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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 TRANSACTION

The Directors announce that the Company has renewed the 2008 Suture Supply Agreement with Weigao Fusen regarding the sale of surgical suture, medical dressing and surgical tape on 26 March 2010 with a new annual cap of less than RMB 25.0 million.

Reference is made to the announcement of the Company dated 20 March 2008 relating to the 2008 Suture Supply Agreement signed between the Company and Weigao Fusen, a non wholly owned subsidiary of Weigao Holding pursuant to which the Company would purchase surgical suture, medical dressing and surgical tape from Weigao Fusen with an annual cap was RMB 12.0 million (equivalent to approximately HK\$13.6 million). The 2008 Suture Supply Agreement shall expire 31 January 2011. The Directors expect that there will be an increase in order for surgical suture, medical dressing and surgical tape in the future due to business expansion, as such the Company has entered into the 2010 Suture Supply Agreement with Weigao Fusen to renew the term of the contract for another three years commencing from the date of signing, ie. 26 March 2010 to 31 December 2012.

Weigao Fusen is a non-wholly owned subsidiary of Weigao Holding, the controlling shareholder of the Company, thus a connected person of the Company pursuant to the meaning of the GEM Listing Rules, as such the 2010 Suture Supply Agreement constitutes a connected transaction of the Company under the GEM Listing Rules.

As the applicable percentage ratios (other than the profits ratio) for 2010 Suture Supply Agreement, on an annual basis, exceed 0.1 % but less than 2.5 % of the applicable percentage ratios, the continuing connected transaction is therefore subject to 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.

* *For identification purpose only*

Particulars of continuing connected transaction under 2010 Suture Supply Agreement will be disclosed in the annual report of the Company in accordance with Rule 20.37 of the GEM Listing Rules.

THE SUTURE SUPPLY AGREEMENT

Date	26 March 2010
Parties	(1) Supplier – Weigao Fusen (2) Purchaser – the Company
Transaction	Sale of surgical suture, medical dressing and surgical tape
Contract Period	For a term of 3 years : (i) from 26 March 2010 to 31 December 2010; (ii) from 1 January 2011 to 31 December 2011; and (iii) from 1 January 2012 to 31 December 2012
Maximum annual purchase amount	Less than RMB25.0 million (equivalent to approximately HK\$28.4 million) per annum
Pricing Mechanism and basis	the prices will be determined with reference to market price and to be reviewed by both parties on semi-annual basis

Weigao Fusen is a non-wholly owned subsidiary of Weigao Holding and is principally engaged in sales and production of suture and related medical products.

The annual cap of less than RMB 25.0 million (equivalent to approximately HK\$28.4 million) is determined based on the expected demand in the market in coming years. By entering into the 2010 Suture Supply Agreement, the Company can secure a continuing supply of surgical suture, medical dressing and surgical tape at the market price with a prescribed standard of quality. Original annual cap for the 2008 Suture Supply Agreement was RMB12.0 million (equivalent to approximately HK\$13.6 million) and the actual transaction amount for the years of 2008 and 2009 were approximately RMB 8.9 million and RMB 11.7 million respectively (approximately HK\$10.1 million and HK\$13.3 million). The Directors expected that there will be an increase in demand for surgical suture, medical dressing and surgical tape and therefore the 2010 Suture Supply Agreement was entered into with a revised annual cap of RMB25.0 million per annum (equivalent to approximately HK\$28.4 million).

The 2010 Suture Supply Agreement was arrived at after arm's length negotiation and was on normal commercial terms and on ordinary and usual course of the Company. The purchase price is determined by reference to the market price and it will be reviewed by both the Company and Weigao Fusen. The Directors (including the independent non-executive Directors) consider that the 2010 Suture Supply Agreement was entered into in the ordinary and usual course of business of the Group and the terms thereof are normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL INFORMATION

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, pre-filled syringes 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 5,140 healthcare organizations including over 2,920 hospitals and 413 blood stations. The Group has production facilities situated in Weihai City in Shandong Province and Xiaxian in Shanxi Province.

Weigao Fusen is a non-wholly owned subsidiary of Weigao Holding, the controlling shareholder of the Company, thus a connected person of the Company pursuant to the meaning of the GEM Listing Rules, as such the 2010 Suture Supply Agreement constitutes a connected transaction of the Company under the GEM Listing Rules.

As the applicable percentage ratios (other than the profits ratio) for 2010 Suture Supply Agreement, on an annual basis, exceed 0.1 % but less than 2.5 % of the applicable percentage ratios, the continuing connected transaction is 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.

DEFINITIONS

“2008 Suture Supply Agreement”	the suture supply agreement entered into between Weigao Fusen and the Company on 20 March 2008
“2010 Suture Supply Agreement”	the suture supply agreement entered into between Weigao Fusen and the Company on 25 March 2010
“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
“Weigao Fusen”	威海威高富森醫用材料有限公司(Weihai Weigao Fusen Medical Materials Company Limited*), a limited liability company established in the PRC in 20 July 2006 and is held as to 70.0% by the Weigao Holding and 30.0% by an independent third party
“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 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 RMB0.8796 = HK\$1.

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

26 March 2010
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*)
Ms. 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.

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