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WEGO 威高

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

The Directors are please to announce the following four agreements were all signed on 11 December 2009, including (1) Supply Agreement I of medical needles entered into between the Company and HeZe Weigao; (2) Supply Agreement II of packaging materials entered into between Jierui Subsidiary and Weigao Medical Materials; and (3) Supply Agreement III and IV of packaging accessories entered into between Jierui Subsidiary and Weigao Medical Materials.

Weigao Holding is a controlling shareholder of the Company, held approximately 49.5% of the total issued share capital of the Company. Accordingly, Weigao Holding is a connected person of the Company and Supply Agreement I, Supply Agreement II, Supply Agreement III and Supply Agreement IV constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As the applicable percentage ratios (other than the profits ratio) for Supply Agreement I, Supply Agreement II, Supply Agreement III and Supply Agreement IV in aggregate are, on an annual basis, exceed 0.1 % but less than 2.5 % of the applicable percentage ratios, the transactions are therefore subject to annual review, reporting and announcement requirements and are exempt from the independent shareholder's approval requirements under Rule 20.34 (1) of the GEM Listing Rules.

Particulars of continuing connected transactions under Supply Agreement I, Supply Agreement II, Supply Agreement III and Supply Agreement IV will be disclosed in the annual report of the Company in accordance with Rule 20.37 of the GEM Listing Rules.

INTRODUCTION

The Directors are please to announce the following four agreements were signed on 11 December 2009, including (1) Supply Agreement I of medical needles entered into between the Company and HeZe Weigao; (2) Supply Agreement II of packaging materials entered into between Jierui Subsidiary and Weigao Medical Materials; (3) Supply Agreement III and Supply Agreement IV of packaging accessories entered into between Jierui Subsidiary and Weigao Medical Materials.

1) SUPPLY AGREEMENT I — SUPPLY OF MEDICAL NEEDLE PRODUCTS

Date	11 December 2009
Parties	(1) HeZe Weigao, the supplier ; and (2) the Company, the purchaser
Transaction	Supply of medical needle products
Contract period	Two years contract from 1 January 2010 to 31 December 2011
Maximum annual purchase amount	Less than RMB 5.0 million (equivalent to approximately HK\$5.7 million) per annum
Pricing Mechanism and basis	the purchased price is determined with reference to the market prices for the similar products and to be reviewed on a semi-annual basis

REASONS FOR THE ENTERING THE SUPPLY AGREEMENT I

HeZe Weigao is principally engaged in manufacturing and sales of medical related products, including medical needles. The Company started to purchase related medical supplies from HeZe Weigao since 2007 with an initial annual cap of less than HK\$1.0 million and subsequently increased the annual cap to less than RMB 5.0 million (equivalent to approximately HK\$ 5.7 million) per annum in 2008. The annual cap is determined with reference to the business scale of the Company. The Directors are of the view that the Supply Agreement I was entered into on normal commercial terms and on terms no less favourable to the Group than those available to or from the independent third parties and in the ordinary and usual course of business of the Company and the terms of the Supply Agreement I are fair and reasonable and are in the interests of the Company. By entering into the Supply Agreement I, the Company can secure a continuing supply of medical needle products at the market price with a prescribed standard of quality.

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

2) SUPPLY AGREEMENT II — SUPPLY OF PACKAGING MATERIALS

Date	11 December 2009
Parties	(1) Weigao Medical Materials, the supplier ; and (2) Jierui Subsidiary, the purchaser
Transaction	Supply of packaging materials, such as carton box
Contract period	Two years contract from 1 January 2010 to 31 December 2011
Maximum annual purchase amount	Less than RMB 1.0 million (equivalent to approximately HK\$1.1 million) per annum
Pricing Mechanism and basis	the purchased price is determined with reference to the market prices for the similar products and to be reviewed on a semi-annual basis

REASONS FOR THE ENTERING THE SUPPLY AGREEMENT II

Weigao Medical Materials is principally engaged in manufacturing and sales of medical supplies and medical packaging materials and accessories. The Company started to purchase related medical supplies from Weigao Medical Materials since 2007 with an initial annual transaction amount of less than HK\$1.0 million. The Directors are of the view that the Supply Agreement II was entered into on normal commercial terms and on terms no less favourable to the Group than those available to or from the independent third parties and in the ordinary and usual course of business of the Company and the terms of the Supply Agreement II are fair and reasonable and are in the interests of the Company. By entering into the Supply Agreement II, the Company can secure a continuing supply of carton box at the market price with a prescribed standard of quality.

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

3) SUPPLY AGREEMENT III AND IV — SUPPLY OF PACKAGING ACCESSORIES

Date	11 December 2009
Parties	(1) Weigao Medical Materials, the supplier ; and (2) Jierui Subsidiary, the purchaser
Transaction	Supply of packaging accessories, such as printing ink and thinner for packaging materials
Contract period:	
Supply Agreement III	15 December 2009 to 31 December 2009
Supply Agreement IV	Two years contract from 1 January 2010 to 31 December 2011
Maximum annual purchase amount	Less than RMB 3.0 million (equivalent to approximately HK\$3.4 million) for the period from 15 December 2009 to 31 December 2009 and less than RMB 3 million (equivalent to approximately HKR3.4 million) for the years of 2010 and 2011 per annum
Pricing Mechanism and basis	the purchased price is determined with reference to the market prices for the similar products and to be reviewed on a semi-annual basis

REASONS FOR THE ENTERING THE SUPPLY AGREEMENT III AND SUPPLY AGREEMENT IV

Weigao Medical Materials is principally engaged in manufacturing and sales of medical supplies and medical packaging materials and accessories. The Company started to purchase related medical packaging accessories from Weigao Medical Materials since 2007 with an initial annual transaction amount of less than HK\$1.0 million. The Directors expects that that there will be an increase order for printing ink and thinner for the remaining period of 2009 and therefore a supplementary Supply Agreement III was entered into and the Directors are of the view that the Supply Agreement III and Supply Agreement IV were entered into on normal commercial terms and on terms no less favourable to the Group than those available to or from the independent third parties and in the ordinary and usual course of business of the Company and the terms of the Supply Agreement III and Supply Agreement IV are fair and reasonable and are in the interests of the Company. By entering into the Supply Agreement III and Supply Agreement IV, the Company can secure a continuing supply of printing ink and thinner at the market price with a prescribed standard of quality.

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

INFORMATION OF THE GROUP AND WEIGAO HOLDING

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. Weigao Holding is the controlling shareholder of the Company and therefore is a connected person of the Company under the GEM Listing Rules.

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios (other than the profits ratio) for Supply Agreement I, Supply Agreement II, Supply Agreement III and Supply Agreement IV in aggregate are, on an annual basis, exceed 0.1 per cent but less than 2.5 % of the applicable percentage ratios, the transactions are therefore subject to the annual review, reporting and announcement requirements and is exempt from the independent shareholder's approval requirements under Rule 20.34 (1) of the GEM Listing Rules.

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
“HeZe Weigao”	荷澤威高衛生材料製品有限公司 (HeZe Weigao Hygenic Materials and Products Company Limited)* , 98% owned by Weigao Holding. It is a limited company incorporated in the People’s Republic of China on 14 March 2006
“Jierui Subsidiary”	威高潔端醫用製品有限公司 (Weigao Jierui Medical Products Company Limited)*, a limited liability company established in the PRC and is held as to 100% by the Company
“Supply Agreement I”	the agreement entered into between HeZe Weigao and the Company dated 11 December 2009 in relation to the supply of medical supplies, principally including medical needles products for the period from 1 January 2010 to 31 December 2011
“Supply Agreement II”	the agreement entered into between Weigao Medical Materials and the Company dated 11 December 2009 in relation to the supply of medical packaging materials, such as carton box for the period from 1 January 2010 to 31 December 2011
“Supply Agreement III”	the agreement entered into between Weigao Medical Materials and Jierui Subsidiary dated 11 December 2009 in relation to the supply of packaging accessories, including printing ink and thinner for the period from 15 December 2009 to 31 December 2009
“Supply Agreement IV”	the agreement entered into between Weigao Medical Materials and Jierui Subsidiary dated 11 December 2009 in relation to the supply of packaging accessories, including printing ink and thinner for the period from 1 January 2010 to 31 December 2011
“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 Medical Materials”	威海威高醫用材料有限公司 (Weihai Weigao Medical Materials Company Limited)*, 100 % owned by Weigao Holding
“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 49.5% 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 RMB0.88135 = HK\$1.

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

11 December 2009

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 onl*