



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

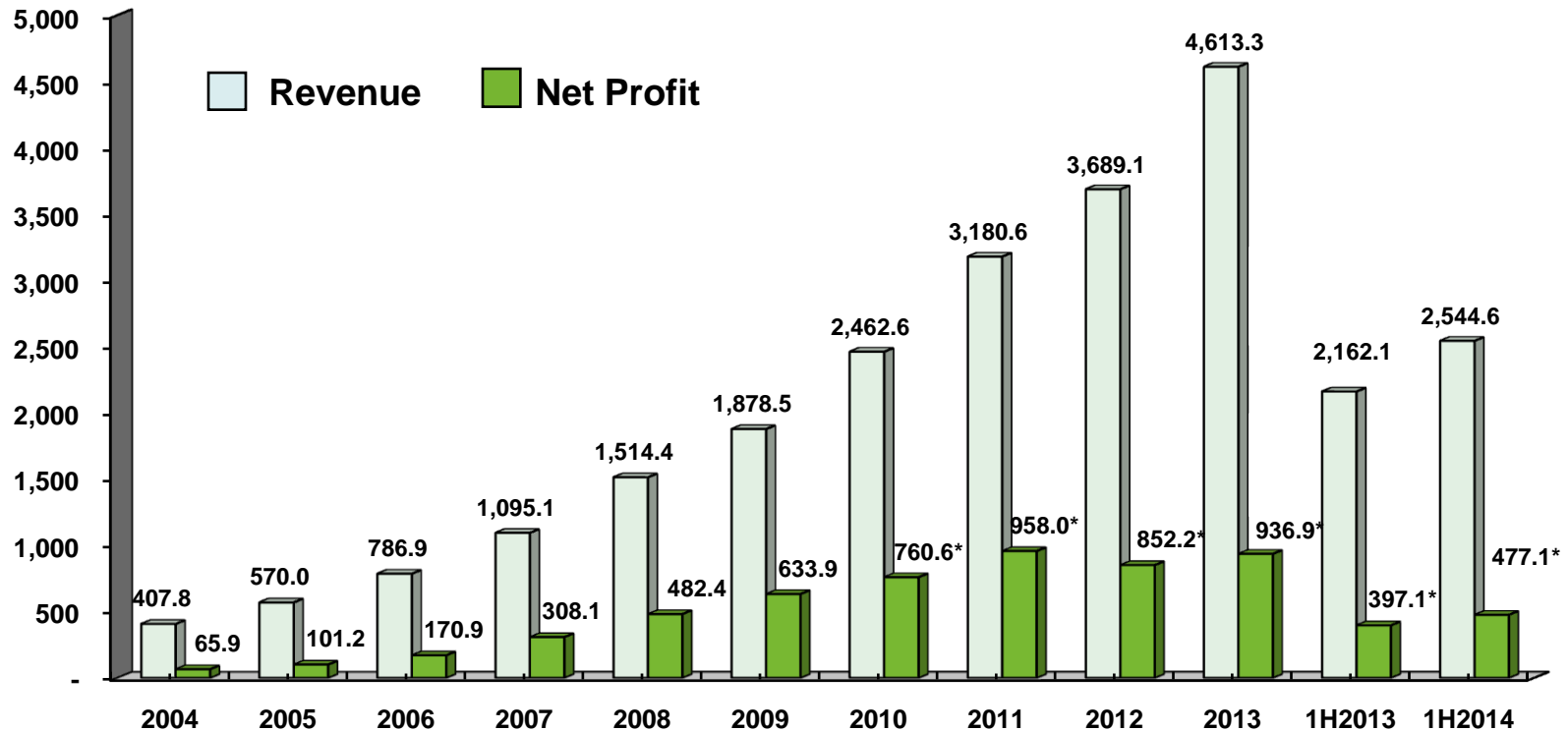
**Interim Quarter Results 2014
26 August 2014**

Content

● Financial Highlights	2
● Operational Review	11
● Group Structure	14

Continuous Revenue and Earnings Growth

RMB million



For the year ended 31 December

9 Years CAGR

- Turnover : 30.9%↑
- Net Profit : 34.3%↑

* net profit excluding extraordinary items

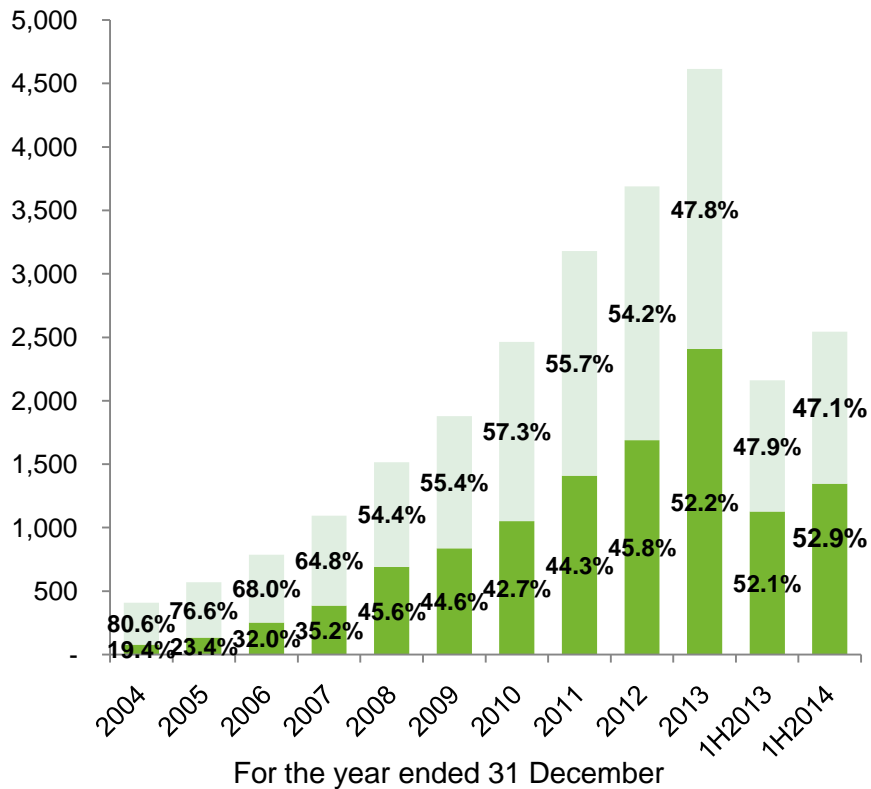
1H2014 vs 1H2013

- Turnover : 17.7%↑
- Net profit : 20.1%↑

Turnover and GP Analysis

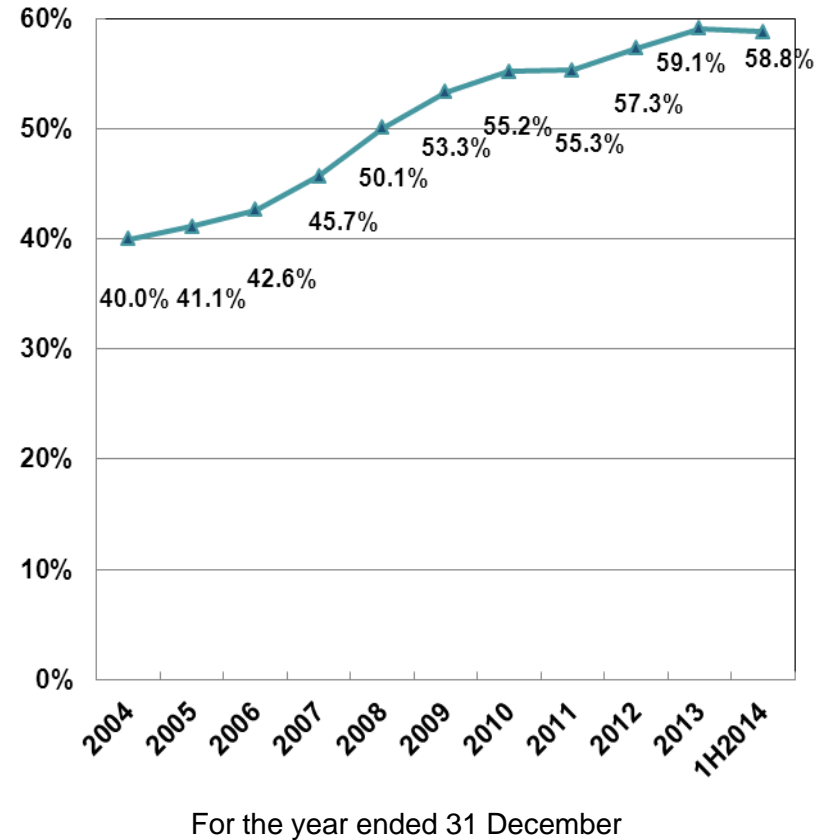
Turnover

RMB million



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

Gross Profit Margins



Results Summary

RMB million	For the 6 months ended 30 Jun 2014	For the 6 months ended 30 Jun 2013	Change %
Revenue	2,544.6	2,162.1	+17.7
COGS	(1,048.0)	(880.4)	+0.5
% on revenue	41.2%	40.7%	
Gross profit	1,496.6	1,281.6	(0.5)
<i>Gross profit margin</i>	<i>58.8%</i>	<i>59.3%</i>	
Other revenue, gains/ losses	36.6	(8.8)	-
Distribution costs	(680.9)	(562.4)	+0.8
<i>% on revenue</i>	<i>26.8%</i>	<i>26.0%</i>	
Administrative expenses	(165.5)	(137.6)	+0.1
<i>% on revenue</i>	<i>6.5%</i>	<i>6.4%</i>	
Research & development expenses	(111.0)	(97.9)	+13.4
Finance costs	(9.8)	(4.2)	+133.3
Share of results in jointly controlled entities	(3.7)	(1.4)	+164.3
Share of results in associates	(4.2)	32.3	-
Profit before taxation	558.0	501.8	+11.2
Income tax expense	(82.7)	(71.9)	+15.0
Non-controlling interest	(2.4)	(0.4)	+500.0
Profit after taxation	472.9	429.5	+10.1
Profit before Taxation and JVs	565.9	470.8	+0.4
<i>Net profit margin</i>	<i>22.2%</i>	<i>21.8%</i>	
Effective tax rate	14.6%	15.3%	(0.7)

Results Summary

RMB million	For the 3 months ended 30 Jun 2014	For the 3 months ended 30 Jun 2013	Change %
Revenue	1,376.5	1,149.4	+19.8
COGS	(563.9)	(469.6)	+0.1
% on revenue	41.0%	40.9%	
Gross profit	812.7	679.8	(0.1)
<i>Gross profit margin</i>	<i>59.0%</i>	<i>59.1%</i>	
Other revenue, gains/losses	23.1	(20.1)	-
Distribution costs	(376.4)	(292.6)	+1.8
<i>% on revenue</i>	<i>27.3%</i>	<i>25.5%</i>	
Administrative expenses	(92.6)	(76.1)	+0.1
<i>% on revenue</i>	<i>6.7%</i>	<i>6.6%</i>	
Research & development expenses	(57.6)	(50.4)	+14.3
Finance costs	(5.6)	(2.3)	+142.0
Share of results in jointly controlled entities	0.4	(1.5)	-
Share of results in associates	0.1	4.3	(97.7)
Profit before taxation	304.1	241.1	+26.1
Income tax expense	(44.0)	(39.0)	+12.8
Non-controlling interest	(3.1)	(1.0)	+210.0
Profit after taxation	256.9	201.1	+27.7
Profit before Taxation and JVs	303.6	238.3	+1.3
<i>Net profit margin</i>	<i>22.0%</i>	<i>20.7%</i>	
Effective tax rate	14.5%	16.4%	(1.9)

Results Summary

RMB million	For 6 months ended 30 Jun 2014	For 6 months ended 30 Jun 2013	Change %	For 3 months ended 30 Jun 2014	For 3 months ended 30 Jun 2013	Change %
Share of results in jointly controlled entities						
- Nikkiso	2.8	1.8	+55.6	1.5	1.7	(13.4)
- Terumo	(6.5)	(3.2)	+103.1	(1.1)	(3.2)	(65.6)
	(3.7)	(1.4)	+163.2	0.4	(1.5)	-
Share of results in associates						
- MDT JV	(4.2)	-	-	0.1	-	-
- 21.7% in BIG	-	32.3	-	-	4.3	-
	(4.2)	32.3	-	0.1	4.3	-

Reconciliation of Net Profit

	6 months ended 30 Jun 2014	6 months ended 30 Jun 2013	Change
	RMB'000	RMB'000	%
Profit for the Period	475,345	429,895	+10.6
Non-controlling interest	(2,444)	(424)	+476.4
Share of loss from an associate	4,230	-	-
Share of profit from an associate	-	(32,332)	-
Net profit excluding extraordinary items	477,131	397,139	+20.1

Turnover Breakdown by Products

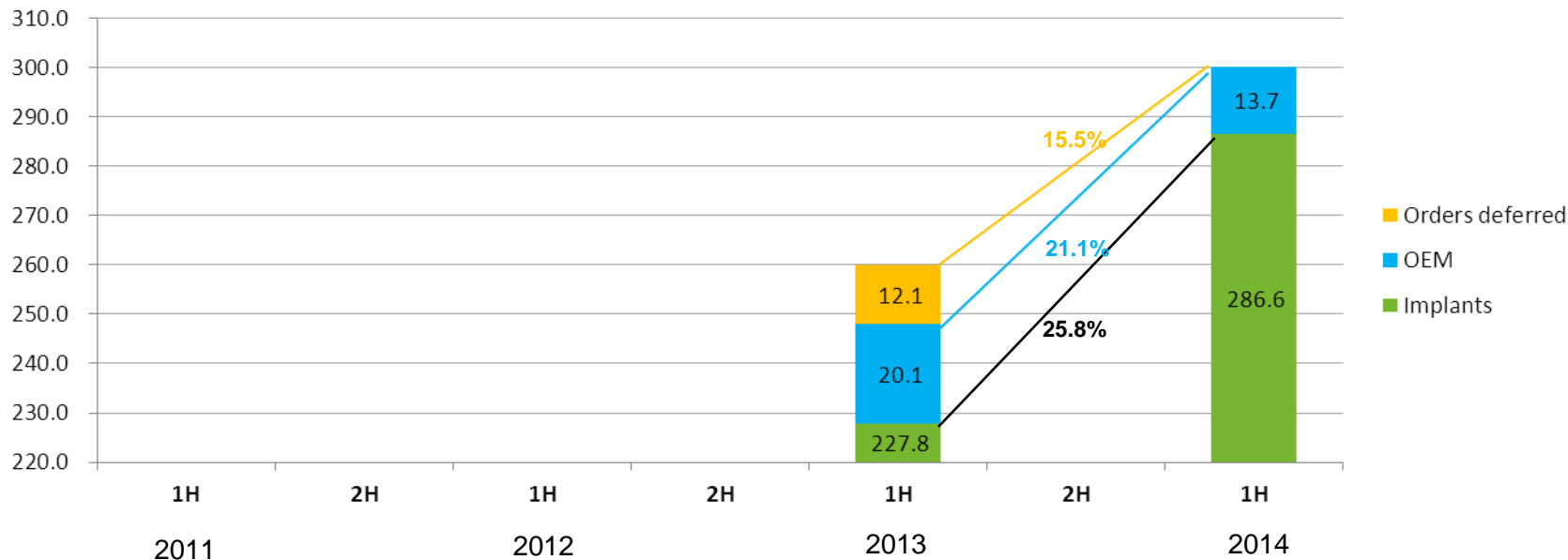
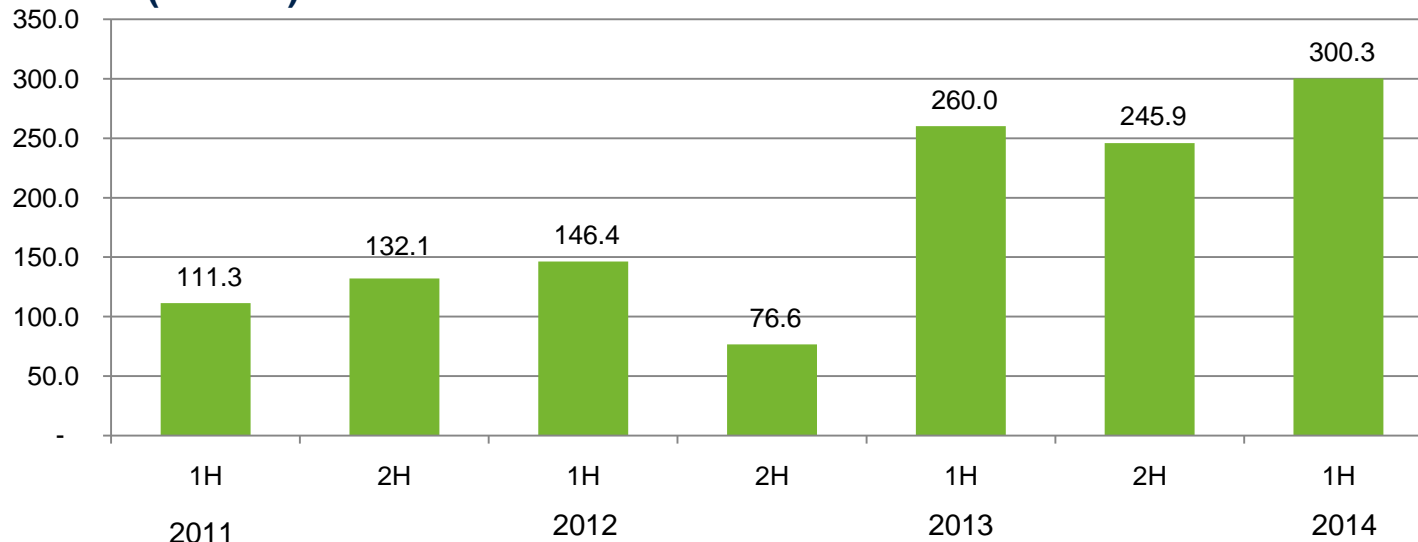
Products	For the 6 months ended 30 Jun			% to turnover	
	2014 RMB m	2013 RMB m	Change %	1H2014 %	1H2013 %
Consumables					
- Infusion sets	695.0	590.7	17.7	27.3	27.3
- Needles	377.9	351.1	7.6	14.9	16.2
- Syringes	319.2	278.2	14.8	12.5	12.9
- Pre-filled syringes	138.1	107.1	28.9	5.5	5.0
- Blood bags	124.8	107.1	16.5	4.9	5.0
- Wound Management	46.0	35.7	28.6	1.8	1.7
- Blood sampling	40.7	36.2	12.3	1.6	1.7
- PVC granules	23.7	35.3	(32.9)	0.9	1.6
- Other consumables	163.0	118.2	38.0	6.4	5.4
Subtotal for consumables	1,928.4	1,659.6	16.2	75.8	76.8
Orthopaedic products	300.3	260.0	15.5	11.8	12.0
Blood purification consumables	262.3	192.2	36.5	10.3	8.9
Blood purification equipment	53.6	50.3	6.7	2.1	2.3
Total	2,544.6	2,162.1	17.7	100.0	100.0

Turnover Breakdown by Products

Products	For the 3 months ended 30 Jun			% to turnover	
	2014 RMB m	2013 RMB m	Change %	2Q2014 %	2Q2013 %
Consumables					
- Infusion sets	381.5	304.0	25.5	27.7	26.4
- Needles	198.3	182.6	8.6	14.4	15.9
- Syringes	165.0	145.0	13.9	12.0	12.6
- Pre-filled syringes	61.3	62.7	(2.4)	4.4	5.5
- Blood bags	70.2	58.1	20.9	5.1	5.1
- Wound Management	25.9	21.3	21.6	1.9	1.9
- Blood sampling	24.4	21.1	15.4	1.8	1.8
- PVC granules	13.7	20.2	(32.2)	1.0	1.8
- Other consumables	94.7	62.0	53.0	6.9	5.4
Subtotal for consumables	1,035.0	877.0	18.0	75.2	76.3
Orthopaedic products	160.0	132.4	20.8	11.6	11.5
Blood purification consumables	144.9	106.5	36.0	10.5	9.3
Blood purification equipment	36.6	33.5	9.4	2.7	2.9
Total	1,376.5	1,149.4	19.8	100.0	100.0

Orthopaedic Products

(RMB m)



Nationwide Sales Network



	As at 30 Jun 2014
■ No. of sales office	27
● No. of customer service centre	36
● No. of cities with sales representatives	216
No. of sales staff	2,219

Expanding Customer Base

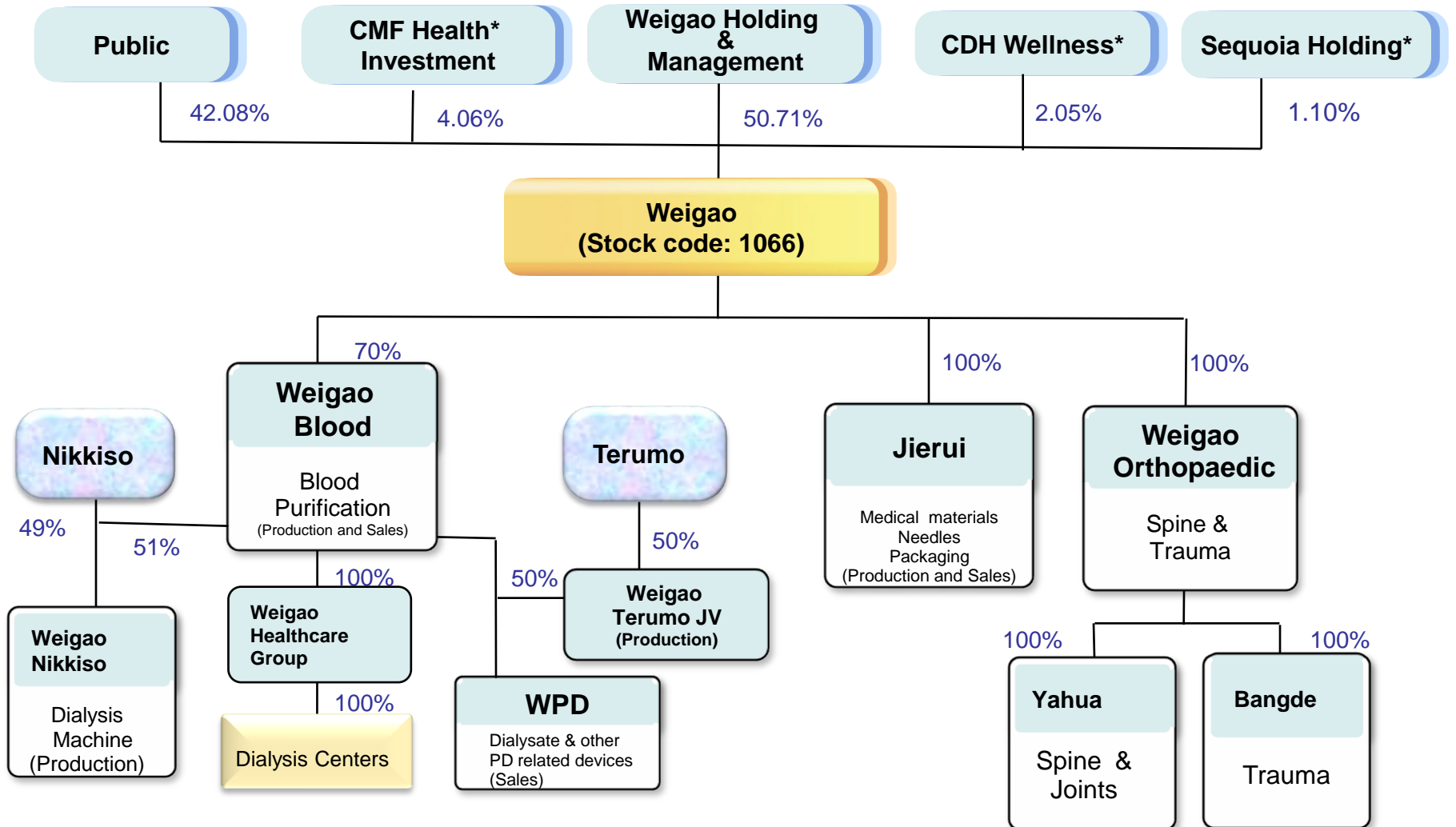
	Total in China In 2013	No. of customers	Coverage
Hospitals			
• Top tier	1,787	1,019	57.0%
• Medium	6,709	1,731	25.8%
• Small	6,473	329	5.1%
• Other - Not rated	9,740	24	0.2%
Subtotal	24,709	3,103	12.6%
Blood centres	525	414	78.9%
Other medical units	915,368	616	0.07%
Distribution companies		1,066	
Total		5,199	

Source: Ministry of Health and the Company

New Product Development

Category	No. of products as at 30 Jun 2014
With product registration certificates	328
Under application for product registration certificates	34
Patented products	325
Under patent application	64

Weigao Group Structure



* Medtronic signed conditional SPA to dispose the non-listed foreign shares on 28 July 2014

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