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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: 1066)**

**CONTINUING CONNECTED TRANSACTIONS**

The directors of Shandong Weigao Group Medical Polymer Company Limited (the "Company") announce that the Company renewed the following two agreements on 22 November 2011:–

**1) RENEWAL OF CONTINUING CONNECTED TRANSACTION –  
SUPPLY OF INTRAVENOUS INFUSION SOLUTION PACKAGING  
MATERIALS**

Reference is made to the announcement of the Company dated 30 December 2008 relating to the 2008 Packaging Materials Supply Agreement entered into between Weigao Pharmaceutical and Jierui Subsidiary, a wholly owned subsidiary of the Company pursuant to which Jierui Subsidiary supplies intravenous infusion solution packaging materials to Weigao Pharmaceutical with an annual cap of less than RMB9.0 million (equivalent to approximately HK\$10.9 million). The 2008 Packaging Materials Supply Agreement shall expire 31 December 2011. The Directors expect that there will be a continuing order from Weigao Pharmaceutical for packaging materials, and therefore Jierui Subsidiary entered into the 2011 Intravenous Infusion Solution Packaging Materials Supply Agreement with Weigao Pharmaceutical to renew the terms of the agreement for another three years commencing from 1 January 2012 to 31 December 2014 following the expiry of existing 2008 Packaging Materials Supply Agreement on 31 December 2011. The annual transaction amount under the renewed 2011 Intravenous Infusion Solution Packaging Materials Supply Agreement will be less than RMB9.0 million (equivalent to approximately HK\$10.9 million) per annum.

## **2) RENEWAL OF CONTINUING CONNECTED TRANSACTION – SUPPLY OF PACKAGING ACCESSORIES (PRINTING INK)**

Reference is made to the announcement of the Company dated 11 December 2009 relating to the 2009 Packaging Accessories (Printing Ink) Supply Agreement entered into between Weigao Medical Materials and Jierui Subsidiary, a wholly owned subsidiary of the Company pursuant to which Jierui Subsidiary purchases packaging accessories from Weigao Medical Materials with an annual cap of less than RMB3.0 million (equivalent to approximately HK\$3.6 million). The 2009 Packaging Accessories (Printing Ink) Supply Agreement shall expire 31 December 2011. The Directors expect that there will be a continuing order for packaging accessories, and therefore Jierui Subsidiary entered into the 2011 Packaging Accessories (Printing Ink) Supply Agreement with Weigao Medical Materials to renew the terms of the agreement for another three years commencing from 1 January 2012 to 31 December 2014 following the expiry of existing 2009 Packaging Accessories (Printing Ink) Supply Agreement on 31 December 2011. The annual transaction amount under the renewed 2011 Packaging Materials (Printing Ink) Supply Agreement will be less than RMB3.0 million (equivalent to approximately HK\$3.6 million) per annum.

Weigao Pharmaceutical and Weigao Medical Materials are wholly owned subsidiaries of Weigao Holding, the controlling shareholder of the Company, thus connected persons of the Company pursuant to the meaning of the Listing Rules, as such 2011 Intravenous Infusion Solution Packaging Materials Supply Agreement and 2011 Packaging Materials (Printing Ink) Supply Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) for 2011 Intravenous Infusion Solution Packaging Materials Supply Agreement and 2011 Packaging Materials (Printing Ink) Supply Agreement on an annual basis, exceed 0.1% but less than 5.0% of the applicable percentage ratios, the continuing connected transactions are therefore subject to annual review, reporting and announcement requirements and are exempt from the independent shareholder's approval requirements under Chapter 14A of the Listing Rules.

Particulars of continuing connected transactions under 2011 Intravenous Infusion Solution Packaging Materials Supply Agreement and 2011 Packaging Materials (Printing Ink) Supply Agreement will be disclosed in the annual report of the Company in accordance with the Listing Rules requirement.

## 1) THE 2011 INTRAVENOUS INFUSION SOLUTION PACKAGING MATERIALS SUPPLY AGREEMENT

Date	22 November 2011
Parties:	(1) Supplier – Jierui Subsidiary (2) Purchaser – Weigao Pharmaceutical
Transaction	Supply of intravenous infusion solution packaging materials
Contract Period	For a period of 3 years:  (i) from 1 January 2012 to 31 December 2012; (ii) from 1 January 2013 to 31 December 2013; and (iii) from 1 January 2014 to 31 December 2014
Maximum annual purchase amount	Less than RMB9.0 million (approximately HK\$10.9 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

### **Reasons for the Renewal of 2011 Intravenous Infusion Solution Packaging Materials Supply Agreement**

Weigao Pharmaceutical is a wholly owned subsidiary of Weigao Holding and is principally engaged in sales and production of pharmaceutical products in China and Jierui started to supply Weigao Pharmaceutical with packaging materials for intravenous infusion solution since 2004. The supply agreement signed in 2004 was subsequently renewed on 18 April 2006 and 30 December 2008.

Due to expiry of 2008 Packaging Materials Supply Agreement on 31 December 2011, 2011 Intravenous Infusion Solution Packaging Materials Supply Agreement was entered into for a period of another three years from 1 January 2012 to 31 December 2014 with an annual cap amount of less than RMB9.0 million (equivalent to approximately HK\$10.9 million) per annum. The annual cap is determined with reference to the expected demand on intravenous infusion solution of Weigao Pharmaceutical in coming three years. By entering into 2011 Intravenous Infusion Solution Packaging Materials Supply Agreement, the Company can secure a continuing supply of packaging materials

at the market price with a prescribed standard of quality. The annual cap for 2011 Intravenous Infusion Solution Packaging Materials Supply Agreement was RMB9.0 million (equivalent to approximately HK\$10.9 million) and the actual transaction amount for the years of 2009 and 2010 were approximately RMB4.0 million and RMB7.6 million respectively (approximately HK\$4.9 million and HK\$9.2 million respectively).

## **2) THE 2011 PACKAGING MATERIALS (PRINTING INK) SUPPLY AGREEMENT**

Date	22 November 2011
Parties:	(1) Supplier – Weigao Medical Materials (2) Purchaser – Jierui Subsidiary
Transaction	Supply of medical packaging accessories, such as printing ink and thinner for printing on packaging materials
Contract Period	For a period of 3 years:  (i) from 1 January 2012 to 31 December 2012; (ii) from 1 January 2013 to 31 December 2013; and (iii) from 1 January 2014 to 31 December 2014
Maximum annual purchase amount	Less than RMB3.0 million (approximately HK\$3.6 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

### **Reasons for the Renewal of 2011 Packaging Materials (Printing Ink) Supply Agreement**

Weigao Medical Materials is a wholly owned subsidiary of Weigao Holding and is principally engaged in sales and production of medical supplies and packaging material and accessories, including printing ink and thinner in China and Weigao Medical Materials started to supply Jierui Subsidiary packaging accessories, i.e. printing ink and thinner since 2007. The continuing supply agreement signed in 2007 and was subsequently renewed on 11 December 2009.

Due to expiry of 2009 Packaging Materials (Printing Ink) Supply Agreement on 31 December 2011, the 2011 Packaging Materials (Printing Ink) Supply Agreement was entered into for a period of another three years from 1 January 2012 to 31 December 2014 with an annual cap amount of less than RMB3.0 million (equivalent to approximately HK\$3.6 million) per annum. The annual cap is determined with reference to the expected demand of packaging accessories of Jierui Subsidiary in coming three years. By entering into the 2011 Packaging Materials Supply (Printing Ink) Agreement, the Company can secure a continuing supply of packaging accessories at the market price with a prescribed standard of quality. The annual cap for the 2011 Packaging Materials (Printing Ink) Supply Agreement was RMB3.0 million (equivalent to approximately HK\$3.6 million) and the actual transaction amount for the years of 2009 and 2010 were approximately RMB1.1 million and RMB1.3 million respectively (approximately HK\$1.3 million and HK\$1.6 million respectively).

2011 Intravenous Infusion Solution Packaging Materials Supply Agreement and 2011 Packaging Materials (Printing Ink) Supply Agreement were arrived at after arm's length negotiation and were on normal commercial terms and on ordinary and usual course of the business of the Company. The purchase prices of the respective agreements are determined by reference to the market price and they will be reviewed by both the contractual parties. The Directors (including non executive directors and independent non-executive Directors) consider that 2011 Intravenous Infusion Solution Packaging Materials Supply Agreement and 2011 Packaging Materials (Printing Ink) Supply Agreement were entered into in the ordinary and usual course of business of the Company 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. Mr. Jean-Luc Butel was absent in the board meeting to approve the resolutions to approve 2011 Intravenous Infusion Solution Packaging Materials Supply Agreement and 2011 Packaging Materials (Printing Ink) Supply Agreement. As Weigao Holding is a connected person, the connected directors, including Mr. Chen Xue Li, Mr. Zhang Hua Wei, Mr. Miao Yan Guo, Mr. Wang Yi, Mr. Wang Zhi Fan, Mr. Wu Chuen Ming and Mrs. Zhou Shu Hua abstained from voting in the board meeting of the Company to approve the respective resolutions of the connected transactions under 2011 Intravenous Infusion Solution Packaging Materials Supply Agreement and 2011 Packaging Materials (Printing Ink) Supply Agreement.

## **GENERAL INFORMATION**

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; and 3) blood purification consumables. The Group has a nationwide sales network and an extensive customer base of over 5,039 healthcare organizations, including over 2,943 hospitals and 413 blood stations.

Weigao Pharmaceutical and Weigao Medical Materials are wholly owned subsidiaries of Weigao Holding, the controlling shareholder of the Company, thus connected persons of the Company pursuant to the meaning of the Listing Rules, as such 2011 Intravenous Infusion Solution Packaging Materials Supply Agreement and 2011 Packaging Materials (Printing Ink) Supply Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) for 2011 Intravenous Infusion Solution Packaging Materials Supply Agreement and 2011 Packaging Materials (Printing Ink) Supply Agreement on an annual basis, exceed 0.1 % but less than 5.0% of the applicable percentage ratios, the continuing connected transactions are therefore subject to annual review, reporting and announcement requirements and are exempt from the independent shareholder's approval requirements under Chapter 14A of the Listing Rules.

Particulars of continuing connected transactions under 2011 Intravenous Infusion Solution Packaging Materials Supply Agreement and 2011 Packaging Materials (Printing Ink) Supply Agreement will be disclosed in the annual report of the Company in accordance with the Listing Rules requirement.

## DEFINITIONS

“2008 Packaging Materials Supply Agreement”	the agreement regarding the supply of intravenous infusion solution packaging materials entered into between Weigao Pharmaceutical and Jierui Subsidiary on 30 December 2008
“2009 Packaging Materials (Printing Ink) Supply Agreement”	the agreement regarding the supply of packaging accessories, including printing ink and thinner entered into between Weigao Medical Materials and Jierui Subsidiary on 11 December 2009
“2011 Packaging Materials (For Intravenous Infusion Solution Packing) Supply Agreement”	the agreement regarding the supply of intravenous infusion solution packaging materials entered into between Weigao Pharmaceutical and Jierui Subsidiary on 22 November 2011
“2011 Packaging Materials (Printing Ink) Supply Agreement”	the agreement regarding the supply of packaging accessories, including printing ink and thinner entered into between Weigao Medical Materials and Jierui Subsidiary on 22 November 2011
“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 Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries and associated companies
“Jierui Subsidiary”	威高潔瑞醫用品有限公司 (Weihai Jierui Medical Products Company Limited), a limited liability company incorporated in the PRC and is 100% owned by the Company

“Listing Rules”	the Rules Governing the Listing of Securities on Stock Exchange of Hong Kong Limited
“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”	威高集團有限公司 (Weigao Holding Company Limited)*, a limited liability company established in the PRC on 4 August 1998, being the controlling shareholders holding 47.58% equity interest in the Company
“Weigao Medical Materials”	威海威高醫用材料有限公司 (Weihai Weigao Medical Materials Company Limited)*, a limited liability company incorporated in the PRC and is 100% owned by Weigao Holding directly
“Weigao Pharmaceutical”	山東威高藥業有限公司 (Shandong Weigao Pharmaceutical Company Limited)*, a limited liability company incorporated in the PRC and is 100% owned by Weigao Holding directly
“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 RMB0.8231 = HK\$1.*

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

22 November 2011  
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*)

Mrs. Fu Ming Zhong (*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*)

\* *For identification purpose only*