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## **Shandong Weigao Group Medical Polymer Company Limited\***

**山東威高集團醫用高分子製品股份有限公司**

*(a joint stock limited company incorporated in the People's Republic of China)*

**(Stock Code: 8199)**

### **UPDATE ON PRC GOVERNMENT APPROVAL STATUS FOR THE TRANSACTIONS WITH MEDTRONIC, PROPOSED APPOINTMENTS OF NON-EXECUTIVE DIRECTORS NOMINATED BY MEDTRONIC, UNUSUAL PRICE MOVEMENT AND RESUMPTION OF TRADING**

Reference is made to the Announcement in relation to (i) the SPA dated 18 December 2007 entered into by and among the Company, Weigao Holding, the Management Shareholders, Medtronic and Medtronic Switzerland, prescribing the terms for the issuance of the Subscription Shares by the Company, and sale of the Sale Shares by Weigao Holding and the Management Shareholders, to Medtronic Switzerland, which Shares will represent an aggregate 15% of the enlarged issued share capital of the Company, and (ii) the Distribution JV Agreement dated 18 December 2007 entered into between the Company and Medtronic International Ltd. in respect of the establishment of the Distribution JV in the PRC.

In order to (i) facilitate the attainment of all approvals and consents from PRC governmental entities necessary for the issuance of the Subscription Shares and the sale and purchase of the Sale Shares and (ii) allow additional time for the Company, Weigao Holding and the Management Shareholders to obtain such approvals and consents, the parties entered into a supplemental deed (the “Supplemental Deed”) on 22 October 2008. The Supplemental Deed, among other things, extended the date on which the parties thereto were required to obtain the necessary governmental consents and approvals and otherwise fulfill the conditions precedent under the SPA (as amended, modified and supplemented by the Supplemental Deed) from 30 September 2008 to 31 December 2008 (which extension is expressly allowed under the terms of the SPA). Simultaneously with the execution of the Supplemental Deed and in order to obtain the necessary approvals from the PRC governmental entities in respect of the transfer of the Sale Shares, the parties entered into a separate deed in respect of the sale and purchase of Sale Shares (the “New Share Transfer Deed”).

The Company, Weigao Holding and the Management Shareholders are in the process of obtaining the governmental approvals that are required for the issuance of the Subscription Shares by the Company, and the sale and purchase of the Sale Shares by Weigao Holding and the Management Shareholders, to Medtronic Switzerland. Subject to obtaining all requisite government approvals and the fulfillment of the conditions precedent in the SPA (as amended, modified and supplemented by the Supplemental Deed) and the New Share Transfer Deed, completion of the issuance of the Subscription Shares and the sale and purchase of the Sale Shares is expected to take place on or before 31 December 2008.

The Board is pleased to announce that as of the date hereof, all necessary government approvals for the establishment of the Distribution JV have been obtained. The Distribution JV was established and it began operations on 10 September 2008. It was agreed in the Supplemental Deed that the Distribution JV would be wound up in the event that the subscription of the Subscription Shares and the sale and purchase of the Sale Shares are not completed in accordance with the terms set forth in the SPA (as amended, modified and supplemented by the Supplemental Deed).

The Board is pleased to announce that the Company proposes to appoint two non-executive Directors nominated by Medtronic to the Board subject to the completion of the issuance of the Subscription Shares and the sale and purchase of the Sale Shares to Medtronic Switzerland and the approval by the Shareholders at the upcoming EGM. A circular containing, among other things, the details of the proposed appointment of the two non-executive Directors nominated by Medtronic to the Board and a notice convening the EGM will be dispatched to the Shareholders in accordance with the requirements under the GEM Listing Rules as soon as practicable within 21 days after publication of this announcement and 45 days prior to the date of the upcoming EGM.

### **Unusual Price Movement**

The Board noted the recent increase in the share price of the H Shares on the Stock Exchange on 14 October 2008 and wishes to state that save as disclosed herein, the Board is not aware of any reasons for such movement.

The Board confirms that, save as disclosed herein and the Announcement, the Board is not aware of any reasons for the increase in the share price of the H Shares on the Stock Exchange and confirms that there are no other negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Chapter 19 and 20 of the GEM Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 17.10 of the GEM Listing Rules, which is or may be of a price-sensitive nature.

### **Further Announcement**

A further announcement will be made by the Company in respect of the amendments to the articles of association of the Company in connection with, and as a result of, the transactions contemplated under the SPA (as amended, modified and supplemented by the Supplemental Deed) and the New Share Transfer Deed.

### **Resumption of Trading**

Trading in the H Shares on the Stock Exchange was suspended at the request of the Company with effect from 2:30 p.m. on 14 October 2008 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the H Shares with effect from 9:30 a.m. on 23 October 2008.

**Shareholders and potential investors are advised to exercise caution when dealing or trading in the H Shares of the Company.**

## INTRODUCTION

Pursuant to the Shareholders' approval granted on 2 June 2008 authorizing any one Director to take all action necessary or desirable for the purpose of giving effect to the terms of the SPA, the Distribution JV Agreement and Ancillary JV Transaction Documents, the parties to the SPA entered into two separate agreements, the terms of which were agreed on 24 June 2008: one in respect of the subscription of the Subscription Shares (the "Subscription Deed") and another in respect of the transfer of the Sale Shares (the "Share Transfer Deed"), both effective and binding on the parties to such agreements effective as of 18 December 2007 (the date of the SPA) (save that in the case of the Share Transfer Deed, it would only become effective upon receipt of approval from MOFCOM, save that any provisions which did not require MOFCOM approval in order to be effective became effective and binding on the parties to the Share Transfer Deed as of 18 December 2007). The splitting of the SPA into a Subscription Deed and a Share Transfer Deed was expressly provided for and contemplated under the SPA and was effected in order to obtain PRC governmental approval of the sale and purchase of the Sale Shares.

Subsequent to the splitting of the SPA into the Subscription Deed and the Share Transfer Deed, it was determined that it was necessary and desirable to terminate and cancel the Subscription Deed and the Share Transfer Deed and to reinstate and amend the SPA. As a result, on 22 October 2008, the parties to the SPA entered into the Supplemental Deed which, among other things, reinstated the effect of the SPA with full force and effect as of 18 December 2007 and extended the deadline for the fulfillment of the conditions precedent under the SPA (as amended, modified and supplemented by the Supplemental Deed) from 30 September 2008 to 31 December 2008 (which extension was expressly allowed under the terms of the SPA). Simultaneously with the execution of the Supplemental Deed, the parties terminated and canceled the Subscription Deed and the Share Transfer Deed by executing deeds of cancellation in relation to the Subscription Deed and the Share Transfer Deed, respectively, and, in order to obtain the necessary approvals from the PRC governmental entities in respect of the sale and purchase of the Sale Shares, the parties to the SPA entered into the New Share Transfer Deed. The New Share Transfer Deed relates to the sale and purchase of Sale Shares and has terms substantially the same as those contained in the related provisions of the SPA (as amended, modified and supplemented by the Supplemental Deed) except that the laws governing the sale and purchase of the Sale Shares are the laws of the PRC rather than the laws of Hong Kong. The New Share Transfer Deed shall become effective upon receipt of approval from MOFCOM, save that any provisions that do not require MOFCOM approval in order to become effective shall become effective and binding on the parties to the New Share Transfer Deed as of 18 December 2007.

As of the date hereof, all necessary government approvals for the establishment of the Distribution JV have been obtained. Furthermore, all conditions to the establishment of the Distribution JV under the Amended Distribution JV Agreement were either satisfied or waived by the relevant parties. The Distribution JV was established and it began operations on 10 September 2008. It was agreed in the Supplemental Deed that the Distribution JV would be dissolved, liquidated and wound up in the event that the subscription of the Subscription Shares and the sale and purchase of the Sale Shares were not completed in accordance with the terms set forth in the SPA (as amended, modified and supplemented by the Supplemental Deed).

In connection with the subscription of the Subscription Shares by and the sale of the Sale Shares to Medtronic Switzerland, the Board would also like to announce the proposed appointment of two (2) non-executive Directors to the Board of the Company. These non-executive Directors are nominated by Medtronic Switzerland pursuant to terms of the SPA and will be subject to the approval of the Shareholders at the upcoming EGM.

A further announcement will be made by the Company in respect of the amendments to the articles of association of the Company in connection with, and as a result of, the transactions contemplated under the SPA (as amended, modified and supplemented by the Supplemental Deed) and the New Share Transfer Deed.

## **SUBSCRIPTION DEED AND SHARE TRANSFER DEED**

Following the Shareholders' approval granted on 2 June 2008 of the transactions contemplated under the SPA, the Distribution JV Agreement and the Ancillary JV Transaction Documents, the Company proceeded to seek all requisite approvals from governmental authorities to effect those transactions. Under the SPA, it was expressly contemplated that in the event that a governmental authority of the PRC, as a condition to the issuance or granting of any consent or approval required by the SPA, required that the terms of the sale and purchase of the Sale Shares be reflected in a single document expressly governed by and construed in accordance with the laws of the PRC, then each of the parties to the SPA would cause to be executed two separate agreements, one in respect of the sale and purchase of the Sale Shares, and the other in respect of the issuance and subscription of the Subscription Shares, which agreements would together contain substantially the same terms as those set out in the SPA, except that the agreement in respect of the Sale Shares would be governed by and construed in accordance with the laws of the PRC and the agreement in respect of the Subscription Shares would be governed by and construed in accordance with the laws of Hong Kong.

It was determined that the sale and purchase of the Sale Shares would need to be governed by and construed in accordance with the laws of the PRC in order to obtain government approval. Accordingly, and pursuant to the Shareholders' approval granted on 2 June 2008 authorizing any one Director to take all action necessary or desirable for the purpose of giving effect to the terms of the SPA, the Distribution JV Agreement and Ancillary JV Transaction Documents, the parties to the SPA entered into two separate agreements, the terms of which were agreed on 24 June 2008: the Subscription Deed in respect of the subscription of the Subscription Shares and the Share Transfer Deed in respect of the transfer of the Sale Shares, both effective as of 18 December 2007 (the date of the SPA) (save that in the case of the Share Transfer Deed, it would only become effective upon receipt of approval from MOFCOM, save that any provisions which did not require MOFCOM approval in order to be effective became effective and binding on the parties to the Share Transfer Deed as of 18 December 2007). The Subscription Deed and the Share Transfer Deed together contain substantially the same terms as those set out in the SPA, except that the sale and purchase of the Sale Shares under the Share Transfer Deed is governed by and construed in accordance with the laws of the PRC.

#### **REINSTATEMENT AND AMENDMENT OF SPA**

Subsequent to the splitting of the SPA into the Subscription Deed and the Share Transfer Deed, the parties to the SPA determined that in order to (i) facilitate the attainment of all approvals and consents from PRC governmental entities necessary for the issuance of the Subscription Shares and the sale and purchase of the Sale Shares and (ii) allow additional time for the Company, Weigao Holding and the Management Shareholders to obtain such approvals and consents, it was necessary and desirable to terminate and cancel the Subscription Deed and the Share Transfer Deed and to reinstate and amend the SPA. In order to effect the foregoing, the parties to the SPA entered into the Supplemental Deed on 22 October 2008 which, among other things, reinstated the effect of the SPA with full force and effect as of 18 December 2007. Simultaneously with the execution of the Supplemental Deed and in order to obtain the necessary approvals from the PRC governmental entities in respect of the sale and purchase of the Sale Shares, the parties to the SPA entered into the New Share Transfer Deed. Furthermore, in connection with the execution of the Supplemental Deed and the New Share Transfer Deed, the parties thereto terminated and canceled the Subscription Deed and the Share Transfer Deed.

#### **ALLOCATION OF THE SALE SHARES**

Pursuant to the Supplemental Deed, the parties caused that the Sale Shares to be sold under the SPA be reallocated as between the Management Shareholders (without changing the aggregate number of Sale Shares to be sold under the SPA). Prior to the

change effected by the Supplemental Deed, the number of Domestic Shares to be sold by each Management Shareholder under the SPA as part of the Sale Shares represented 50% of such individual's equity interest in the Company. Following the execution of the SPA, the parties determined that it would be desirable for certain of the Management Shareholders who were directors, supervisors and senior managers of the Company to dispose less of their equity interest in the Company to Medtronic Switzerland, and the Management Shareholder who did not fall into such category to sell more (namely, Mr. Chen Lin), while keeping the aggregate number of Sale Shares to be sold by the Management Shareholders to Medtronic Switzerland the same.

Without changing the number of Sale Shares to be sold in the aggregate by Weigao Holding and the Management Shareholders to Medtronic Switzerland, the Supplemental Deed reduces the number of Domestic Shares each Management Shareholder has agreed to sell, and Medtronic Switzerland has agreed to purchase, by half, save that the number of Domestic Shares to be sold by Weigao Holding remains unchanged and the number of Domestic Shares to be sold by one of the Management Shareholders, Chen Lin, who is not a director, supervisor or senior manager of the Company, increases to fully offset the reduction in the Domestic Shares to be sold by the other Management Shareholders. The shareholding structure of the Company as of the date of the Announcement and immediately upon the completion of the issuance of the Subscription Shares and sale and purchase of the Sale Shares, as modified by the Supplemental Deed, is set out below.

## Effects on Shareholding Structure of the Company

	Current shareholding of the Company as at the date of the Announcement and the date of this announcement		Shareholdings immediately upon completion of the SPA (prior to amendment, modification and supplementing by the Supplemental Deed) as set forth in the Announcement		Shareholdings immediately upon completion of the SPA (as amended, modified and supplemented by the Supplemental Deed)	
	<i>Number of shares</i>	<i>%</i>	<i>Number of shares</i>	<i>%</i>	<i>Number of shares</i>	<i>%</i>
<i>Holder of Domestic Shares</i>						
Weigao Holding	578,160,000	58.07	532,438,919	49.47	532,438,919	49.47
Mr. Chen Lin	23,400,000	2.35	11,700,000	1.09	50,000	0.005
Mr. Zhang Hua Wei	10,800,000	1.08	5,400,000	0.50	8,100,000	0.75
Mr. Jiang Qiang	10,000,000	1.00	5,000,000	0.46	7,500,000	0.70
Mr. Wang Yi	7,800,000	0.78	3,900,000	0.36	5,850,000	0.54
Mr. Miao Yan Guo	7,800,000	0.78	3,900,000	0.36	5,850,000	0.54
Ms. Zhou Shu Hua	5,100,000	0.51	2,550,000	0.24	3,825,000	0.36
Mr. Wang Zhi Fan	2,700,000	0.27	1,350,000	0.13	2,025,000	0.19
Mr. Wu Chuan Ming	2,400,000	0.24	1,200,000	0.11	1,800,000	0.17
Medtronic	—	—	80,721,081	7.50	80,721,081	7.50
Subtotal (Note 1)	<u>648,160,000</u>	<u>65.11</u>	<u>648,160,000</u>	<u>60.22</u>	<u>648,160,000</u>	<u>60.22</u>
<i>Holder of H Shares</i>						
H Shares in issue as at the date of this announcement	347,400,000	34.89	347,400,000	32.28	347,400,000	32.28
Medtronic	—	—	80,721,081	7.50	80,721,081	7.50
Subtotal	<u>347,400,000</u>	<u>34.89</u>	<u>428,121,081</u>	<u>39.78</u>	<u>428,121,081</u>	<u>39.78</u>
Total	<u>995,560,000</u>	<u>100.00</u>	<u>1,076,281,081</u>	<u>100.00</u>	<u>1,076,281,081</u>	<u>100.00</u>

### Note 1:

Weigao Holding and the Management Shareholders currently hold 648,160,000 Domestic Shares which represent approximately 65.11% of the existing Domestic Shares of the Company. Upon completion of the subscription of the Subscription Shares and the sale and purchase of the Sale Shares, the aggregate shareholding of Weigao Holding and the Management Shareholders will be decreased to approximately 52.72% of the issued share capital of the Company as enlarged by the issuance of the Subscription Shares.



## **UPDATE ON PRC GOVERNMENT APPROVAL STATUS**

In order to provide additional time for the Company, Weigao Holding and the Management Shareholders to obtain all approvals and consents from PRC governmental entities necessary for the issuance of the Subscription Shares and the sale and purchase of the Sale Shares, the Supplemental Deed (among other things) extended the date on which the parties to the SPA were required to obtain such governmental consents and approvals and otherwise fulfill the conditions precedent thereunder from 30 September 2008 to 31 December 2008 (which extension was expressly allowed under the terms of the SPA).

The Company, Weigao Holding and the Management Shareholders are in the process of obtaining the governmental approvals that are required for the issuance of the Subscription Shares by the Company, and the sale and purchase of the Sale Shares by Weigao Holding and the Management Shareholders, to Medtronic Switzerland. Subject to obtaining all requisite government approvals and the fulfillment of the conditions precedent in the SPA (as amended, modified and supplemented by the Supplemental Deed) and the New Share Transfer Deed, completion of the issuance of the Subscription Shares and the sale and purchase of the Sale Shares is expected to take place on or before 31 December 2008.

## **UPDATE ON DISTRIBUTION JV**

On 20 March 2008, the Company and Medtronic International Ltd. amended the Distribution JV Agreement to reflect the agreed forms of the Ancillary JV Transaction Documents, forms of certain other Distribution JV documentations, the agreement between the parties regarding the protocol for establishing the operations of the joint venture, including the integration and management of the relevant employees, distributors, premises, inventory and accounts receivable. The details relating to the foregoing are more fully set forth in the announcement of the Company on 25 March 2008.

On 22 May 2008, the Company and Medtronic International Ltd. entered into an amended and restated joint venture contract to consolidate such amendments and the original Distribution JV Agreement into one document to facilitate PRC governmental approval and in connection with and as required for the establishment of the Distribution JV.

As of the date hereof, all necessary government approvals for the establishment of the Distribution JV have been obtained and a business license confirming the establishment of the Distribution JV was issued on 22 July 2008. Furthermore, all other conditions to the obligations of Medtronic International Ltd. to capitalize the Distribution JV, as set out in the Amended Distribution JV Agreement, were either

satisfied or waived by the relevant parties. Accordingly, Medtronic International Ltd. contributed the US Dollar equivalent of RMB147,580,000 to the Distribution JV as required under the Amended Distribution JV Agreement, and the Distribution JV commenced operations in September 2008. The parties agreed in the Supplemental Deed that the Distribution JV would be dissolved, liquidated and wound up in the event that the issuance of the Subscription Shares and the sale and purchase of the Sale Shares are not completed in accordance with the terms set forth in the SPA (as amended, modified and supplemented by the Supplemental Deed).

## **PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTORS OF THE COMPANY**

Subject to the completion of the issuance of Subscription Shares by the Company, and sale of Sale Shares by Weigao Holding and the Management Shareholders, to Medtronic Switzerland, and approval by the Shareholders at the upcoming EGM, the Board proposes to appoint Mr. Jean-Luc Butel (“Mr. Butel”) and Mr. Li Bing Yung (“Mr. Li”) as non-executive directors of the Company (Mr. Butel and Mr. Li, together referred to as the “Medtronic Nominees”). The Medtronic Nominees have each been nominated for appointment as Directors by Medtronic pursuant to the terms of the SPA as previously described in the Announcement. Subject to the approval by the Shareholders of the appointment of the Medtronic Nominees as Directors at the upcoming EGM, the appointment will take effect upon completion date of the SPA (as amended, modified and supplemented by the Supplemental Deed), which shall take place on the fifth (5th) business day from and excluding the date on which the last of the conditions set forth in SPA (as amended, modified and supplemented by the Supplemental Deed) have been fulfilled or waived (as the case may be) or such other date as the parties thereto may agree.

Mr. Jean-Luc Butel, age 51, is senior vice president of Medtronic and the President of Medtronic International. Mr. Butel is responsible for all of Medtronic’s operations outside of the United States. Prior to holding his current position, Mr. Butel served as President of Medtronic in Asia Pacific and he was responsible for managing and driving all business activities for Medtronic in the Asia Pacific region. Prior to joining Medtronic, he was the president of Independence Technology, a Johnson & Johnson company, where he focused on providing mobility systems for the movement impaired. From 1991 to 1999, he worked for Becton Dickinson, initially as the general manager of its microbiology business in Japan and then as President of Nippon Becton Dickinson. From 1985 to 1991, Mr. Butel was with Johnson & Johnson and served multiple roles including general manager of Fiji, China project manager and marketing director of Johnson & Johnson’s ophthalmic business in Southeast Asia.

Mr. Butel has a bachelor degree in International Affairs from George Washington University and a master degree in Business and Administration from American Graduate School of International Management (Thunderbird).

Mr. Li Bing Yung, age 58, is and has been President of Medtronic's operations in the greater China region since February 2007. Prior to his current position, Mr. Li served as vice president of the commercial operations section of several Medtronic's operations in the greater China region. Mr. Li has extensive experience in management in the Asia Pacific region. From 1996 to 2005, Mr. Li was with Johnson & Johnson Medical (China) Co. Ltd. where he held a number of executive positions and he was subsequently promoted to International Vice President in North Asia.

Prior to joining Johnson & Johnson in 1996, Mr. Li was the managing director in Asia Pacific for the ConvaTec Division of Bristol Myers Squibb for 9 years.

Mr. Li graduated with a bachelor degree in Social Sciences from the University of Hong Kong in 1976 and obtained a masters degree in Business Administration from Henley Management School of the United Kingdom in 1989.

There is no service contract entered into between the Company and Mr. Butel and Mr. Li, respectively. Neither Mr. Butel nor Mr. Li will receive any remuneration arising from their appointments as Directors. Mr. Li has been appointed as a director of the Distribution JV.

Save as disclosed herein, as at the date of this announcement, neither Mr. Butel nor Mr. Li:-

- (a) holds any other positions with the Company or any other members of the Group;
- (b) has any relationship with any directors, senior management, management shareholders, substantial shareholders, or controlling shareholders of the Company; and
- (c) has any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Other than the matters disclosed herein, there are no other matters concerning Mr. Butel and Mr. Li that are required to be brought to the attention of the Shareholders pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules.

## **EXTRAORDINARY GENERAL MEETING**

An ordinary resolution for approving the appointment of Mr. Li and Mr. Butel as the non-executive Directors will be put forward to the Shareholders at the upcoming EGM. A circular containing, among other things, further details of the proposed appointment of Mr. Li and Mr. Butel as non-executive Directors and a notice convening the EGM will be dispatched to the Shareholders in accordance with the requirements under the GEM Listing Rules as soon as practicable within 21 days after publication of this announcement and 45 days prior to the date of the upcoming EGM.

## **UNUSUAL PRICE MOVEMENT**

The Board noted the recent increase in the share price of the H Shares on the Stock Exchange on 14 October 2008 and wishes to state that save as disclosed herein, the Board is not aware of any reasons for such movement.

The Board confirms that, save as disclosed herein and the Announcement, the Board is not aware of any reasons for the increase in the share price of the H Shares on the Stock Exchange and confirms that there are no other negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Chapter 19 and 20 of the GEM Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 17.10 of the GEM Listing Rules, which is or may be of a price-sensitive nature.

## **RESUMPTION OF TRADING**

Trading in the H Shares on the Stock Exchange was suspended at the request of the Company with effect from 2:30 p.m. on 14 October 2008 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the H Shares with effect from 9:30 a.m. on 23 October 2008.

**Shareholders and potential investors are advised to exercise caution when dealing or trading in the H Shares of the Company.**

Made by the order of the Board of the Company, the directors of which collectively and individually accept responsibility for the accuracy of this statement.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite them below:

“Affiliate”	in relation to a party to the Distribution JV Agreement or the Ancillary JV Documents, means any person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the party specified; the term “control” meaning beneficial ownership of more than fifty percent (50%) of the voting securities or registered capital, or the power to appoint or elect the majority of the directors, of a company; provided, however, the Distribution JV and its subsidiaries shall not be deemed Affiliates of either Medtronic or the Company
“Amended Distribution JV Agreement”	the Distribution JV Agreement (as amended on 20 March 2008 and as amended and restated on 22 May 2008)
“Ancillary JV Transaction Documents”	various agreements under the Distribution JV Agreement entered into between, inter alia, the Company, Medtronic International Ltd. or their respective Affiliates and the Distribution JV in connection with the capital contribution by Medtronic International Ltd., which agreements include the exclusive distribution contracts and the non-assert agreements
“Announcement”	Announcement of the Company dated 21 December 2007
“Board”	the board of directors of the Company
“Company”	Shandong Weigao Group Medical Polymer Company Limited, a joint stock company incorporated in the People’s Republic of China with limited liability and the shares of which are listed on GEM
“Directors”	directors of the Company

“Distribution JV”	美敦力威高骨科器械有限公司 (Medtronic Weigao Orthopaedic Device Company Ltd) (formerly known as Meiwei Orthopaedic Device Company Ltd), a company incorporated in the PRC and owned as to 51% by Medtronic International Ltd. and 49% by the Company
“Distribution JV Agreement”	the joint venture contract dated 18 December 2007 entered into between the Company and Medtronic International Ltd. in respect of the establishment of a joint venture in the PRC that will engage in the sale and distribution of orthopaedic products.
“Domestic Shares”	the ordinary shares of RMB0.10 each in the share capital of the Company, which are initially subscribed for by legal and natural persons of the PRC and denominated in RMB
“EGM”	the extraordinary general meeting of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“H Shares”	overseas listed foreign shares of RMB0.10 each in the share capital of the Company, which may only be subscribed for, dealt with, and traded in HK\$ between legal and natural persons of Hong Kong, Macau or Taiwan or any country other than the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Management Shareholders”	Mr. Chen Lin, Mr. Zhang Hua Wei, Mr. Miao Yan Guo, Mr. Wang Yi, Ms. Zhou Shu Hua, Mr. Wang Zhi Fan, Mr. Wu Chuan Ming and Mr. Jiang Qiang
“Medtronic”	Medtronic, Inc., a corporation incorporated under the laws of Minnesota, United States of America, and the shares of which are listed on the New York Stock Exchange

“Medtronic International Ltd.”	Medtronic International Limited, established in Delaware, registered in Hong Kong as an oversea company (CR No.: F0001631) with its address at 16/F Manulife Plaza, 33 Hysan Avenue, Causeway Bay, Hong Kong
“Medtronic Switzerland”	Medtronic Holding Switzerland G.m.b.H., a wholly-owned subsidiary of Medtronic
“MOFCOM”	the PRC Ministry of Commerce or its local counterpart, as the case may be
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	80,721,081 Domestic Shares, being part of the Domestic Shares held by Weigao Holding and Management Shareholders which together represent 8.1% of the entire issued share capital of the Company as at 18 December 2007 and which will represent, immediately after completion of the transaction contemplated under the SPA (as amended, modified and supplemented by the Supplemental Deed), 7.5% of the enlarged issued share capital of the Company
“Share(s)”	ordinary share(s) of RMB0.10 each in the capital of the Company
“Shareholders”	holders of Shares
“SPA”	the subscription and sale and purchase deed dated 18 December 2007 entered into between the Company, Weigao Holding, the Management Shareholders, Medtronic and Medtronic Switzerland
“Subscription Shares”	80,721,081 new H Shares which will represent, immediately after completion of the transaction contemplated under the SPA (as amended, modified and supplemented by the Supplemental Deed), 7.5% of the enlarged issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Weigao Holding”

Weigao Holding Company Limited, a limited liability company established in the PRC whose principal place of business is at 312 Shi Chang Road, Weihai, Shandong Province, PRC

By order of the Board  
**Shandong Weigao Group Medical Polymer Company Limited**  
**Chen Xue Li**  
*Chairman*

Weihai, Shandong, the PRC  
22 October 2008

*As at the date of this announcement, the Board comprises:*

Mr. Zhang Hua Wei (Executive Director)  
Mr. Miao Yan Guo (*Executive Director*)  
Mr. Wang Yi (*Executive Director*)  
Mr. Wang Zhi Fan (*Executive Director*)  
Mr. Wu Chuan Ming (*Executive Director*)  
Mr. Chen Xue Li (*Non-executive Director*)  
Mrs. Zhou Shu Hua (*Non-executive Director*)  
Mr. Shi Huan (*Independent non-executive Director*)  
Mr. Luan Jian Ping (*Independent non-executive Director*)  
Mr. Lau Wai Kit (*Independent non-executive Director*)  
Mr. Li Jia Miao (*Independent non-executive Director*)

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading; there are no other matters the omission of which would make any statement in this announcement misleading; and all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcement” page for at least seven days from the date of its posting.*

\* *For identification purposes only*