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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 FIRST QUARTER RESULTS  
 FOR THE THREE MONTHS ENDED 31 MARCH 2012**

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, the "Group") for the three months ended 31 March 2012 (the "Period"), together with the unaudited comparative figures for the same periods in 2011 as follows:

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF  
 COMPREHENSIVE INCOME**

**Consolidated statement of income**

	<b>Unaudited</b>	
	<b>For the three months ended</b>	
	<b>31 March</b>	
	<b>2012</b>	<b>2011</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Revenue	<b>861,959</b>	693,024
Cost of sales	<b>(384,565)</b>	(318,539)
Gross profit	<b>477,394</b>	374,485
Other income	<b>16,190</b>	12,030
Distribution costs	<b>(197,018)</b>	(152,516)
Administrative expenses	<b>(90,331)</b>	(71,635)
Finance costs	<b>(1,380)</b>	(614)
Share of (loss)/profit of two jointly controlled entities	<b>(924)</b>	32,884
Share of profit of two associates	<b>38,706</b>	10,940
Profit before taxation	<b>242,637</b>	205,574
Taxation	<b>(28,343)</b>	(21,681)
Profit for the period	<b>214,294</b>	183,893

\* *For identification purpose only*

**Consolidated statement of income****Unaudited  
For the three months ended  
31 March**

	<b>2012</b>	2011
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Other comprehensive income		
Exchange differences arising on translation of foreign operations	<u>14,280</u>	<u>(451)</u>
Total comprehensive income for the period	<u><b>228,574</b></u>	<u>183,442</u>
Profit for the period attributable to:		
Equity holders of the Company	213,722	183,555
Minority interests	<u>572</u>	<u>338</u>
	<u><b>214,294</b></u>	<u>183,893</u>
Total comprehensive income attributable to:		
Equity holders of the Company	228,002	183,104
Minority interests	<u>572</u>	<u>338</u>
	<u><b>228,574</b></u>	<u>183,442</u>
Dividends proposed	<u>-</u>	<u>-</u>
Earnings per share (basic)	<u><b>RMB0.048</b></u>	<u>(Restated) RMB0.043</u>

## **BASIS OF PREPARATION AND ACCOUNTING POLICIES**

These unaudited condensed consolidated statement of comprehensive income has been prepared in accordance with Hong Kong Accounting Standard (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 2011.

These financial statements should be read in conjunction with the audited annual financial statements for the year ended 31 December 2011.

## **INTERPRETATION AND EXPLANATION**

### **1. Revenue**

For the three months ended 31 March 2012, the revenue of the Group amounted to approximately RMB861,959,000, representing an increase of approximately 24.4% over approximately RMB693,024,000 for the same period last year. The Group continued the strategy of optimizing the product mix, focusing on the business development of blood purification products and increased the marketing and sales efforts on high value-added products such as intravenous catheters, non PVC infusion sets, specialized infusion set with dosage control device, achieving a continuous growth in turnover.

During the Period, the second dialyser production line is undergoing trial run. It is expected that the commercial production will commence in the second quarter of 2012. As at the date of the announcement, the Group had commenced trial run of one hemodialysis center and is the process of establishing two more hemodialysis centers.

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

Product category	For the three months ended 31 March		
	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>	Growth %
– Infusion sets	260,876	206,054	26.6%
– Needles	159,746	123,076	29.8%
– Syringes	122,053	105,948	15.2%
– Blood bags	46,002	41,670	10.4%
– Pre-filled syringes	37,577	31,198	20.4%
– Blood sampling products	14,857	11,329	31.1%
– PVC granules	14,800	15,458	(4.3%)
– Other consumables	65,470	47,593	37.6%
Subtotal for single use consumables	721,381	582,326	23.9%
Orthopaedic products	67,206	53,486	25.7%
Blood purification consumables	54,241	41,379	31.1%
Blood purification equipments	19,131	15,833	20.8%
Total	<b>861,959</b>	693,024	24.4%

## 2. Gross profit

During the Period, the substantial increase in labour costs imposed a continuous pressure on profit for conventional products. Through effective change in product mix, the Group phased out the production of some low valued added products. The gross profit margin was further increased from 54.0% in last year to 55.4%.

### **3. Other income**

During the Period, other income increased by 34.6% when compared with the same period last year. It was mainly due to the increase in the interest earned from bank saving.

### **4. Distribution costs**

During the Period, distribution costs increased by 29.2% and accounted for 22.9% (same period in 2011: 22.0%) of the total revenue, which was mainly attributable to the growth in sales revenue.

### **5. Administrative expenses**

During the Period, administrative expenses increased by 26.1% and accounted for 10.5% (same period in 2011: 10.3%) of the total revenue, which was mainly due to the increase in salary of administrative staff. Included in administrative expenses was research and development expenditures of approximately RMB39,756,000 (same period in 2011: approximately RMB31,190,000), accounted for 4.6% (same period in 2011: 4.5%) of the revenue.

### **6. Share of profit of two jointly controlled entities**

During the year 2011, the entire 50% equity interest in JW Medical held by the Company has been disposed to Biosensors International Group Ltd. (“Biosensors”) and therefore JW Medical had no profit contribution to the Group for the Period. In the same period last year, JW Medical contributed approximately RMB34,709,000 to the profit of the Group.

Weigao Nikkiso (Weihai) Dialysis Equipment Co., Ltd., which is 51% held by the Group, was at its trial production stage and was in the process of applying product registration certificate. It is expected to commence production in the second quarter of 2012. For the three months ended 31 March 2012, loss attributable to the Group was approximately RMB924,000 (same period in 2011: loss was approximately RMB1,825,000).

## **7. Share of profit of two associates**

The Distribution Joint Venture contributed net income of approximately RMB13,829,000 to the Group for the three months ended 31 March 2012, representing an increase of 26.4% when compared with approximately RMB10,940,000 in the same period last year. The revenue of Shandong Weigao Orthopaedic Device Company Limited (“Weigao Ortho”), a wholly subsidiary of the Company, for the three months ended 31 March 2012 was approximately RMB67,206,000, representing an increase of 25.7% when compared with the same period last year.

The profit attributable to the operation of Biosensors, which is 21.5% held by the Group, was approximately RMB24,877,000. The operation of Biosensors, excluding extraordinary items, contributed approximately RMB44,341,000 to the profit of the Group, representing an increase of approximately 21.7% when compared with approximately RMB36,439,000 in the fourth quarter of 2011.

## **8. Taxation**

Tax expenses increased by 30.7%, which was mainly attributable to the increase of assessable profit.

During the Period, the Company, Shandong Weigao Orthopaedic Device Co., Ltd, 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 2011: 15%). Taxation for other PRC subsidiaries is calculated at a tax rate of 25% (same period in 2011: 25%).

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

During the Period, no provision of overseas taxation has been made for Weigao Medical (Europe) Co., Ltd and Weigao Medical Germany GmbH as they did not have assessable profit during the Period.

## 9. Dividend

There were no dividends declared for the three months ended 31 March 2012 (same period in 2011: nil).

## 10. Profit attributable to equity holders of the Company

For the three months ended 31 March 2012, net profit attributable to shareholders of the Group was approximately RMB213,722,000 (same period in 2011: approximately RMB183,555,000), representing an increase of 16.4% over the same period last year. Profit attributable to equity holders of the Company, excluding extraordinary items, was approximately RMB233,186,000 (2011: approximately RMB183,555,000), representing an increase of approximately 27.0% over last year.

## 11. Earnings per share

For the three months ended 31 March 2012, basic earnings per share were calculated based on net profit attributable to equity holders of the Company of approximately RMB213,722,000 (same period in 2011: approximately RMB183,555,000), and on the weighted average total number of 4,476,372,324 shares (same period in 2011: 4,305,124,324).

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the calculation and restatement of basic earnings per share of the current period and the corresponding period in 2011 respectively.

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

Weihai, Shandong, the PRC  
30 May 2012

*As at the date of this announcement, the Board comprises Mr. Zhang Hua Wei, Mr. Miao Yan Guo, Mr. Wang Yi, Mr. Wang Zhi Fan and Mr. Wu Chuan Ming as the executive Directors, Mr. Chen Xue Li, Mrs. Zhou Shu Hua, Mr. Li Bing Yung and Mr. Christopher J. O'Connell as the non-executive Directors, and Mr. Lo Wai Hung, Mr. Li Jia Miao, Mrs. Fu Ming Zhong and Mrs. Wang Jin Xia as the independent non-executive Directors.*