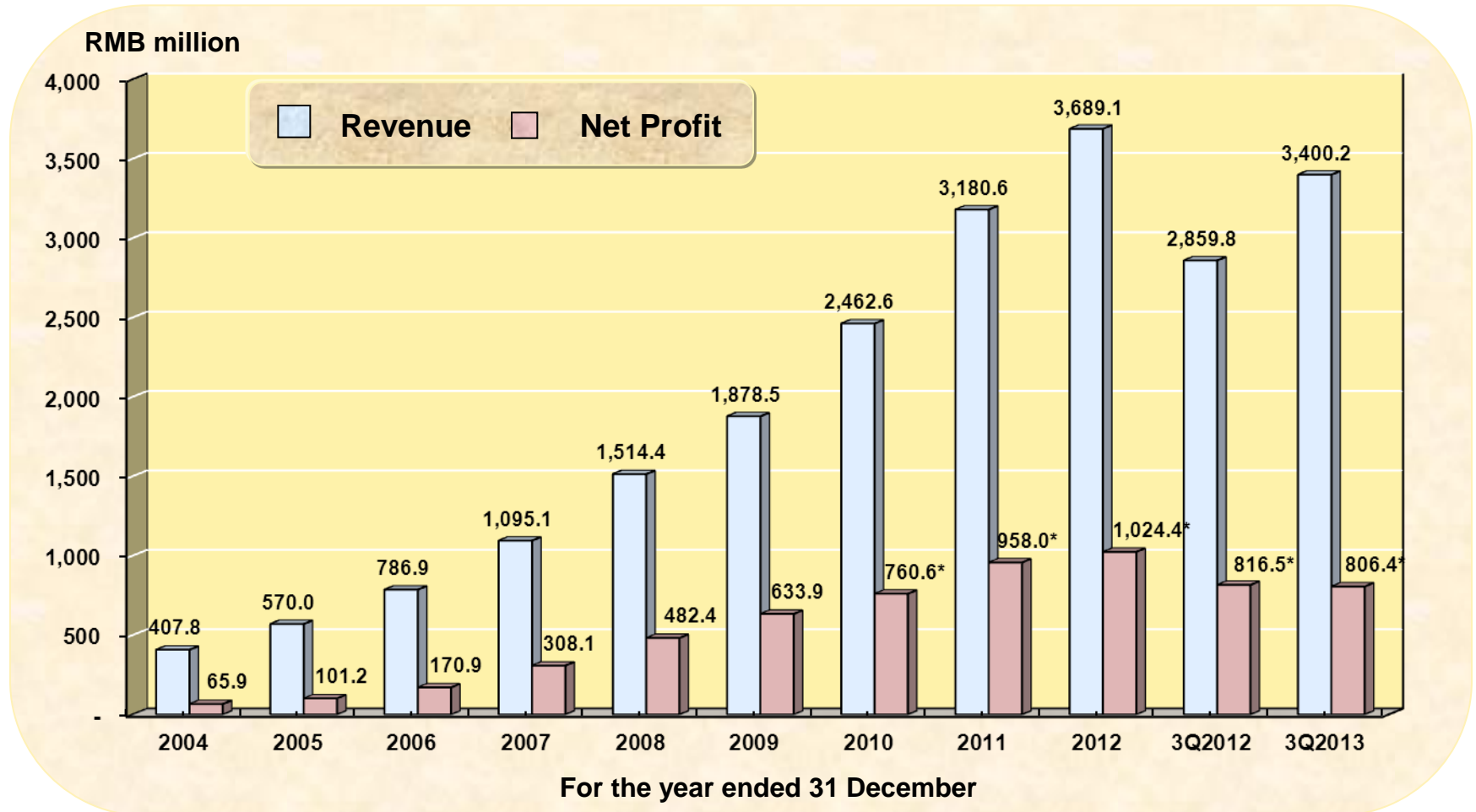
**Third Quarter Results 2013**

**13 November 2013**

# Content

● <b>Financial Highlights</b>	2
● <b>Operational Review</b>	7
● <b>Group Structure</b>	10
● <b>Appendix</b>	
<b>I. Reconciliation of Net Profit</b>	11
<b>II. Reconciliation of Biosensors Profit</b>	12

# Continuous Revenue and Earnings Growth



### 8 Years CAGR

- Turnover : 31.7%↑
- Net Profit : 40.9%↑

\* net profit excluding extraordinary items

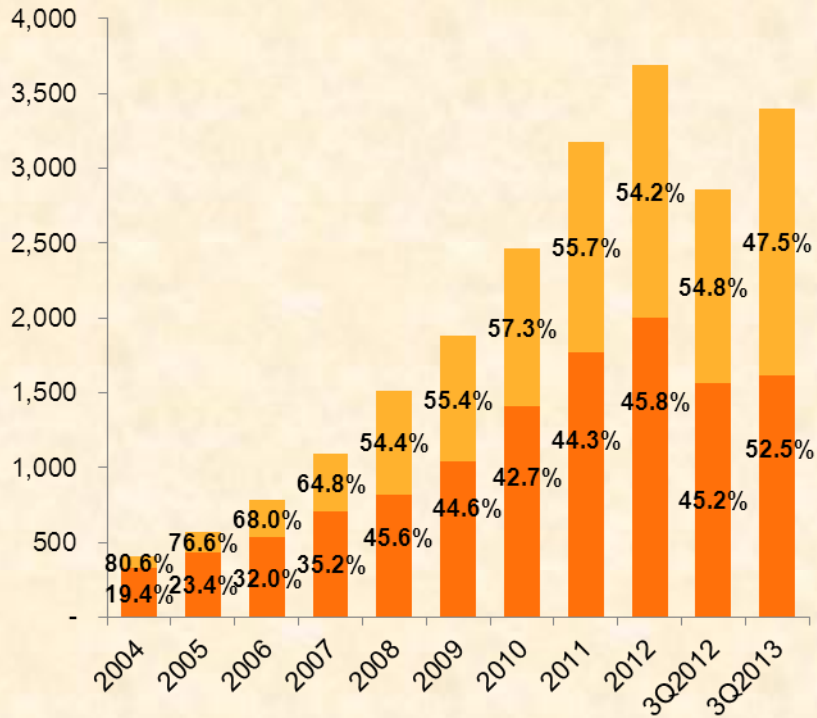
### 3Q2013 vs 3Q2012

- Turnover : 18.9%↑
- Net profit : 1.2%↓

# Turnover and GP Analysis

## Turnover

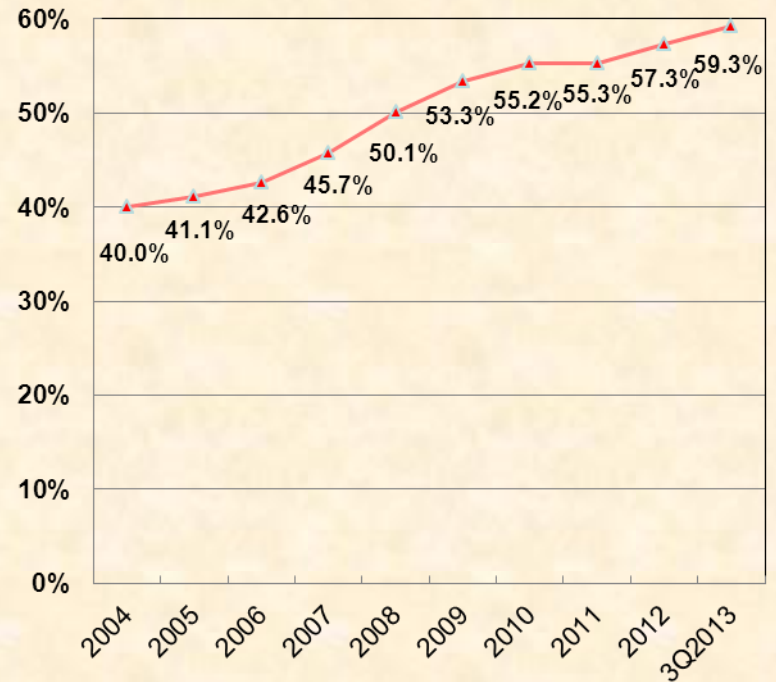
RMB million



For the year ended 31 December

- High value-added products (Gross profit margin > 60%)
- Conventional products (Gross profit margin < 60%)

## Gross Profit Margins



For the year ended 31 December

# Results Summary

RMB million	For the 9 months ended 30 Sept 2013	For the 9 months ended 30 Sept 2012	Change %	For the 3 months ended 30 Sept 2013	For the 3 months ended 30 Sept 2012	Change %
Revenue	3,400.2	2,859.8	+18.9	1,238.2	980.8	+26.2
COGS	(1,384.4)	(1,237.1)	+11.9	(504.0)	(407.4)	+23.7
Gross profit	2,015.8	1,622.8	+2.6	734.2	573.4	+0.8
- Gross profit margin	59.3%	56.7%		59.3%	58.5%	
Other revenue	11.8	55.4	(78.7)	20.6	15.6	+32.4
Distribution costs (% on revenue)	(850.8) 25.0%	(646.7) 22.6%	+2.4	(288.5) 23.3%	(225.1) 22.9%	+0.4
Administrative expenses (% on revenue)	(359.2) 10.6%	(289.9) 10.1%	+0.5	(123.8) 10.0%	(100.4) 10.2%	(0.2)
Finance costs (% on revenue)	(7.2) 0.2%	(1.4) 0.05%	+0.15	(3.0) 0.2%	-	-
Share of results in jointly controlled entities	(1.0)	(2.9)	(66.4)	0.4	(0.8)	-
Share of results in associates	90.4	130.0	(30.5)	58.1	43.7	+32.7
Profit before taxation	899.8	867.4	+3.7	398.1	306.4	+29.9
Taxation	(117.9)	(101.1)	+16.7	(46.1)	(36.5)	+26.3
Non-controlling interest	4.9	(0.1)	-	4.5	(1.4)	-
Profit after taxation	776.9	766.4	+1.4	347.5	271.3	+28.1
Profit before taxation and JVs	810.4	740.3	+9.5	339.6	263.5	+28.9
Effective tax rate	14.6%	13.7%	+0.9	13.6%	13.8%	(0.2)

<b>Share of results in jointly controlled entities</b>						
- JWMS		-	-		-	-
- Nikkiso	3.7	(2.9)	-	1.9	(0.8)	-
- Terumo	(4.7)	-	-	(1.5)	-	-
	<b>(1.0)</b>	<b>(2.9)</b>	<b>-</b>	<b>0.4</b>	<b>(0.8)</b>	<b>-</b>
<b>Share of results in associates</b>						
- MDT JV	-	46.7	-	-	17.5	-
- 21.7% in Biosensors	90.4	83.3	+8.5	58.1	26.2	+121.3
	<b>90.4</b>	<b>130.0</b>	<b>(30.5)</b>	<b>58.1</b>	<b>43.7</b>	<b>+32.7</b>

# Turnover Breakdown by Products

Products	For the 9 months ended 30 Sept			% to turnover	
	2013	2012	Change	2013	2012
	RMB m	RMB m	%	%	%
<b>Consumables</b>					
- <i>Infusion sets</i>	<b>936.7</b>	872.1	7.4	27.6	30.5
- <i>Needles</i>	<b>542.0</b>	488.5	10.9	15.9	17.1
- <i>Syringes</i>	<b>445.3</b>	408.8	8.9	13.1	14.3
- <i>Blood bags</i>	<b>167.7</b>	146.5	14.5	4.9	5.1
- <i>Pre-filled syringes</i>	<b>158.7</b>	132.0	20.2	4.7	4.6
- <i>Blood sampling</i>	<b>61.7</b>	54.3	13.8	1.8	1.9
- <i>Wound Management</i>	<b>57.3</b>	47.7	20.2	1.7	1.7
- <i>PVC granules</i>	<b>55.0</b>	48.8	12.6	1.6	1.7
- <i>Other consumables</i>	<b>199.6</b>	174.5	14.4	5.9	6.1
Subtotal for consumables	<b>2,624.0</b>	2,373.2	10.6	77.2	83.0
Orthopaedic	<b>385.8</b>	213.4	80.8	11.3	7.5
Blood purification consumables	<b>318.7</b>	197.4	61.5	9.4	6.9
Blood purification equipment	<b>71.7</b>	75.8	(5.4)	2.1	2.6
<b>Total`</b>	<b>3,400.2</b>	2,859.8	18.9	100.0	100.0

# Turnover Breakdown by Products

Products	For the 3 mths ended 30 Sept		2013 QoQ change		
	2013 RMB m	2012 RMB m	3Q %	2Q %	1Q %
Consumables					
- <i>Infusion sets</i>	<b>346.0</b>	306.4	12.9	(0.3)	9.9
- <i>Needles</i>	<b>190.9</b>	152.7	25.0	3.7	5.4
- <i>Syringes</i>	<b>167.1</b>	151.2	10.5	7.0	9.1
- <i>Blood bags</i>	<b>60.6</b>	48.3	25.6	11.2	6.5
- <i>Pre-filled syringes</i>	<b>51.5</b>	42.6	20.9	21.1	18.1
- <i>Blood sampling</i>	<b>25.5</b>	20.3	25.5	10.8	1.6
- <i>Wound management</i>	<b>21.6</b>	16.7	29.3	16.2	13.9
- <i>PVC granules</i>	<b>19.6</b>	15.6	26.3	9.1	2.5
- <i>Other consumables</i>	<b>81.6</b>	66.2	23.2	11.4	6.5
Subtotal for consumables	<b>964.4</b>	820.0	17.6	5.4	8.5
Orthopaedic	<b>125.8</b>	67.0	87.7	67.3	89.9
Blood purification consumables	<b>126.6</b>	73.2	73.0	52.2	57.9
Blood purification equipment	<b>21.4</b>	20.6	3.8	(7.1)	(12.3)
<b>Total</b>	<b>1,238.2</b>	980.8	26.2	13.0	17.5

# Nationwide Sales Network



	As at 30 Sept 2013
■ No. of sales office	25
● No. of customer service centre	38
● No. of cities with sales representatives	170
No. of sales staff	2,056



# Expanding Customer Base

	Total in China In 2012	No. of customers	Coverage
<b>Hospitals</b>			
• Top tier	1,624	1,015	62.5%
• Medium	6,566	1,721	26.2%
• Small	5,962	320	5.4%
• Other - Not rated	9,018	23	0.3%
<b>Subtotal</b>	<b>23,170</b>	<b>3,079</b>	<b>13.3%</b>
<b>Blood centres</b>	<b>525</b>	<b>414</b>	<b>78.9%</b>
<b>Other medical units</b>	<b>926,602</b>	<b>605</b>	<b>0.07%</b>
<b>Distribution companies</b>		<b>1,028</b>	
<b>Total</b>		<b>5,126</b>	

Source: Ministry of Health and the Company

# New Product Development

Category

No. of products as at  
30 Sept 2013

With product registration certificates

278

Under application for product registration certificates

45

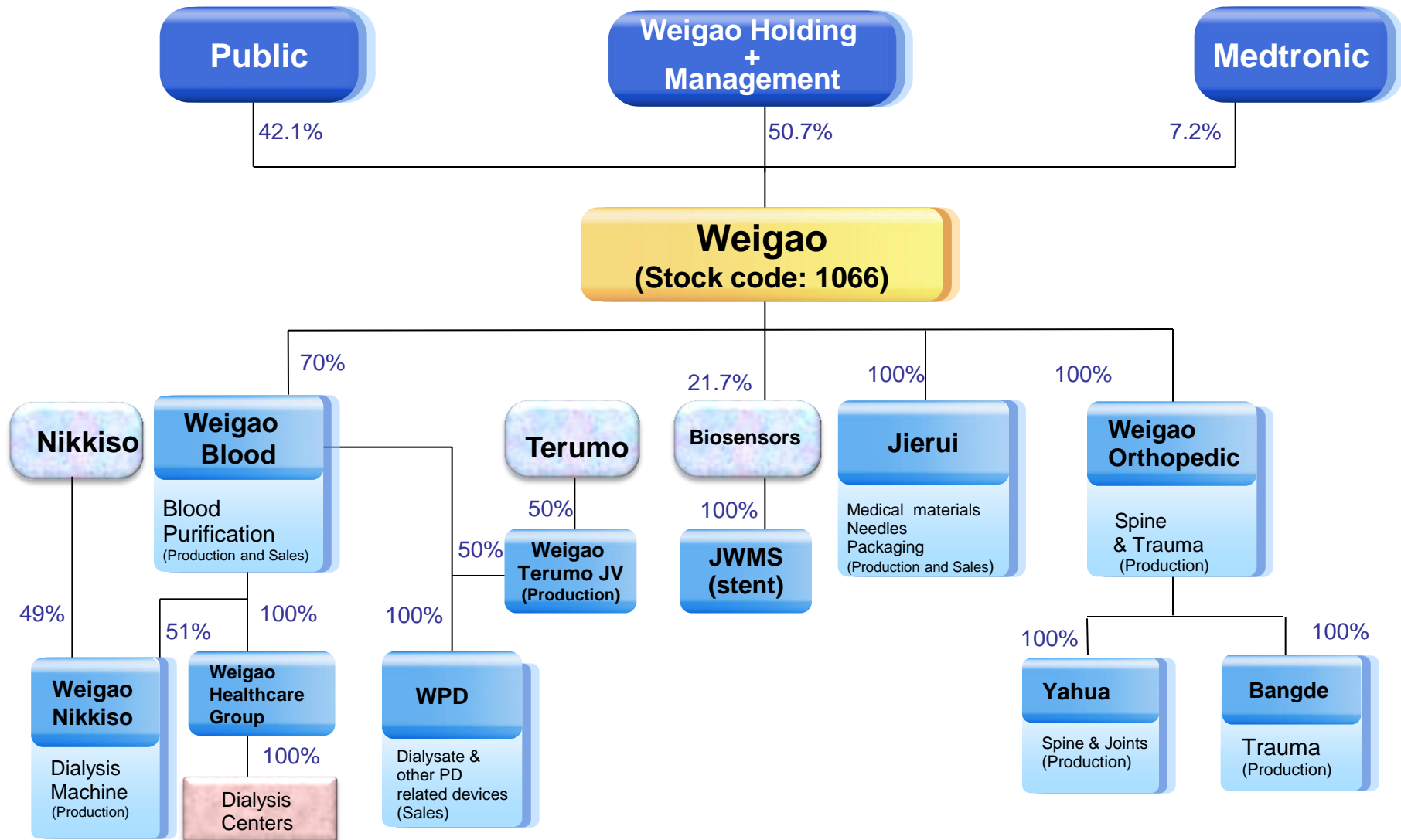
Patented products

229

Under patent application

125

# Weigao Group Structure



# Appendix I - Reconciliation of Net Profit

		2013		2012	Change
		RMB'000		RMB'000	%
Profit for the 9 months ended 30 Sept 2013		776,935		766,406	1.4
	USD'000				
<i>Add: extraordinary items for the 3 months ended 30 Sept 2013</i>					
Amortization of intangible assets of Biosensors	8,866				
Amortization of customer lists and patents	4,584				
Write back/ (Provision) for restructuring of European operation	251				
	<u>13,701</u>	<i>x 21.7% at average exchange rate</i>	18,332	18,989	(3.5)
<i>Add: income resulting from changes in shareholding portion</i>		(55,109)	(36,777)	-	18,989
<i>extraordinary items for the 6 months ended 30 Jun 2013</i>			35,309	31,107	13.5
<i>Add: loss on exchange</i>			30,943	-	-
Profit for the 9 months ended 30 Sept 2013 excluding extraordinary items		<u>806,410</u>		<u>816,502</u>	(1.2)

## Appendix II - Reconciliation of Biosensors Profit

		3 months ended 30 Sep 2013 USD ('000)	Remarks
Reported earnings of Biosensors for the 3 months ended 30 Sept 2013	USD	11,252	
Less: Amortization of intangible assets of Biosensors	USD	(8,866)	Intangible assets such as licensing agreements, patents and customer relationships are re-measured at the acquisition date. Fair value of USD427M is recognized and subjected to amortization on a straight- line basis over 10 years.
Share of Adjusted net profit for the Period	USD	2,386	at an average exchange rate of USD into RMB
equivalent to	RMB	13,607	
Profit recognized as income for the Period	RMB	2,954	at 21.7%
Add: Income resulting from changes in shareholding portion	RMB	55,109	
Share of profit in Biosensors for the 3 months ended 30 Sept 2013	RMB	58,063	

# Disclaimer

This document does not constitute, or form part of any offer for subscription or sale of, or solicitation of any offer to subscribe for or sale of any securities of Shandong Weigao Group Medical Polymer Company Limited (“Weigao Group”), nor shall it be construed as calculated to invite any such offer, nor shall it form the basis of, nor can it be relied on in connection with, or act as an inducement to enter into any contract or commitment whatsoever.

## **FORWARD-LOOKING STATEMENTS**

This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of Weigao Group, and certain of the plans and objectives of the management of Weigao. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of Weigao Group to be materially different from any future results or performance expressed or implied by such forward-looking statements. Such forward-looking statements were based on assumptions regarding Weigao’s present and future business strategies and the political and economic environment in which Weigao and its subsidiaries will operate in the future. Reliance should not be placed on these forward-looking statements, which reflect the view of Weigao Group’s management as of the date of this presentation only.

## **CONFIDENTIALITY**

This document is given to you on a confidential basis and must not be passed to, or their contents disclosed to, any other person and no copy shall be taken hereof.