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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 with limited liability)*

**(Stock code: 8199)**

**CONNECTED TRANSACTIONS**  
**LAND ACQUISITION IN WEIHAI**

**SUMMARY**

The Board is pleased to announce that on 19 August 2009, Weigao Blood, a 70.0% owned subsidiary of the Company entered into the First Sale and Purchase Agreement with Weigao Holding, a substantial shareholder of the Company which holds 49.5% equity interest in the Company. Under the First Sale and Purchase Agreement, Weigao Holdings agreed to sell the land use rights of a parcel of land located at 威海市初村鎮地號14-2-56-4 (No 14-2-56-4, Zhu Cun Zhen, Weihai, Shandong Province, the PRC)(the “Zone A”) to Weigao Blood. The consideration of the Zone A is approximately RMB 11.2 million (equivalent to approximately HK\$12.7 million). Zone A shall be used for construction of production plant of blood purification products.

The Board is also please to announce that 19 August 2009, the Company entered into the Second Sale and Purchase Agreement with Weigao Holding. Under the Second Sale and Purchase Agreement, Weigao Holdings agreed to sell the land use rights of a parcel of land located at威海市初村鎮地號14-2-56-3 (No 14-2-56-3, Zhu Cun Zhen, Weihai, Shandong Province, the PRC) (the “Zone B”) to the Company. The consideration of the Zone B is approximately RMB 10.6 million (equivalent to approximately HK\$12.0 million). Zone B shall be used for construction of test centers for medical consumable products.

The First and the Second Sale and Purchase Agreements constitute connected transactions 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.

As each of the applicable percentage ratios (other than profit ratio) for the aggregate Considerations under the First and the Second Sale and Purchase Agreements is less than 2.5% and such transactions are subject to the reporting and announcement requirements as set out in Rules 20.45 to 20.47 of the GEM Listing Rules and are exempted from the independent shareholders' approval requirement.

The Directors (including the independent non-executive Directors) consider that the terms of the First and the Second Sale and Purchase Agreements are fair and reasonable, on normal commercial terms and in the interests of the Company and Independent Shareholders as a whole.

## **THE FIRST SALE AND PURCHASE AGREEMENT**

### **Date**

19 August 2009

### **Parties**

- (1) Purchaser: Weigao Blood, a 70.0% owned subsidiary of the Company
- (2) Vendor: Weigao Holding, a controlling shareholder of the Company. The Vendor acquired the land use right of Zone A from the Ministry of the Land and Resources in the PRC for a term of 50 years until 12 October 2056

## **THE SECOND SALE AND PURCHASE AGREEMENT**

### **Date**

19 August 2009

## **Parties**

- (1) Purchaser: the Company
- (2) Vendor: Weigao Holding, a controlling shareholder of the Company. The Vendor acquired the land use right of Zone B from the Ministry of the Land and Resources in the PRC for a term of 50 years until 12 October 2056

## **ASSETS TO BE ACQUIRED UNDER THE FIRST AND SECOND SALE AND PURCHASE AGREEMENTS**

### **First and Second Sale and Purchase Agreement**

Pursuant to the First Sale and Purchase Agreements, Weigao Blood has agreed to acquire Zone A from the Vendor at a cash consideration of RMB 11.2 million (equivalent to approximately HK\$12.7 million). Pursuant to the Second Sale and Purchase Agreement, the Company has agreed to acquire Zone B from the Vendor at a cash consideration of RMB 10.6 million (equivalent to approximately 12.0 million). The Considerations for a total land area of 60,463 sq.m. and an office area of building under construction of 6,800 sq.m. under the First and the Second Sale and Purchase Agreements will be approximately RMB 21.8 million (equivalent to approximately HK\$ 24.7 million).

The Vendor originally purchased a plot of the land in 2005 covering a total area of approximately 111,900 sq.m. (the “Land”) and subsequently incurred an initial development cost of providing public utilities to the Land, comprises of Zone A and Zone B. Pursuant to the First and the Second Sale and Purchase Agreements, the Vendor has agreed to sell Zone A and Zone B to Weigao Blood and the Company respectively. Zone A and Zone B comprise of parcels of land with an area of approximately 31,005 sq. m. and approximately 29,458 sq. m located at 威海市初村鎮地號14-2-56-4 (No 14-2-56-4, Zhu Cun Zhen, Weihai, Shandong Province, the PRC) and 威海市初村鎮地號14-2-56-3 (No 14-2-56-3, Zhu Cun Zhen, Weihai, Shandong Province, the PRC) respectively, on which there are building under construction covering an office area of approximately 3,500 sq. m. and 3,300 sq. m. respectively.

The Considerations for the acquisition of Zone A and Zone B are approximately RMB 21.8 million (equivalent to approximately HK\$ 24.7 million) and will be paid in cash in 30 days following the signing of the First and the Second Sale and Purchase Agreements. The proportionate original land cost of the Zone A and Zone B acquired by the Vendor in 2005 was approximately RMB 12.1 million (equivalent to approximately HK\$ 13.7 million) or RMB200.2 per sq.m. (equivalent to approximately HK\$ 227.0 per sq. m.) and the proportionate cost incurred in the building under construction on Zone A and Zone B was approximately RMB 4.4 million or approximately RMB650.0 per sq.m.(equivalent to approximately HK\$737.8 per sq.m.). The Considerations were arrived at after arm's length negotiation with reference to the market value of the land of approximately RMB 287.9 per sq.m. (equivalent to approximately HK\$ 326.8 per sq.m.) and the market value of building under construction erected on Zone A and Zone B of approximately RMB 650.0 per sq.m. (equivalent to approximately HK\$737.8 per sq.m.) as stated in the valuation report dated 11 June 2009 prepared by 威海聖達房地產評估諮詢有限公司 (Weihai Xinda Property Valuation Company Limited\*), an independent professional valuer appointed by the Vendor. The Directors (including the independent non-executive directors) consider that the Considerations are fair and reasonable. The Considerations will be financed by the working capital of the Company.

According to the First and the Second Sale and Purchase Agreements, the Vendor warrants and undertakes that it legally owns Zone A and Zone B. Both Zone A and Zone B are free from any pledges to any third parties and do not involve interests of any third parties.

## **REASONS FOR THE TRANSACTION**

According to the city planning of the Weihai City, the industrial zone of the Group's existing consumable production plant will be re-zoned as commercial and residential within 5 years. The Company and Weigao Blood acquire land as land bank for re-location and expansion of production plants in future. Weigao Blood is principally engaged in research and development, production and sales of blood purification consumables. The Company intends to use the Zone A for the construction of blood purification production plants and Zone B for the construction of test centers of medical consumable products.

## General Information

The Directors (including the independent non-executive Directors) are of the view that the connected transactions under the First and the Second Sales and Purchase Agreements are in the interests of the Company and the terms of the First and the Second Sale and Purchase Agreements are on normal commercial terms, which are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Based in Shandong province, the Company is principally engaged in the research and development, production and sale of single-use medical devices. The Group has a wide range of products, which includes: 1) consumables (infusion set, syringes, medical needle, blood bags, dental and anaesthetic consumables, blood sampling products, and other consumables); 2) orthopedic materials; 3) blood purification consumables; 4) medical and non-medical PVC granules; and 5) stent. The Group's products are sold under its own brand names, including "Jierui" and "Weigao Ortho". The products are sold throughout the PRC and exported to overseas. The Company has a nationwide sales network and an extensive customer base of over 5,030 healthcare organizations including over 2,900 hospitals and 410 blood stations.

Weigao Holding is principally engaged in investment and in research and development and sale of pharmaceutical, and medical products, such as sutures. 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 First Sale and Purchase Agreements constitute connected transactions to the Company under the GEM Listing Rules. As each of the applicable percentage ratios (other than profit ratio) for the Considerations under the First and the Second Sale and Purchase Agreements is less than 2.5% and 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.

## DEFINITIONS

the "First Sale and Purchase Agreement"	the sale and purchase agreement dated 19 August 2009 in respect of the acquisition of Zone A by Weigao Blood from the Vendor
the "First Sale and Purchase Agreement"	the sale and purchase agreement dated 19 August 2009 in respect of the acquisition of Zone B by the Company from the Vendor
the "Board"	the board of Directors of the Company

“Considerations”	The aggregate considerations of the First and the Second Sale and Purchase Agreements
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
“Sales and Purchase Agreements”	The First Sale and Purchase Agreement and the Second Sale and Purchase Agreement
“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 the balance of 15.5%, 7.5%, 5.0% and 2.0% are held by four independent third parties
“Weigao Holding” or “Vendor”	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 49.5% 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 RMB0.8810 = HK\$1.00*

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

19 August 2009  
Weihai, 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 Li Bing Yung (*Non-executive Director*)  
Mr Jean-Luc Butel (*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*)  
Mr. Lo Wai Hung (*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*