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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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) 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.



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: 8199)

CONTINUING CONNECTED TRANSACTIONS

On 29 July 2009, the Company announces that Weigao Orthopaedic and Medtronic SD entered into the OEM Agreement regarding the manufacture and sale of orthopaedic products by Weigao Orthopaedic to Medtronic SD.

Medtronic owns an aggregate of 15% of the issued share capital of the Company and Medtronic SD, the wholly owned subsidiary of Medtronic is a connected person of the Company under the GEM Listing Rules. The transactions between Weigao Orthopaedic and Medtronic SD constitute continuing connected transactions of the Company under Rule 20.34 the GEM Listing Rules.

The proposed annual cap for the OEM Agreement shall be RMB 30 million (equivalent to approximately HK\$34 million) for the financial year ending 31 December 2009. As each of the applicable percentage ratios (other than profit ratio) for the proposed annual cap under the OEM Agreement for the financial year ending 31 December 2009 is higher than 0.1% but less than 2.5%, such transactions under the OEM Agreement are subject to the reporting and announcement requirements set out in Rules 20.45 to 20.47 of the GEM Listing Rules and are exempted from the independent shareholders' approval requirement. Details of the transactions will be included in the Company's next published annual report and accounts in compliance with Rules 20.45 and 20.46 of the GEM Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

OEM Agreement

On 29 July 2009, Weigao Orthopaedic and Medtronic SD entered into the OEM Agreement regarding the manufacture and sale of orthopaedic products by Weigao Orthopaedic to Medtronic SD. The contract period commences from the date of signing and ends on 31 December 2009. The precise values of manufacture and sale transactions are determined when purchase orders are actually agreed upon between Weigao Orthopaedic and Medtronic SD. The proposed annual cap for the financial year ending 31 December 2009 shall be RMB 30 million (equivalent to approximately HK\$34 million) which is determined based on the forecasted order to be placed by Medtronic SD and the production cost with a reasonable margin. The pricing shall be on normal commercial terms with reference to the manufacturing costs and manufacturing margin taking into accounts the purchase quantity, technical requirement and other conditions of the products offered. Weigao Orthopaedic recorded the transaction volume of approximately RMB0.2 million (equivalent to approximately HK\$0.22 million) with Medtronic SD in the year of 2008 before Medtronic SD became a connected person of the Company. Terms of the OEM Agreement are on market terms which are no more favourable to the connected person than those available to independent third parties.

REASONS FOR THE TRANSACTIONS

Medtronic is one of the global leaders in spinal implant offering a wide range of therapy. The Directors are of the view that Weigao Orthopaedic's technical capability will be enhanced by providing original equipment manufacturing for Medtronic.

The OEM Agreement is entered into in the ordinary and usual course of business of the Group and is on normal commercial terms. The Board is of the view that it is in the interest of the Shareholders as a whole to enter into the OEM Agreement as it will generate additional revenue to the Group as well as enhancing the Group's profitability.

COMPLIANCE REQUIREMENTS

Weigao Orthopaedic is a 100% owned subsidiary of the Company. Medtronic is a substantial Shareholder of the Company holding a 15% equity interest in the Company, and therefore Medtronic SD, the wholly owned subsidiary of Medtronic is a connected person of the Company. The transactions contemplated under the OEM Agreement constitute continuing connected transactions for the Company under Rule 20.34 of the GEM Listing Rules.

The transactions contemplated under the OEM Agreement are in the ordinary and usual course of business and conducted on normal commercial terms.

The proposed annual cap for the OEM Agreement shall be RMB 30 million (equivalent to approximately HK\$34 million) for the financial year ending 31 December 2009. The annual cap is set with reference to forecasted sales to Medtronic SD by Weigao Orthopaedic for the year ending 31 December 2009.

As each of the applicable percentage ratios (other than profit ratio) for the proposed annual cap under the OEM Agreement for the financial year ending 31 December 2009 is higher than 0.1% but less than 2.5%, such transactions are subject to the reporting and announcement requirements set out in Rules 20.45 to 20.47 of the GEM Listing Rules and are exempted from the independent shareholders' approval requirement.

Particulars of the OEM Agreement will be disclosed in the annual report of the Company in accordance with Rules 20.45 and 20.46 of the GEM Listing Rules.

The Directors (including the independent non-executive Directors) consider that the terms of the OEM Agreement are fair and reasonable, on normal commercial terms, negotiated on an arm's length basis and in the interests of the Shareholders as a whole.

GENERAL INFORMATION

The Group is principally engaged in research, development, production and sale of medical device and has launched over 110 product types with over 3,000 specifications in the market. 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 heart stent. The Group has a nationwide sales network and an extensive customer base of over 5,000 healthcare organizations including over 2,700 hospitals and 400 blood stations. The Group has production facilities situated in Weihai City in Shandong Province, Changzhou in Jiangsu Province and Beijing.

Founded in 1949, Medtronic serves physicians, clinicians and patents in more than 120 countries. Headquartered in Minneapolis, Minnesota, United States, Medtronic is a global leader in medical technology. Medtronic provides device-based therapies that alleviate pain, spinal disorders, diabetes, urologic and digestive system disorders, and ear, noise and throat disorders. Medtronic's stock is traded on the New York Stock Exchange.

Medtronic SD is a global leader in products and services that advance the field of spinal and cranial surgery. Medtronic SD's emphasis on meeting the most intensive requirements of patient care today means services that meet the clinical demands of the surgeon and improve the quality of care for patient. Medtronic SD is headquartered in Memphis, Tennessee.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Company”	Shandong Weigao Group Medical Polymer Company Limited, a joint stock limited company incorporated in the PRC with limited liability, the H Shares of which are listed on the GEM
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries

“Medtronic”	Medtronic, Inc., a corporation incorporated under the laws of Minnesota, and the shares of which are listed on the New York Stock Exchange
“Medtronic SD”	Medtronic Sofamor Danek USA Inc, established in the State of Tennessee, the United States of America with its registered address at 1800 Pyramid Place, Memphis, Tennessee USA 38132 and is a wholly owned subsidiary of Medtronic, Inc.
“OEM Agreement”	The agreement signed on 29 July 2009 regarding the manufacture of goods by Weigao Orthopaedic for, and sale of goods by Weigao Orthopaedic to subsidiaries of Medtronic on an OEM (original equipment manufacturing) basis, certain details of which are disclosed under the paragraph headed “OEM Agreement” of this announcement
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) of RMB0.1 each in the share capital of the Company
“Shareholders”	the holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Weigao Orthopaedic ”	山東威高骨科材料有限公司 (Shandong Weigao Orthopedic Device Co., Limited was incorporated on 6 April 2005 in the PRC with limited liability and owned as to 100% by the Company.

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

Shandong, the PRC, 30 July 2009

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. Li Jia Miao (*Independent non-executive Director*)

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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*