



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

Interim Results 2013

19 August 2013

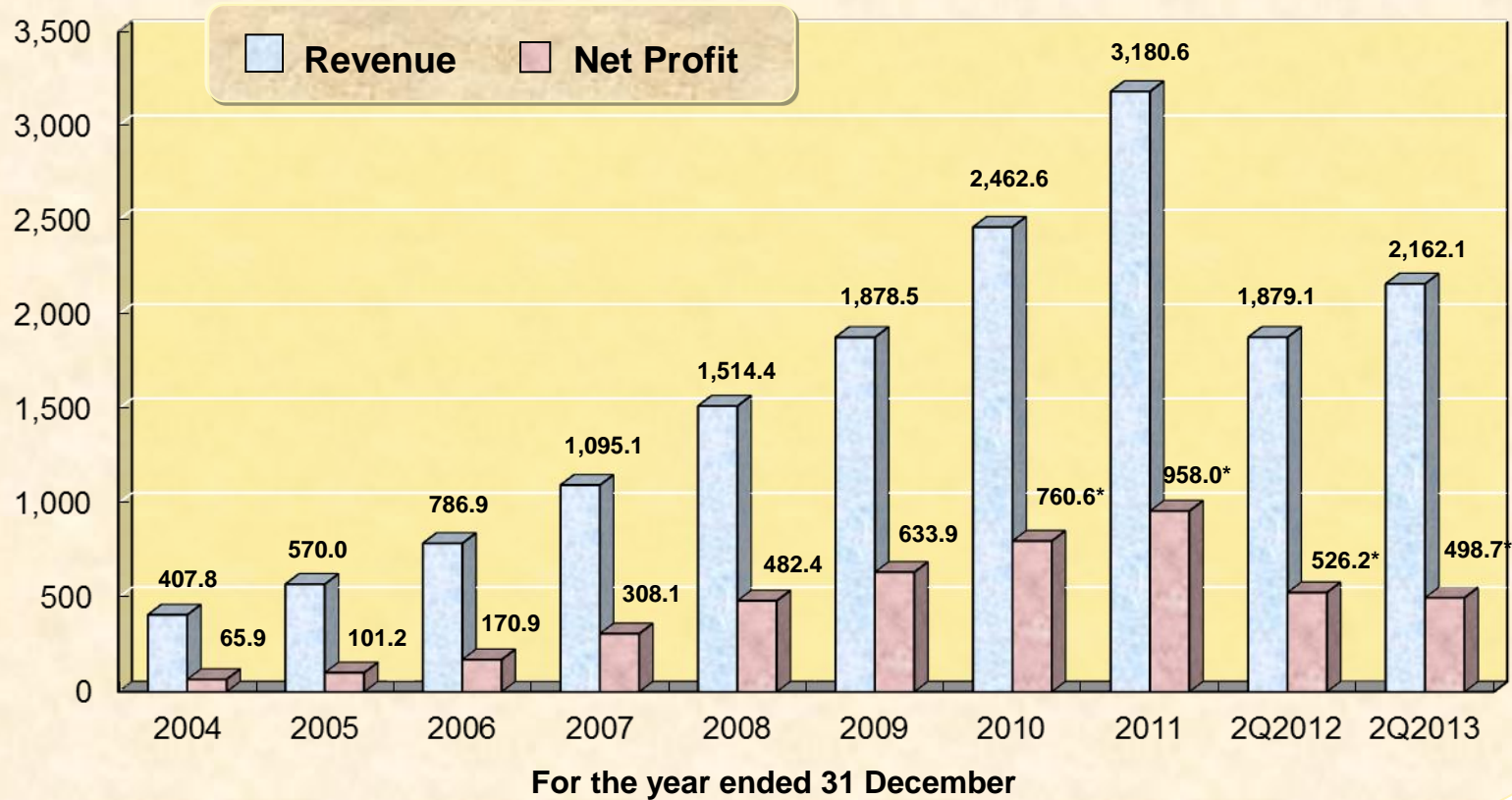
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Reconciliation of Biosensors Profit and Net Profit

Continuous Revenue and Earnings Growth

RMB million



7 Years CAGR

- Turnover : 34.1%↑
- Net Profit : 46.6%↑

* net profit excluding extraordinary items

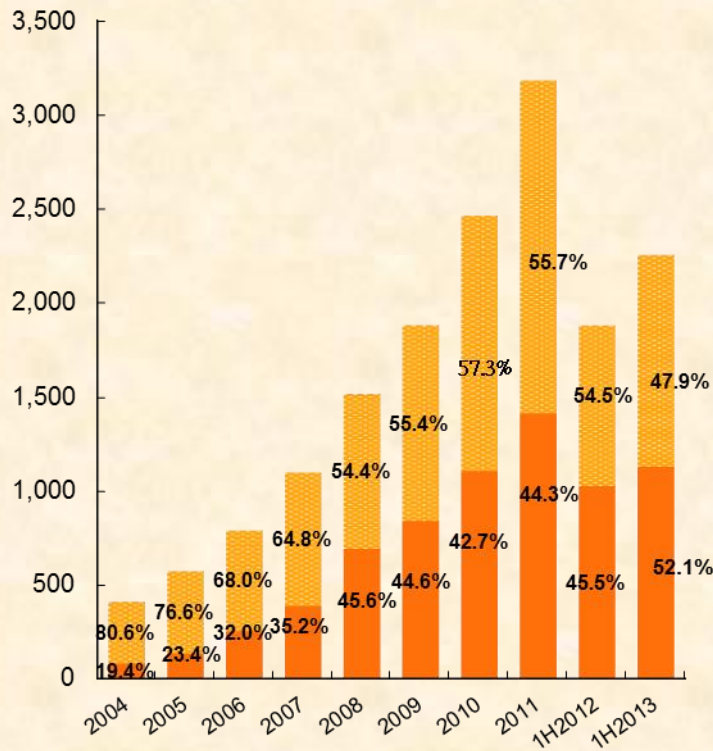
2Q2012 vs 2Q2013

- Turnover : 15.1%↑
- Net profit : 5.2%↓

Turnover and GP Analysis

Turnover

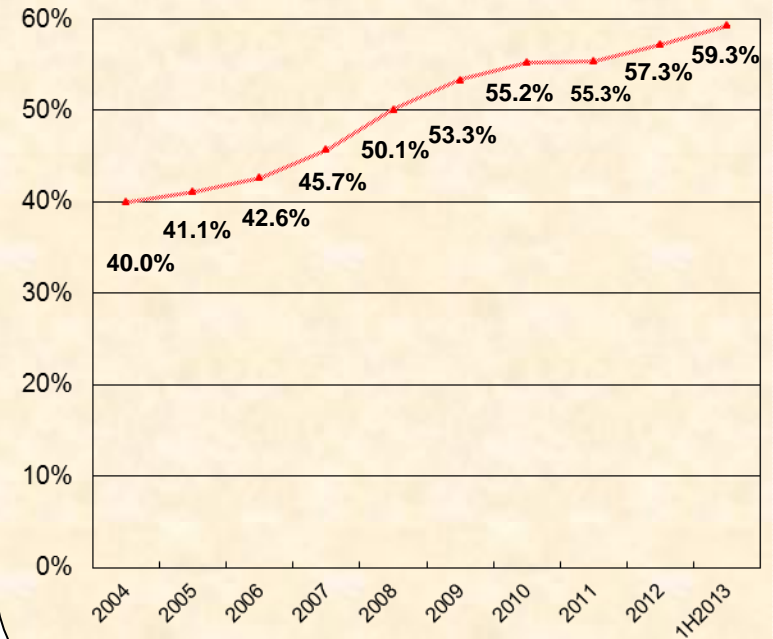
RMB million



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 6 months ended 30 June 2013	For the 6 months ended 30 June 2012	Change
Revenue	2,162.1	1,879.1	+15.1
COGS	(880.4)	(829.7)	+6.1
Gross profit	1,281.6	1,049.4	+3.5
- Gross profit margin	59.3%	55.8%	
Other revenue	(8.8)	39.9	-
Distribution costs (% on revenue)	(562.4) 26.0%	(421.6) 22.4%	+3.6
Administrative expenses (% on revenue)	(235.5) 10.9%	(189.4) 10.0%	+0.9
Finance costs	(4.2)	(1.4)	+201.0
Share of results in jointly controlled entities	(1.4)	(2.1)	(33.3)
Share of results in associates	32.3	86.3	(62.5)
Profit before taxation	501.8	561.0	(10.6)
Income tax expense	(71.9)	(64.6)	+11.3
Non-controlling interest	(0.4)	(1.3)	(69.2)
Profit after taxation	429.5	495.1	(13.2)
Profit before Taxation and JVs	470.9	476.8	(1.2)
Effective tax rate	15.3%	13.5%	+1.8

Share of results in jointly controlled entities			
- Nikkiso	1.8	(2.1)	-
- Terumo	(3.2)	-	-
	(1.4)	(2.1)	(33.3)
Share of results in associates			
- MDT JV	-	29.2	-
- 21.5% in Biosensors	32.3	57.1	(43.4)
	32.3	86.3	(62.5)

Results Summary

RMB million	For the 3 months ended 30 June 2013	For the 3 months ended 30 June 2012	Change
Revenue	1,149.4	1,017.1	+13.0
COGS	(469.6)	(445.1)	+5.5
Gross profit	679.8	572.0	+2.9
- Gross profit margin	59.1%	56.2%	
Other revenue	(20.1)	23.6	-
Distribution costs (% on revenue)	(292.6) 25.4%	(224.6) 22.0%	+3.4
Administrative expenses (% on revenue)	(126.5) 11.0%	(99.1) 9.7%	+1.3
Finance costs	(2.3)	-	-
Share of results in jointly controlled entities	(1.5)	(1.1)	(36.3)
Share of results in associates	4.3	47.6	(90.9)
Profit before taxation	241.1	318.4	(24.3)
Income tax expense	(39.0)	(36.3)	+7.5
Non-controlling interest	(0.9)	(0.7)	31.7
Profit after taxation	202.1	282.1	(28.3)
Profit before Taxation and JVs	238.3	271.9	(87.6)
Effective tax rate	16.4%	13.4%	+3.0

Share of results in jointly controlled entities

- Nikkiso	1.7	(1.1)	-
- Terumo	(3.2)	-	-
	(1.5)	(1.1)	(36.3)
Share of results in associates			
- MDT JV	-	15.4	-
- 21.6% in Biosensors	4.3	32.2	(86.6)
	4.3	47.6	(90.9)

Turnover Breakdown by Products

Products	For the 6 months ended 30 June			% to turnover	
	2013	2012	Change	2013	2012
	RMB m	RMB m	%	%	%
Consumables					
- Infusion sets	590.7	565.7	4.4	27.3	30.1
- Needles	351.1	335.8	4.5	16.2	17.9
- Syringes	278.2	257.6	8.0	12.9	13.7
- Blood bags	107.1	98.2	9.0	5.0	5.2
- Pre-filled syringes	107.1	89.4	19.8	5.0	4.8
- Blood sampling	36.2	33.9	6.8	1.7	1.8
- Wound management	35.7	31.0	15.3	1.7	1.6
- PVC granules	35.3	33.3	6.0	1.6	1.8
- Other consumables	118.1	108.4	9.0	5.4	7.4
Subtotal for consumables	1,659.6	1,553.3	6.8	76.8	82.7
Orthopaedic	260.0	146.4	77.7	12.0	7.8
Blood purification consumables	192.2	124.2	54.7	8.9	6.6
Blood purification equipment	50.3	55.2	(8.9)	2.3	2.9
Total	2,162.1	1,879.1	15.1	100.0	100.0

Turnover Breakdown by Products

Products	For the 3 months ended 30 June		2013 QoQ change	
	2013	2012	2Q	1Q
	RMB m	RMB m	%	%
Consumables				
- Infusion sets	304.0	304.8	(0.3)	9.9
- Needles	182.6	176.1	3.7	5.4
- Syringes	145.0	135.6	7.0	9.1
- Blood bags	58.1	52.2	11.2	6.5
- Pre-filled syringes	62.7	51.8	21.1	18.1
- Blood sampling	21.1	19.1	10.8	1.6
- Wound Management	21.3	18.3	16.2	13.9
- PVC granules	20.2	18.5	9.1	2.5
- Other consumables	61.9	55.6	11.4	6.5
Subtotal for consumables	876.9	831.9	5.4	8.5
Orthopaedic	132.4	79.2	67.3	89.9
Blood purification consumables	106.5	70.0	52.2	57.9
Blood purification equipment	33.5	36.0	(7.1)	(12.3)
Total	1,149.3	1,017.1	13.0	17.5

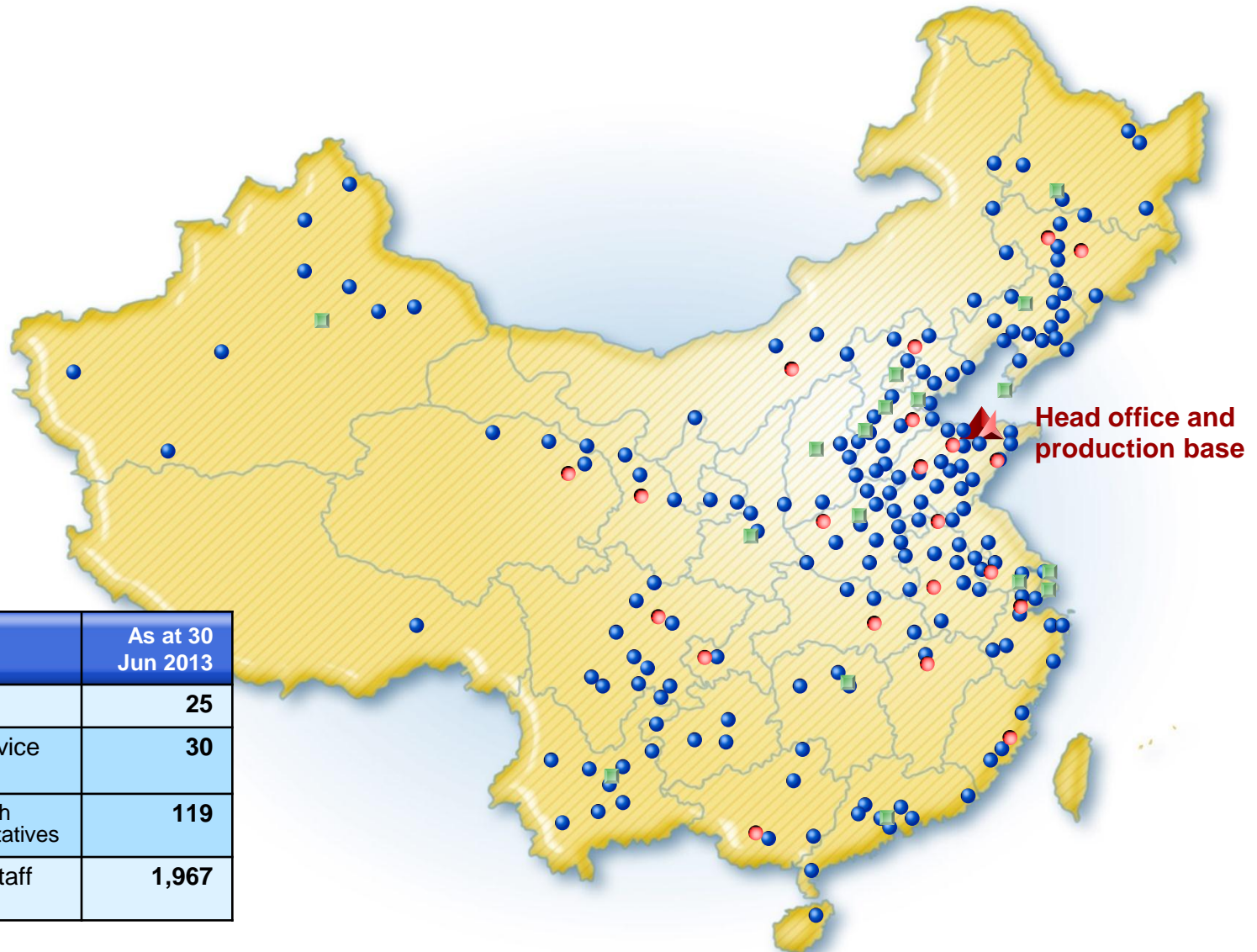
Cost Analysis

For the 6 months ended 30 June

% to turnover

	2013	2012	change	2013	2012
	RMB m	RMB m	%	%	%
Raw materials	516.0	529.9	(2.6)	23.9	28.2
- Medical materials	195.9	196.5	(0.3)	9.1	10.5
- Metal	106.1	102.4	+3.6	4.9	5.4
- Packaging	64.5	65.8	(2.0)	3.0	3.5
- Others	149.5	165.2	(9.5)	6.9	8.8
Staff costs	173.6	140.7	+23.4	8.0	7.5
Production cost	190.8	159.1	+19.9	8.8	8.5
Total COGS	880.4	829.7	+6.1	40.7	44.2
Other operating expenses					
- Distribution cost	562.4	421.6	+33.4	26.0	22.4
- Administration cost	235.5	189.4	+24.3	10.9	10.1
Total	1,678.3	1,440.7	+16.5	77.6	76.7

Nationwide Sales Network



	As at 30 Jun 2013
■ Sales office	25
● Customer service centre	30
● No. of cities with sales representatives	119
No. of sales staff	1,967

Expanding Customer Base

	Total in China In 2012	No. of customers	Coverage
Hospitals			
• Top tier	1,624	988	60.8%
• Medium	6,566	1,680	25.6%
• Small	5,962	319	5.4%
• Other - Not rated	9,018	21	0.2%
Subtotal	23,170	3,008	13.0%
Blood centres	525	414	78.9%
Other medical units	938,169	602	0.06%
Distribution companies		997	
Total		5,021	

Source: Ministry of Health and the Company

New Product Development

Category**No. of products as at
30 June 2013**

With product registration certificates

269

Under application for product registration certificates

44

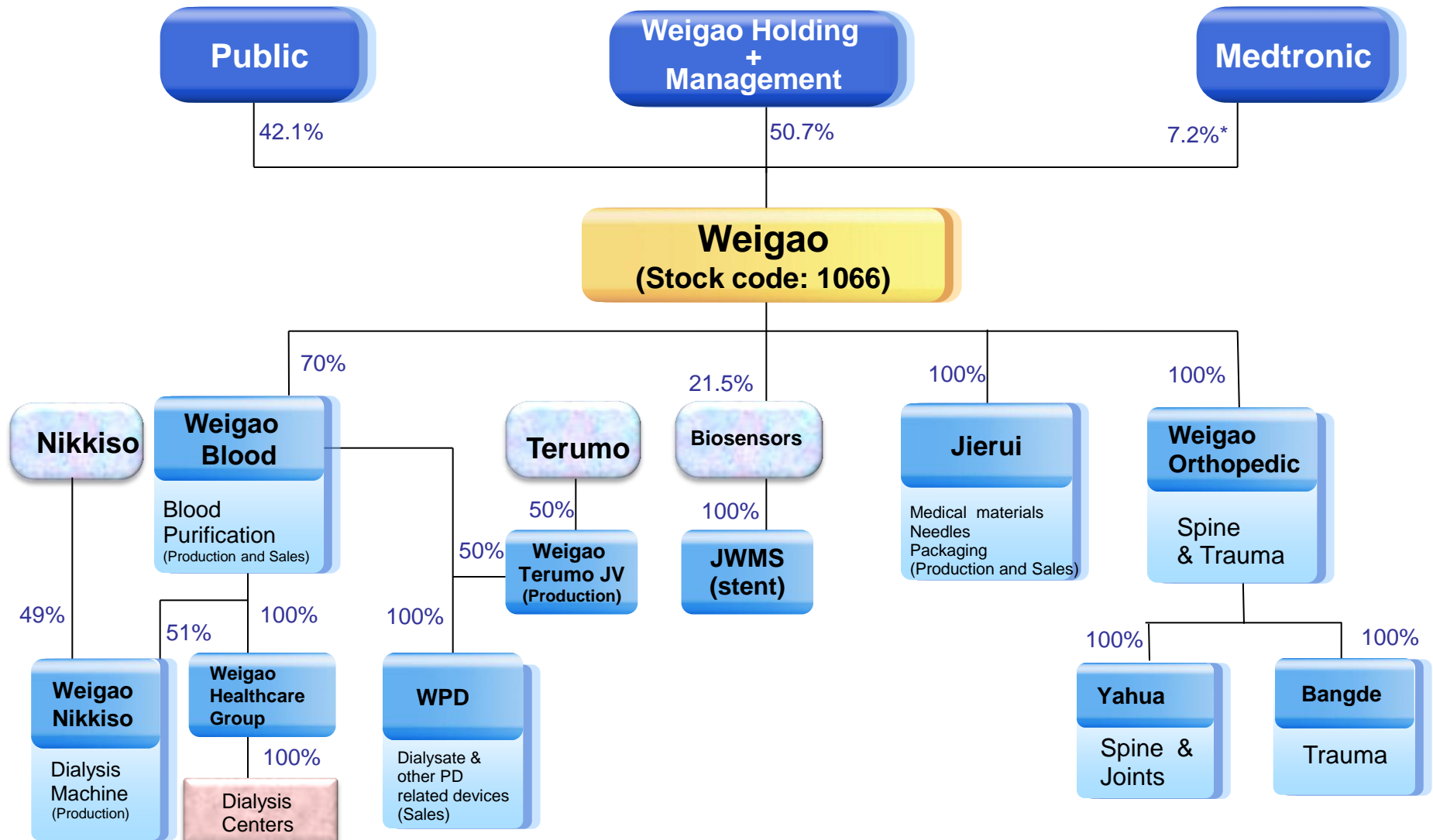
Patented products

225

Under patent application

129

Weigao Group Structure



* % shareholding in non-listed shares only

Appendix

Reconciliation of Biosensors Profit		Quarter ended 30-Jun-13 US\$ '000	Remarks
Net Profit for the period as shown in Biosensors reported earnings		12,102	Intangible assets such as licensing agreements, patents and customer relationships are re-measured at the acquisition date. Fair value of USD427 M is recognized and subject to amortization on a straight-line basis over 10 years. at an exchange rate of USD 1 into RMB 6.2238
Less: Amortization of intangible assets of Biosensors		(8,866)	
Adjusted net profit for the period	USD	3,236	
	RMB	20,141	
	RMB	4,325	at 21.5%

Reconciliation of Weigao Net Profit		2013 RMB'000	2012 RMB'000	Change
Profit for the 6 months ended 30 Jun 2013		429,471	495,116	
	USD'000			
Add: extraordinary items for the quarter ended 30 Jun 2013				
Amortization of intangible assets of Biosensors	8,866			
Amortization of customer lists and patents	<u>4,372</u>			
	13,238	@6.2238	x21.5%	
		17,692	11,643	
Add: extraordinary items for the quarter ended 31 Mar 2013		17,617	19,464	
Add: loss on exchange		33,936	-	
Profit for 6 months ended 30 Jun 2013 excluding extraordinary items		<u>498,716</u>	<u>526,223</u>	(5.2%)

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