

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

**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)**

**STRATEGIC BUSINESS ALLIANCE WITH NIKKISO  
IN HEMODIALYSIS BUSINESS  
AND  
FORMATION OF A JOINT VENTURE COMPANY**

The Board is pleased to announce the formation of strategic business alliance in hemodialysis business between Weigao Holding, the Group and Nikkiso and the parties have entered into the following agreements on 12 April 2010.

1. Framework Agreement entered into by Weigao Holding, the Company, Weigao Blood, Nikkiso and Nikkiso Shanghai setting out the framework of the collaboration for the production, sale and maintenance services for hemodialysis machines and related ancillary products in the PRC and for sale in the overseas market; and
2. JV Agreement entered into by Weigao Blood and Nikkiso for the production, sale and maintenance services for hemodialysis machines and related ancillary products in the PRC and for sale in the overseas market.

Pursuant to the Framework Agreement, certain agreements including Production Technology License Agreement, Repair and Maintenance Technology License Agreement, PRC Distribution Agreement, Overseas Distribution Agreement and Disposable Distribution Agreement will be entered into upon the formation of Weigao Nikkiso JV.

\* *For identification purpose only*

Pursuant to the JV Agreement, Weigao Nikkiso JV will be established and will be held as to 51% by Weigao Blood and 49% by Nikkiso. Weigao Nikkiso JV will principally engage in production, sale and maintenance services for hemodialysis machines and related ancillary products in the PRC. The registered capital of Weigao Nikkiso JV will be US\$11 million (equivalent to approximately HK\$85.34 million) and it will be contributed in proportion to the shareholding interests as to US\$5.61 million (equivalent to approximately HK\$43.52 million) by Weigao Blood and US\$5.39 million (equivalent to approximately HK\$41.82 million) by Nikkiso.

Nikkiso will be a 49% shareholder of Weigao Nikkiso JV which will be a subsidiary of Weigao Blood which in turn is 70% held by the Company. As such, Nikkiso and its associates will be connected persons of the Company under the GEM Listing Rules.

The transactions contemplated under the Production Technology License Agreement, Repair and Maintenance Technology License Agreement, Overseas Distribution Agreement and Disposable Distribution Agreement when entered into will constitute connected party transactions. The parties are in the process of ascertaining the sizes of various transactions contemplated under the agreements and further announcement will be made in accordance with the GEM Listing Rules.

The Company makes this announcement pursuant to Rule 17.10 of the GEM Listing Rules.

The Board is pleased to announce the formation of strategic business alliance in hemodialysis business between Weigao Holding, the Group and Nikkiso and the parties have entered into the Framework Agreement and JV Agreement on 12 April 2010.

## **1. FRAMEWORK AGREEMENT**

Parties to the Framework Agreement:

- i) Weigao Holding
- ii) the Company
- iii) Weigao Blood
- iv) Nikkiso
- v) Nikkiso Shanghai

It was agreed between the parties to collaborate in the production, sale and maintenance services for hemodialysis machines and related ancillary products in the PRC and for sale in the overseas market.

Pursuant to the Framework Agreement, the terms of the following agreements have been agreed by the parties and will be entered into by the relevant parties upon the formation of Weigao Nikkiso JV.

1. Production Technology License Agreement between Nikkiso and Weigao Nikkiso JV for Nikkiso to license Nikkiso's production technology on hemodialysis machines on a non-exclusive and non-assignable basis to Weigao Nikkiso JV at an agreed rate;
2. Repair and Maintenance Technology License Agreement between Nikkiso and Weigao Nikkiso JV for Nikkiso to license Nikkiso's technology on installation, repair and maintenance of hemodialysis machines on a non-exclusive and non-assignable basis to Weigao Nikkiso JV at an agreed rate;
3. PRC Distribution Agreement between Weigao Blood and Weigao Nikkiso JV for Weigao Blood to be the principal distributor for hemodialysis machines and parts supplied by Weigao Nikkiso JV in the PRC;
4. Overseas Distribution Agreement between Nikkiso or Nikkiso Shanghai and Weigao Nikkiso JV for Nikkiso or Nikkiso Shanghai to be the principal distributor for hemodialysis machines and parts supplied by Weigao Nikkiso JV for the overseas market; and
5. Disposable Distribution Agreement between Weigao Blood and Nikkiso or Nikkiso Shanghai for Weigao Blood to sell dialyzers and related consumables for hemodialysis treatment to Nikkiso or Nikkiso Shanghai for export to overseas market on a non exclusive basis.

## **2. JV AGREEMENT**

**Parties to the JV Agreement:** Weigao Blood and Nikkiso

**Principal terms of the JV Agreement:**

Weigao Nikkiso JV will be established and will be held as to 51% by Weigao Blood and 49% by Nikkiso. Weigao Nikkiso JV will principally engage in production, sale and maintenance services for hemodialysis machines and related ancillary products in the PRC and for sale to overseas market. The registered capital of Weigao Nikkiso JV will be US\$11,000,000 (equivalent to approximately HK\$85.34 million) and will be contributed in proportion to the shareholding interests as to US\$5.61 million (equivalent to approximately HK\$43.52 million) by Weigao Blood and US\$5.39 million (equivalent to approximately HK\$41.82 million) by Nikkiso.

Weigao Blood will be the principal distributor in the PRC market for Weigao Nikkiso JV whereas Nikkiso will be the principal distributor for export outside of the PRC for Weigao Nikkiso JV.

## **Reasons for and benefits of the Framework Agreement and JV Agreement**

The number of patient receiving hemodialysis in China has risen to over 100,000 by the continuous increase in chronic renal failure and high-income population because of rapid economic growth. It was reported that the number of potential patients with end stage renal disease requiring hemodialysis treatment is more than 1,500,000 in the PRC. With the potential increase in patient under reimbursement and the increase in the rate of reimbursement for dialysis treatment and more dialysis treatment facilities, more patients will be able to receive hemodialysis treatment.

The alliance between the Group and Nikkiso combines the complementary strengths of the two partners in sophisticated technology, product development and market presence. By leveraging on Nikkiso's expertise in hemodialysis machines and the Group's capability in hemodialysis consumables, in particular, dialyser and its strong sales network in China, the Group will be able to serve the patients in China with high quality, cost-effective integrated products offerings in hemodialysis. This alliance is expected to enable both companies to accelerate their growth strategy and benefit from the growth in both the PRC market and the overseas market.

## **Information on Weigao Holding, Weigao Blood, Nikkiso and Nikkiso Shanghai**

### ***Weigao Holding***

Weigao Holding is principally engaged in investment, research and development and the sale of pharmaceutical and medical products.

### ***Weigao Blood***

Weigao Blood is 70% held by the Company. It is principally engaged in the production and sale of blood purification products including dialyser.

### ***Nikkiso***

Nikkiso was founded in 1953. It is principally engaged in various industrial and medical products. The medical business mainly engaged in manufacture, sale and maintenance of hemodialysis related products, including dialysis machines, dialyzers, blood tubing lines and dialysate solution powders and other medical products. It is listed on the Tokyo stock exchange with a market capitalization of Yen 54,033 million (equivalent HK\$4,503 million).

## ***Nikkiso Shanghai***

Nikkiso Shanghai is wholly owned by Nikkiso and is a regional headquarter in China. It is principally engaged in sale and maintenance of hemodialysis related products and other medical products for the affiliates in China.

## **GENERAL**

The Group 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 needles, blood bags, blood sampling products and other consumables); 2) orthopedic materials; 3) blood purification consumables; and 4) 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.

Nikkiso will be a 49% shareholder of Weigao Nikkiso JV which will be a subsidiary of Weigao Blood which in turn is 70% held by the Company. As such, Nikkiso and its associates will be connected persons of the Company under the GEM Listing Rules.

The Production Technology License Agreement, Repair and Maintenance Technology License Agreement, Overseas Distribution Agreement and Disposable Distribution Agreement when entered into will constitute connected party transactions. The parties are in the process of ascertaining the sizes of various transactions contemplated under the agreements and further announcement will be made in accordance with the GEM Listing Rules.

The Company makes this announcement pursuant to Rule 17.10 of the GEM Listing Rules.

## **DEFINITION**

“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

“Disposable Distribution Agreement”	the distribution agreement to be entered into between Weigao Blood and Nikkiso or Nikkiso Shanghai for Weigao Blood to sell dialyzers and related consumables for hemodialysis treatment to Nikkiso or Nikkiso Shanghai for export to overseas market on a non exclusive basis
“Framework Agreement”	the framework agreement dated 12 April 2010 entered into by Weigao Holding, the Company, Weigao Blood, Nikkiso and Nikkiso Shanghai setting out the framework of the collaboration for the production, sale and maintenance services for hemodialysis machine in the PRC and for the overseas market
“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
“JV Agreement”	the joint venture agreement dated 12 April 2010 entered into by Weigao Blood and Nikkiso in respect of the establishment of Weigao Nikkiso JV in the PRC for the production, sale and maintenance services for hemodialysis machines in the PRC and for sale in the overseas market
“Nikkiso”	Nikkiso Co., Ltd which is incorporated in Japan and is listed on the Tokyo Stock Exchange
“Overseas Distribution Agreement”	the distribution agreement to be entered into between Nikkiso or Nikkiso Shanghai and Weigao Nikkiso JV for Nikkiso or Nikkiso Shanghai to be the principal distributor for hemodialysis machines and parts supplied by Weigao Nikkiso JV for overseas market
“PRC Distribution Agreement”	the distribution agreement to be entered into between Weigao Blood and Weigao Nikkiso JV for Weigao Blood to be the principal distributor for hemodialysis machines and parts supplied by Weigao Nikkiso JV in the PRC
“Repair and Maintenance Technology License Agreement”	the repair and maintenance technology license agreement to be entered into between Nikkiso and Weigao Nikkiso JV for Nikkiso to license Nikkiso’s technology on installation, repair and maintenance of hemodialysis machines on a non-exclusive and non-assignable basis to Weigao Nikkiso JV at an agreed rate

“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
“Production Technology License Agreement”	the production technology license agreement to be entered into between Nikkiso and Weigao Nikkiso JV for Nikkiso to license Nikkiso’s technology on hemodialysis machines on a non-exclusive and non-assignable basis to Weigao Nikkiso JV at an agreed rate
“Weigao Blood”	Weihai Weigao Blood Purified Product Company Limited, a 70% owned subsidiary of the Company. It was incorporated in the PRC on 27 December 2004 with limited liability.
“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 shareholder holding 49.5% equity interest in the Company
“Weigao Nikkiso JV”	the joint venture to be established pursuant to the JV Agreement
“US\$”	U.S. dollars, the lawful currency of the United States of America
“Yen”	the lawful currency of Japan

*Exchange Rate: In this announcement, for reference only and unless otherwise specified, the translation of Yen into HK\$ is based on the exchange rate of Yen11.9978 = HK\$1, and the translation of US\$ into HK\$ is based on the exchange rate of US\$0.1289 = HK\$1.*

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

12 April 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*)  
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.*