

To: Business Editor

【For Immediate Release】



普華和順集團公司  
**PW Medtech Group Limited**  
(Stock code: 1358)

**PW Medtech 2014 Interim Adjusted Net Profit  
Surged 53.6% to RMB102.3 Million**

<u>Financial Highlights</u>	For the year ended June 30 (RMB Million)		
	2014 (Unaudited)	2013 (Unaudited)	Change (%)
Revenue	268.2	218.8	+22.6%
Gross profit	190.7	147.4	+29.4%
Gross profit margin	(71.1%)	(67.4%)	(+3.7pts)
Profit attributable to owners of the Company	84.1	50.0	+68.2%
Adjusted net profit *	102.3	66.6	+53.6%

Note \*: To supplement its consolidated financial statements which are presented in accordance with HKFRS, the Group also uses adjusted net profit as an additional financial measure to evaluate the financial performance by eliminating the impact of items that the Group does not consider indicative of the performance of its business. The Group's adjusted net profit was derived from its net profit for the year excluding share-base compensation expenses, listing-related expenses as well as the expenses incurred in the acquisition of Tianxinfu.

[22 August 2014, Hong Kong] **PW Medtech Group Limited** ("PW Medtech" or the "Company" and, together with its subsidiaries, the "Group"; stock code: 1358), a leading medical device company in China, today announced its interim results for the six months ended 30 June 2014 (the "period"). Adjusted net profit was approximately RMB102.3 million, representing an increase by 53.6% over the corresponding period in 2013. During the period, gross profit was approximately RMB190.7 million, representing an increase of 29.4% when compared to corresponding period last year. Profit attributable to owners of the Company amounted to approximately RMB84.1 million, representing an increase of 68.2% from approximately RMB50.0 million for the corresponding period in 2013.

During the period, revenue amounted to RMB268.2 million, representing an increase of 22.6% over the corresponding period last year. The advanced infusion sets business and orthopedic implant maintained growth, providing a stable development for the Group. The two core business of the Group recorded continuous growth. Revenue of advanced infusion sets business and orthopedic implant and were RMB183.9 million and RMB84.3 million respectively, which contributed 68.6% and 31.4% to the Group's revenue.

**Mr. Jiang Liwei, Chief Executive Officer of PW Medtech** said, “The continuous process of urbanization, the increasing government investments into public healthcare sector and aging population contributed to growing demand for quality medical services; thus brought significant growth opportunities for China’s medical device industry. As the leading company in orthopedic implant and advanced infusion sets industry, PW Medtech has further expanded its product portfolio and manufacturing capacity, enhanced the innovation and R&D capabilities, extended domestic distribution network and diversified the product line by strategic acquisitions. The Group successfully entered into the biological materials segment and neurosurgery segment, which has massive growth potential and prospects, and therefore created new profit growth drivers.”

### ***Acquisition of Tianxinfu and Enter the Biological Materials Segment and Neurosurgery Segment***

In August 2014, the Group’s wholly-owned subsidiaries, Health Forward Holdings Limited and Beijing Fert Technology Co., Ltd., completed the acquisition of the entire equity interest in Beijing Tianxinfu Medical Appliance Co., Ltd. (“Tianxinfu”) with a total consideration of approximately RMB802.6 million. Tianxinfu has become an indirect wholly-owned subsidiary of the Group and contributed its revenue to it. Tianxinfu is a high-tech enterprise integrating R&D production and sales services. Its main products include regenerative medical biological materials and orthopedic implant products. The medical biological material segment is a segment with massive growth potential and prospects in China’s medical device industry. Upon completion of the acquisition, the Group will enter into the biological materials segment and created new profit growth drivers. The Group opt to expand biological material products applications to more area with R&D investment and technological improvement. After the acquisition of Tianxinfu, the Group will obtain huge neurosurgical medical devices segment distribution network in China. Meanwhile, the Group will also further expand the market share through synergy between the Company and Tianxinfu’s R&D, production and distribution capabilities;

### ***Expansion of Product Portfolio***

In order to fully seize market opportunities in the advanced infusion set and orthopedic implant markets, the Group continued to broaden the product portfolio by strengthening its R&D efforts and entering into strategic acquisitions.

With regard to the infusion sets business, the Group has been developing a series of advanced infusion set products with new functions and features. In view of delivering safer and improved infusion treatments, the Group plans to enhance the precision filter infusion sets by including more precise filter pore sizes, new features such as precise flow control, automatic air venting, etc. Further, in an effort expand the Group’s non-PVC-infusion set portfolio, improve product features and broaden its applications fields, the Group is currently developing new non-PVC materials, in order to replace the existing PVC-based infusion set.

The orthopedic implant business had seen much progress with the Group’s continued research on perfecting the three main product categories: trauma products, spine products and joint products. For the trauma implants, the Group is seeking to further improve properties of the bridge-link combined fixation system which was commercially launched in July 2012; the spine implants sees the on-going development of the PEEK (polyethereth erketone) fusion cage and vertebro plasty tools. The Group will continue to devise new ideas and develop advanced materials to satisfy varied patient demands for the hip and knee implants.

As for regenerative medical biological materials business, Tianxinfu has been working with large scale Class III hospital to upgrade the current products to develop a series of regenerative medical biological materials products with new applications, functions and features in order to diversify product portfolio. .

### ***Emphasis on Innovation and Research and Development***

As a leader in development of innovative products, the Group currently possesses an experienced R&D team comprising of approximately 100 members. As at June 30, 2014, the Group has obtained 50 patents, including 25 for infusion set products and 25 for orthopedic implant products, and has applied for 34 patents. The Group will continue to invest in product innovation and R&D in future, and cooperate closely with surgeons, hospitals, university research centers and other research institutions to integrate results from R&D and develop products which meet market demands.

### ***Expansion of Distribution Network***

The Group currently has three experienced and dedicated sales and marketing teams to support and consolidate nationwide distribution network and strengthen product promotion. Approximately 50% of the sales and marketing staff who have medical experience; with key salespersons in each business segment have an average of 10 years' experience in their respective areas. Their experience and expertise helps them to communicate with doctors and nurses in a succinct and effective manner.

In response to the ever-increasing market demand, the Group will make further efforts to develop the sales and marketing teams in order for them to support the Group's extensive distribution network and, promote the Group's products and brand name to surgeons, nurses and hospitals. For the Orthopedic Implant Business, the Group will continue to focus on expanding its business at Class 2 hospitals in the second and third tier cities, and concentrate on developing sales and marketing capabilities for the newly acquired joint implant business. In relation to the advanced infusion set business, the Group will focus initially on the Class 3 hospitals in larger-than-average cities in the more developed regions of China, and then penetrate into smaller hospitals and cities.

### ***Increase Production Capacity***

In view of the growing potential of the orthopedic implants market in China, the increasing popularity of the advanced infusion sets is now replacing conventional infusion sets. In the next 3–5 years, in addition to expanding the capacity in the existing plants in Beijing, the Group is also planning to make an addition of two manufacturing plants in Linyi (Shandong province) and Pinggu (Beijing) to expand its production capacity for advanced infusion sets. Meanwhile, the Group sets to increase the production capacity of trauma and spine implants of the facility in Tianjin.

**Mr. Jiang Liwei, Chief Executive Officer of PW Medtech** concluded, "Looking forward, the Group will be seeking to identify fast-growing, high-margin and high-potential opportunities in the medical device industry by utilizing its capabilities on strategic acquisitions; giving support to the rapid business growth and consolidating market leadership in the medical device industry. While maintaining rapid organic growth of the two core business including orthopedic implant and advanced infusion sets segments, the Group will leverage on its outstanding acquisition and integration capability to support sustainable and rapid growth of the Group's business. It is believed that through continuous effort in enhancing the overall operational efficiency and profitability, the Group will be able to bring satisfactory return to shareholders."

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**About PW Medtech Group Limited**

Listed on the main board of Hong Kong Exchange on 8 November 2013, PW Medtech Group Limited is the leading medical device company in China, focusing on R&D, production and distribution of orthopedic implants and advanced infusion sets products. In August 2014, the Group successfully entered into the biological materials segment through the completion of its acquisition of Beijing Tianxinfu Medical Appliance Co., Ltd. The Group is one of the only two major domestic companies with a full product portfolio of orthopedic implants, as well as among the top advanced infusion sets enterprises in the PRC. The Group manages an extensive nationwide distribution network located across 30 provinces, municipalities and autonomous regions in China.