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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)
(Stock Code: 8199)

CONNECTED TRANSACTION

Summary

The Board is pleased to announce that on 3 December 2008, Weigao Blood, a 70% owned subsidiary of the Company entered into the Agreement with Weigao Holding, pursuant to which Weigao Holding agreed to sell the Relevant Land to the Company at a consideration of approximately RMB 4.4 million (equivalent to approximately HK\$5.0 million). The Relevant Land shall be used for construction of production plants of Weigao Blood.

The acquisition constitute a connected transaction of the Company under the GEM Listing Rules as Weigao Holding is a controlling shareholding of the Company and is therefore a connected person of the Company. The Consideration of the acquisition represents less than 2.5% of all relevant percentage ratios pursuant to Rule 20.32 of the GEM Listing Rules. Accordingly, the acquisition is subject to the reporting and announcement requirements and is exempt from the independent shareholder's approval of the Company.

THE AGREEMENT

Date

3 December 2008

Parties

- (1) Purchaser: Weigao Blood, a 70% owned subsidiary of the Company
- (2) Vendor: Weigao Holding, a controlling shareholder of the Company. The Vendor acquired the land use right of the Relevant Land from the Ministry of the Land and Resources in the PRC in 2005 for the term until 12 October 2056.

Assets to be acquired

Pursuant to the Agreement, the Company has agreed to acquire the Relevant Land at a cash consideration of approximately RMB 4.4 million (equivalent to approximately HK\$5.0 million). The Vendor originally purchased the Land covering a total area of approximately 111,900 sq.m. for a consideration of approximately RMB 22.4 million (equivalent to HK\$25.2 million) and incurred an initial development cost of providing public utilities to the Land. Pursuant to the Agreement, the Vendor has agreed to sell to the Company a portion of the Land and such Relevant Land is a parcel of land with an area of approximately 15,200 sq.m. located at 威海市初村鎮地號14-2-56 (No 14-2-56 Zhu Cun Zhen, Weihai, Shandong Province, the PRC). The proportionate original cost of acquisition of the Relevant Land was approximately RMB 3.0 million (equivalent to approximately HK\$3.4 million). The Vendor is the legal and registered owner of the land use right of the Relevant Land. Pursuant to the Agreement, the Vendor agreed to transfer to the Company the land use right of the Relevant Land for the remaining term.

Terms of the Agreement

The cash Consideration for the acquisition of the Relevant Land is approximately RMB4.4 million (equivalent to approximately HK\$5.0 million) and the total Consideration will be paid in 30 days following the signing of the Agreement.

The Consideration was arrived at after arm's length negotiation with reference to the value of the Relevant Land of approximately RMB4.4 million (equivalent to approximately HK\$5.0 million) as stated in the land valuation report as at 2 December 2008 prepared by 威海啟迪會計師事務所有限公司 (Weihai Qidi Certified Public Accountants Company Limited*), an independent professional valuer appointed by the Company. The Directors consider that the Consideration is fair and reasonable. The Consideration will be financed by the working capital of the Company.

According to the Agreement, the Vendor warrants and undertakes that it legally owns the land and the land is free from any pledges to any third parties and do not involve interests of any third parties.

REASONS FOR THE TRANSACTION

Weigao Blood is principally engaged in research and development, production and sales of blood purification consumables. The Company intends to use the Relevant Land for the construction of production plants to expand the production capacity of Weigao Blood's products.

General Information

The Board (including the independent non-executive directors) is of the view that the acquisition is in the interests of the Company and the terms of the Agreement are on normal commercial terms, which are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Group is principally engaged in research, development, production and sale of medical device. The principal products types include single use medical consumables, including infusion/transfusion sets, syringes, blood segregator consumable and high valued added products including orthopedic products, blood purification consumables and stent. The Group has a nationwide sales network and an extensive customer base of over 5,300 healthcare organizations including over 2,800 hospitals and 400 blood stations.

Weigao Holding has investments and is engaged in the production and sale of quantitative injection solution (such as glucose and saline solution), sanitarium and nappies, absorbable medical threads, quick test kits (such as testing of cancer and hepatitis) and Western and Chinese medicines. Weigao Holding is the controlling shareholder of the Company and therefore is a connected person of the Company under the GEM Listing Rules. Therefore, the acquisition constitutes a connected transaction to the Company under the GEM Listing Rules. The Consideration of the connected transaction represents less than 2.5% of all relevant percentage ratios pursuant to Rule 20.32 of the GEM Listing Rules. Accordingly, the acquisition is subject to the reporting and announcement requirements and is exempt from the independent shareholder's approval of the Company.

DEFINITIONS

the “Agreement”	the sale and purchase agreement dated 3 December 2008 in respect of the acquisition of the Relevant Land by the Company from the Vendor
the “Board”	the board of Directors of the Company
“Consideration”	the consideration of RMB 4.4 million
the “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
“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 and associated company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	Persons who are not connected with any of the directors, supervisors, chief executive of the Company and substantial shareholder or their respective associates;
“Land”	the piece of land situated at 威海市初村科技新城 (Zhu Cun Technology New City, Weihai, Shandong Province, the PRC) covering an area of 111,900 sq.m. purchased by Weigao Holding from the Ministry of Land and Resources in 2005
“Relevant Land”	the parcel of land which is a portion of the Land, situation at 威海市初村鎮地號14-2-56 (No 14-2-56 Zhu Cun Zhen, Weihai, Shandong Province, the PRC) with a total area of 15,200 sq.m.
“Share(s)”	ordinary share(s) of RMB0.10 each in the capital of the Company
“Shareholder(s)”	the holder(s) of Shares

“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Weigao Blood”	威海威血液淨化製品有限公司 (Weihai Weigao Blood Purified Product Co Limited) was incorporated on 27 December 2004 in the PRC with limited liability and is held as to 70% by the Company and 15.5% by Shanghai Weike Investment Company Limited, 7.5% by legal representative of Weigao Blood, 5% and 2.0% by two individuals who are Independent Third Parties
“Weigao Holding”	威高控股有限公司 (Weigao Holding Company Limited), a limited liability company established on 4 August 1998 in the PRC, being the controlling shareholders holding 58.07% equity interest in the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“Sq. m.”	square meter(s)

Exchange Rate: In this announcement, for reference only and unless otherwise specified, the translation of RMB into HK\$ is based on the exchange rate of RMB1.1255 = HK\$1.

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

3 December 2008
Shandong, the PRC

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.

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** For identification purposes only*