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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 2014**

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 2014 (the "Period"), together with the unaudited comparative figures for the same periods in 2013 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	
		2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Revenue	1	3,797,605	3,400,230	1,253,040	1,238,174
Cost of sales		(1,580,969)	(1,384,390)	(532,979)	(503,962)
Gross profit		2,216,636	2,015,840	720,061	734,212
Other income, gain and loss	3	58,607	11,827	22,033	20,631
Distribution costs	4	(1,018,495)	(850,825)	(337,585)	(288,475)
Administrative expenses	5	(252,193)	(210,683)	(86,696)	(73,108)
Research and development expenses	6	(161,873)	(148,559)	(50,887)	(50,674)
Finance costs		(14,355)	(7,190)	(4,601)	(3,033)
Share of (loss)/profit of joint ventures	7	(3,813)	(984)	(70)	438
Share of (loss)/profit of associates	8	(5,110)	90,395	(880)	58,063
Profit before taxation		819,404	899,821	261,375	398,054
Income tax expense	9	(119,971)	(117,942)	(37,287)	(46,070)
Profit for the Period		699,433	781,879	224,088	351,984

* For identification purpose only

	<i>Notes</i>	Unaudited		Unaudited	
		For the nine months		For the three months	
		2014	2013	2014	2013
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other comprehensive income					
Exchange difference on translation of foreign operations		<u>1,008</u>	<u>(70,975)</u>	<u>(107)</u>	<u>(55,682)</u>
Total comprehensive income for the Period		<u>700,441</u>	<u>710,904</u>	<u>223,981</u>	<u>296,302</u>
Profit for the Period attributable to:					
Owners of the Company	<i>11</i>	<u>696,118</u>	776,935	<u>223,217</u>	347,464
Non-controlling interest		<u>3,315</u>	<u>4,944</u>	<u>871</u>	<u>4,520</u>
		<u>699,433</u>	<u>781,879</u>	<u>224,088</u>	<u>351,984</u>
Total comprehensive income attributable to:					
Owners of the Company		<u>697,126</u>	705,960	<u>223,110</u>	291,782
Non-controlling interest		<u>3,315</u>	<u>4,944</u>	<u>871</u>	<u>4,520</u>
		<u>700,441</u>	<u>710,904</u>	<u>223,981</u>	<u>296,302</u>
Earnings per share – Basic	<i>12</i>	<u>RMB0.156</u>	<u>RMB0.174</u>	<u>RMB0.050</u>	<u>RMB0.078</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 the 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 2013.

These financial statements should be read in conjunction with the audited annual financial statements for the year ended 31 December 2013.

INTERPRETATION AND EXPLANATION

1. Revenue

For the three months and nine months ended 30 September 2014, the revenue of the Group amounted to approximately RMB1,253,040,000 and RMB3,797,605,000, representing an increase of approximately 1.2% and 11.7% over approximately RMB1,238,174,000 and RMB3,400,230,000 for the same periods last year respectively.

Sales restructuring of single use consumables segment completed in the third quarter in 2013. There were some pending orders in the first and the second quarters put through to the third quarter last year, increased the comparative figure in the same period last year and thereby lowering the year-on-year percentage growth for the Period.

For the three months and nine months ended 30 September 2014, turnover of single-use consumables was approximately RMB919,333,000 and RMB2,847,710,000 (for the same periods in 2013: approximately RMB964,437,000 and RMB2,624,008,000) respectively, representing a decrease of 4.7% and an increase of 8.5% respectively when compared with the same periods last year. During the Period, as affected by macroeconomic environment in healthcare, the development of new customers has been slowed down. At the same time, outsourcing procurement by some hospitals and competition from local manufacturers in intravenous catheter needles have negative impact on sales. In view of the aforesaid conditions, through organizing the healthcare training program with the Ministry of Health and assisting hospitals to set up medication infusion protocol, cooperating with procurement vendors, strengthening dedicated sales team for intravenous catheter needles and adjusting the sales policy to consolidate its competitive advantages in the sales network and continue to secure a larger market share.

For the three months and nine months ended 30 September 2014, turnover of orthopaedic products was approximately RMB137,518,000 and RMB437,799,000 (for the same periods in 2013: approximately RMB125,786,000 and RMB385,828,000) respectively, representing an increase of 9.3% and 13.5% respectively when compared with the same periods last year. Excluding the impacts of the decrease in OEM business and the deferred orders to 2013 due to the dissolution of the Distribution Joint Venture in the fourth quarter of 2012, turnover of orthopaedic business increased by 12.7% and 21.4% respectively when compared with the same periods last year. During the Period, orthopaedic segment continued to launch new products and achieved a strong growth in the sales of economy brand. For mid to higher branded products, Weigao Orthopaedic will continue to strengthen training and marketing to generate adoption of higher technology and innovative new products. Weigao Orthopaedic will also adopt a more flexible sales and marketing strategy to generate continuous sales growth.

For the three months and nine months ended 30 September 2014, turnover of blood purification consumable products was approximately RMB162,632,000 and RMB424,921,000 (for the same periods in 2013: approximately RMB126,560,000 and RMB318,732,000) respectively, representing an increase of 28.5% and 33.3% respectively when compared with the same periods last year. During the Period, the third dialyser production line had been put into trial production, and the fourth production line is expected to be put into operation by the end of this year with a planned annual production capacity of 8,000,000 pieces of dialysers.

During the Period, the dialyser centers operated by Weigao Blood Purification was operating well and obtained the certificate for establishing a dialyser center in Hebei Province.

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		
	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>	Increase/ (Decrease) over corresponding period %	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>	Increase/ (Decrease) over corresponding period %
Single-use consumables						
Infusion sets	1,042,653	936,651	11.3	347,617	345,963	0.5
Needles	531,081	541,991	(2.0)	153,208	190,928	(19.8)
Syringes	483,097	445,303	8.5	163,842	167,128	(2.0)
Pre-filled syringes	190,914	158,651	20.3	52,794	51,527	2.5
Blood bags	189,800	167,706	13.2	65,038	60,614	7.3
Wound Management products	68,872	57,337	20.1	22,905	21,604	6.0
Blood sampling products	61,071	61,739	(1.1)	20,404	25,525	(20.1)
PVC granules	41,138	54,985	(25.2)	17,418	19,643	(11.3)
Other consumables	239,084	199,645	19.8	76,107	81,505	(6.6)
Subtotal for single-use consumables	2,847,710	2,624,008	8.5	919,333	964,437	(4.7)
Orthopaedic products	437,799	385,828	13.5	137,518	125,786	9.3
Blood purification consumables	424,921	318,732	33.3	162,632	126,560	28.5
Blood purification equipments	87,175	71,662	21.6	33,557	21,391	56.9
Total	3,797,605	3,400,230	11.7	1,253,040	1,238,174	1.2

2. Gross profit margin

During the Period, gross profit margin of the Group decreased to 58.4% from 59.3% in the same period last year, which was mainly attributable to the increase in the proportion of blood purification business to total business, slowdown in sales and price reduction of intravenous catheter needles and the rapid increase in sales of orthopaedic economy branded products. The Group also adopted counter measures and strived to improve the operation and management efficiency through constantly optimizing product mix and continuous technological enhancement to mitigate the pressure of rising costs.

During the Period, 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 52.4% (same period in 2013: 52.5%).

3. Other income

During the Period, the Company recorded an increase of 395.5% in other income as compared with the same period last year, which was mainly due to the increase in interest income on bank deposits and the decrease in foreign exchange loss.

4. Distribution costs

During the Period, distribution costs increased by 19.7%, which was mainly due to intensified market competition and the need to increase the investments in market channels.

5. Administrative expenses

During the Period, administrative expenses increased by 19.7%, which was mainly due to the increase in salaries, the increase in taxes and depreciation expenditures on buildings in new plants.

6. Research and development expenses

During the Period, research and development expenses were approximately RMB161,873,000 (same period in 2013: approximately RMB148,559,000), representing 4.3% of total revenue (same period in 2013: 4.4%).

7. Share of joint ventures

During the Period, Weigao Nikkiso (Weihai) Dialysis Equipment Company Limited (“Weigao Nikkiso”), the joint venture company with Nikkiso Company Limited performed well. Weigao Nikkiso produces haemodialysis machines and provides after-sales services in China. Weigao Blood distributes the haemodialysis machines produced by Weigao Nikkiso 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 2014 amounted to approximately RMB4,109,000 (same period in 2013: a profit of approximately RMB3,678,000).

As at the date of this announcement, the preliminary work of production and sales of the joint venture company engaging in peritoneal dialysis business jointly established by the Group with Terumo Corporation and Terumo (China) Holding Co. Ltd (“Weigao Terumo”) in 2012 was underway. During the Period, loss from Weigao Terumo attributable to the Group for the nine months ended 30 September 2014 amounted to approximately RMB7,922,000 (same period in 2013: loss of approximately RMB4,662,000).

8. Share of associates

During the Period, the dissolution procedures of the Distribution Joint Venture with Medtronic in orthopaedic products were underway. The division and transfer of its principal assets, personnel, markets and business operation had been completed. During the Period, the dissolution loss of the distribution joint venture company attributable to the Group was approximately RMB5,110,000, and nil for the same period last year.

9. Income tax expense

During the Period, tax expenses increased by 1.7%, which was mainly attributable to the increase of assessable profit.

During the Period, the Company, Shandong Weigao Orthopaedic Device Company Limited, 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 2013: 15%). Taxation for other PRC subsidiaries is computed at a tax rate of 25% (same period in 2013: 25%).

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

During the Period, no provision for overseas taxation was made for Weigao Medical (Europe) Company Limited and Weigao Medical Germany GmbH as they did not have any assessable profit during the Period.

10. Dividend

There were no dividends declared for the three months ended 30 September 2014 (same period in 2013: nil).

11. Profit attributable to equity holders of the Company

For the three months and nine months ended 30 September 2014, net profit attributable to shareholders of the Group was approximately RMB223,217,000 and RMB696,118,000 (same periods in 2013: approximately RMB347,464,000 and RMB776,935,000) respectively, representing a decrease of 35.8% and 10.4% respectively over the same periods last year. For the three months and nine months ended 30 September 2014, net profit attributable to the owners of the Company, excluding extraordinary items, was approximately RMB224,097,000 and RMB701,228,000 (same periods in 2013: approximately RMB289,401,000 and RMB686,540,000) respectively, representing a decrease of approximately 22.6% and an increase of approximately 2.1% respectively over the same periods last year.

12. Earnings per share

For the three months and nine months ended 30 September 2014, basic earnings per share was computed based on the net profit attributable to shareholders of approximately RMB223,217,000 and RMB696,118,000 (same periods in 2013: approximately RMB347,464,000 and RMB776,935,000), and the weighted average total number of 4,476,372,324 shares (same period in 2013: 4,476,372,324 shares).

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

19 November 2014
Weihai, Shandong, the PRC

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*)