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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)

CONTINUING CONNECTED TRANSACTIONS
SUPPLY OF MEDICAL PRODUCTS AND PACKAGING MATERIALS

Summary

1) Continuing Connected Transaction - Supply of Medical Products

On 9 May 2007, HeZe Weigao, a wholly owned subsidiary of Weigao Holding entered into the Medical Products Supply Agreement with the Company for the sale of medical supplies including single use mattress, diapers and needle products for an annual amount of less than HK\$1.0 million (equivalent to approximately RMB 0.9 million) and less than 2.5% of each of the relevant percentage ratios. The transactions under the Medical Products Supply Agreement fall within the de minimus exemption under the GEM Listing Rules. Due to the business expansion of the Company, it is expected that the Company will increase the demand for medical products from HeZe Weigao, the Company therefore entered into the Supplemental Agreement to the Medical Products Supply Agreement with He Ze Weigao to revise the annual cap on 30 December 2008, pursuant to which the maximum annual transaction amount was increased to less than RMB 5.0 million (equivalent to approximately HK\$5.6 million) for remaining terms of the Medical Products Supply Agreement which will expire on 31 December 2009. Save as aforesaid, no other terms of the Medical Products Supply Agreement were amended by the Supplemental Agreement to the Medical Products Supply Agreement.

The annual transaction amount under the Supplemental Agreement to Medical Products Supply Agreement will be less than RMB 5.0 million (equivalent to approximately HK\$5.6 million) which is less than 2.5% of each of the relevant percentage ratios on an annual basis. Thus, the supplies of medical products from HeZe Weigao to the Company constitute continuing connected transactions under Rule 20.14 of the GEM Listing Rules and is subject to announcement publication and reporting requirements but are exempted from independent shareholders' approval requirements under Rule 20.34 of the GEM Listing Rules. Particulars of the continuing connected transaction under the Supplemental Agreement to the Medical Products Supply Agreement will be disclosed in the annual report of the Company in accordance with Rule 20.37 of the GEM Listing Rules.

2) Renewal of Continuing Connected Transaction — Supply of Packaging Materials

Reference is made to the announcement of the Company dated 18 April 2006 regarding the Packaging Materials Supply Agreement entered into between Jierui Subsidiary, a wholly owned subsidiary of the Company and Weigao Pharmaceutical. The revised annual cap of the Packaging Materials Supply Agreement for the three years ended 31 December 2008 was RMB 9.0 million (equivalent to approximately HK\$10.2 million). The annual revenue received by Jierui Subsidiary under the Packaging Materials Supply Agreement for the two years ended 31 December 2007 were approximately RMB 3.0 million and RMB 6.9 million (equivalent to approximately HK\$3.4 million and HK\$7.8 million) and the unaudited revenue received by Jierui Subsidiary under the Packaging Materials Supply Agreement covered the period from 1 January 2008 to 30 November 2008 was approximately RMB 4.0 million (equivalent to approximately HK\$4.5 million). The Packaging Materials Supply Agreement will expire on 31 December 2008 and such continuing connected transactions will continue in the ordinary and usual course of business of the Company. Pursuant to the New Packaging Materials Supply Agreement entered into between Jierui Subsidiary and Weigao Pharmaceutical dated 30 December 2008, Jierui Subsidiary continues to purchase packaging materials from Weigao Pharmaceutical for an annual transaction amount of less than RMB 9.0 million (equivalent to approximately HK\$10.2 million) for three years from 1 January 2009 to 31 December 2011 following the expiry of the existing Packaging Material Supply Agreement on 31 December 2008.

The annual transaction amount under the New Packaging Materials Supply Agreement will be less than RMB 9.0 million (equivalent to approximately HK\$10.2 million) which is less than 2.5% of each of the relevant percentage ratios on an annual basis. Thus, the supplies of packaging materials from Jierui Subsidiary to Weigao Pharmaceutical constitute continuing connected transactions under Rule 20.14 of the GEM Listing Rules and is subject to announcement publication and reporting requirements but are exempted from independent shareholders' approval requirements under Rule 20.34 of the GEM Listing Rules. Particulars of the continuing connected transaction under the New Packaging Materials Supply Agreement will be disclosed in the annual report of the Company in accordance with Rule 20.37 of the GEM Listing Rules.

1) Continuing Connected Transaction - the Supplemental Agreement to the Medical Products Supply Agreement

On 9 May 2007, HeZe Weigao, a wholly owned subsidiary of Weigao Holding entered into the Medical Products Supply Agreement with the Company for the sale of medical supplies including single use mattress, diapers and needle products for an annual amount of less than HK\$ 1.0 million (equivalent to approximately RMB 0.9 million) and less than 2.5% of each of the relevant percentage ratios. The transactions under the Medical Products Supply Agreement fall within the de minimus exemption under the GEM Listing Rules. Due to the business expansion of the Company, it is expected that the Company will increase the demand for medical products from HeZe Weigao, the Company therefore entered into the Supplemental Agreement to the Medical Products Supply Agreement with He Ze Weigao to revise the annual cap on 30 December 2008, pursuant to which the maximum annual transaction amount was increased to less than RMB 5.0 million (equivalent to approximately HK\$ 5.6 million) for remaining terms of the Medical Products Supply Agreement which will expire on 31 December 2009. Save as aforesaid, no other terms of the Medical Products Supply Agreement were amended by the Supplemental Agreement to the Medical Products Supply Agreement.

Summary of the Terms:

Date	30 December 2008
Parties	(1) HeZe Weigao (2) the Company
Transaction	supply of medical supplies including single use mattress, diapers and needle products

Contract period	Remaining terms of the Medical Products Supply Agreement which will be expired on 31 December 2009
Maximum annual purchase amount	Less than RMB 5.0 million (equivalent to approximately HK\$5.6 million)
Pricing Mechanism and basis	the prices will be determined with reference to market price

Reasons for the entering the Supplemental Agreement to the Medical Products Supply Agreement

HeZe Weigao is principally engaged in manufacturing and sales of hygienic products, including diapers and mattress. The Company started to purchase related medical supplies from HeZe Weigao since entering of the Medical Products Supply Agreement in 2007 with an annual transaction amount of less than HK\$ 1.0 million (equivalent to approximately RMB 0.9 million) and less than 2.5% of each of the relevant percentage ratios. The transactions under the Medical Products Supply Agreement fall within the de minimus exemption under the GEM Listing Rules and are exempted from disclosure requirement. Due to the business expansion of the Company, the annual cap of less than HK\$ 1.0 million (equivalent to approximately RMB 0.9 million) is not sufficient to meet the demand of the Company and such annual transaction amount is therefore revised to an annual cap of less than RMB 5.0 million (equivalent to approximately HK\$ 5.6 million). The revised annual cap is determined with reference to the business scale of the Company and expected growth in product demand in future. The Directors are of the view that the Supplemental Agreement to Medical Products Supply Agreement was entered into in the ordinary and usual course of business and on normal commercial terms. By entering into the Supplemental Agreement to the Medical Products Supply Agreement, the Company can secure a continuing supply of medical supplies at the market price with a prescribed standard of quality.

The Directors (including the independent non-executive directors) consider that the terms of the Supplemental Agreement to the Medical Products Supply Agreement are fair and reasonable, negotiated on an arm's length basis and in the interest of the Shareholders as a whole.

2) **Continuing Connected Transaction — New Packaging Materials Supply Agreement**

Reference is made to the announcement of the Company dated 18 April 2006 regarding the Packaging Materials Supply Agreement entered into between Jierui Subsidiary, a wholly owned subsidiary of the Company and Weigao Pharmaceutical. The revised annual cap of the Packaging Materials Supply Agreement for the three years ended 31 December 2008 was RMB 9.0 million (equivalent to approximately HK\$ 10.2 million). The annual revenue received by Jierui Subsidiary under the Packaging Materials Supply Agreement for the two years ended 31 December 2007 were approximately RMB 3.0 million and RMB 6.9 million (equivalent to approximately HK\$ 3.4 million and HK\$7.8 million) and the unaudited revenue received by Jierui Subsidiary under the Packaging Materials Supply Agreement covered the period from 1 January 2008 to 30 November 2008 was approximately RMB 4.0 million (equivalent to approximately HK\$4.5 million). The Packaging Materials Supply Agreement will expire on 31 December 2008 and such continuing connected transactions will continue in the ordinary and usual course of business of the Company. Pursuant to the New Packaging Materials Supply Agreement entered into between Jierui Subsidiary and Weigao Pharmaceutical dated 30 December 2008, Jierui Subsidiary continues to purchase packaging materials from Weigao Pharmaceutical for an annual transaction amount of less than RMB 9.0 million (equivalent to approximately HK\$ 10.2 million) for three years from 1 January 2009 to 31 December 2011 following the expiry of the existing Packaging Material Supply Agreement on 31 December 2008.

Summary of the Terms:

Date	30 December 2008
Parties	(1) Jierui Subsidiary (2) Weigao Pharmaceutical
Transaction	supply of packaging materials
Contract period	1 January 2009 — 31 December 2011
Maximum annual purchase amount	Less than RMB 9.0 million (equivalent to approximately HK\$10.2 million)
Pricing Mechanism and basis	the prices will be determined with reference to market price

Reasons for the Renewal of the Packaging Materials Supply Agreement

Jierui Subsidiary is principally engaged in the business of manufacturing and sale of packaging materials including PVC granules, plastic packaging bags and paper cartons. Weigao Pharmaceutical is principally engaged in manufacturing and sales of pharmaceutical products in China and was first started to purchase packaging materials from Jierui Subsidiary since 2004 with an annual cap of less than HK\$ 1.0 million (equivalent to approximately RMB 0.9 million) and less than 2.5% of each of the relevant percentage ratios. The annual transaction amount was increased to less than RMB 9.0 million (equivalent to approximately HK\$10.2 million) on 18 April 2006 as disclosed in the announcement of the Company dated 18 April 2006. Due to the expiry of the Packaging Materials Supply Agreement on 31 December 2008, the New Packaging Materials Supply Agreement is entered into for a period of 3 years from 1 January 2009 to 31 December 2011 and the annual cap of less than RMB 9.0 million (equivalent to approximately HK\$ 10.2 million) is determined with reference to the expected sale of medical products of the Company in the coming years. The Directors (including the independent non-executive directors) are of the view that the New Packaging Material Supply Agreement was entered into in the ordinary and usual course of business and on normal commercial terms. By entering into the New Packaging Material Supply Agreement, the Group can secure a continuing supply of packaging materials at the market price with a prescribed standard of quality.

The Directors (including the independent non-executive directors) consider that the terms of the New Packaging Material Supply Agreement are fair and reasonable and are negotiated on an arm's length basis and in the interest of the Shareholders as a whole.

GENERAL INFORMATION

Based in Shandong province, PRC, the Company is the leading manufacturers of single-use medical devices and consumables with well known brands in China such as Jierui and exports to more than 30 countries. The Company has a comprehensive range of innovative product portfolio (140 types and over 2,000 specifications) including single-use consumables (infusion sets, syringes, blood transfusion sets and blood bags), orthopedic and cardiovascular stent and blood purification products. The Company also has a nationwide sales network and an effective sales coverage of China's hospitals.

The annual transaction amount under the Supplemental Agreement to the Medical Products Supply Agreement will be less than RMB 5.0 million (equivalent to approximately HK\$ 5.6 million) which is less than 2.5% of each of the relevant percentage ratios on an annual basis. Thus, the supply of medical products from HeZe Weigao to the Company constitute continuing connected transactions under Rule 20.14 of the GEM Listing Rules and is subject to announcement publication and reporting requirements but are exempted from independent shareholders' approval requirements under Rule 20.34 of the GEM Listing Rules. Particulars of the continuing connected transaction under the Supplemental Agreement to the Medical Products Supply Agreement will be disclosed in the annual report of the Company in accordance with Rule 20.37 of the GEM Listing Rules.

The transactions under the New Packaging Materials Supply Agreement constitutes a connected transaction for the Company under the GEM Listing Rules as Weigao Holding is a controlling shareholder of the Company and is therefore a connected person of the Company. The annual cap of less than RMB 9.0 million (equivalent to approximately HK\$10.2 million) constitute a continuing connected transaction represents less than 2.5% of each of the relevant percentage ratios. Thus, both transactions contemplated under the Supplemental Agreement to the Medical Products Supply Agreement and the New Packaging Material Supply Agreement are subject to the reporting and announcement requirements under Rules 20.45 to 20.47 of the GEM Listing Rules and are exempt from independent Shareholders' approval requirements.

DEFINITIONS

“Board”	the board of Directors of the Company
“Company”	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 company incorporated in the People's Republic of China with limited liability and the H shares of which are listed on GEM
“Directors”	the 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 companies

“He Ze Weigao”	荷澤威海衛生材料製品有限公司 (He Ze Weigao Hygenic Materials and Products Company Limited)* is a limited company incorporated in the People’s Republic of China on 14 March 2006
“Jierui Subsidiary”	威高潔瑞醫用製品有限公司 (Weigao Jierui Medical Products Company Limited)*, a limited liability company established in the PRC and is held as to 100% by the Company
“Medical Products Supply Agreement”	the agreement entered into between He Ze Weigao and the Company dated 9 May 2007 in relation to the supply of medical supplies including single use mattress, diapers and needle products
“New Packaging Materials Supply Agreement”	the agreement entered into between Jierui Subsidiary and the Company dated 30 December 2008 in relation to supply of packaging materials, including PVC granules, plastic packaging bags and paper cartons
“Packaging Materials Supply Agreement”	the agreement entered into between Jierui Subsidiary and the Company dated 18 April 2006 in relation to supply of packaging materials, including PVC granules, plastic packaging bags and paper cartons
“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
“Supplemental Agreement to Medical Products Supply Agreement”	the agreement entered into between He Ze Weigao and the Company dated 30 December 2008 in relation to the supply of medical supplies including single use mattress, diapers and needle products
“Weigao Pharmaceutical”	山東威高藥業有限公司 (Shandong Weigao Pharmaceutical Company Limited)*, a wholly owned subsidiary of Weigao Holding Company Limited

“Weigao Holding” 威高控股有限公司 (Weigao Holding Company Limited)*, a limited liability company established in the PRC on 4 August 1998, being the controlling shareholders holding 49.47% equity interest in the Company

“RMB” Renminbi, the lawful currency of the PRC

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 RMB0.88424 = HK\$1.

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

30 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. Jean-Luc Butel (*Non-executive Director*)
Mr. Li Bing Yung (*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 purpose only*