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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: 1066)

**CONTINUING CONNECTED TRANSACTIONS
AND
CONNECTED TRANSACTION**

The Directors of the Company announce that the Company has entered into and renewed the following agreements on 3 April 2012:–

**ENTERING OF CONTINUING CONNECTED TRANSACTION –
SUPPLY OF PACKAGING MATERIALS**

1. Jierui Subsidiary, a wholly owned subsidiary of the Company entered into Packaging Materials Supply Agreement I with Weigao Fusen, a 75% owned subsidiary of Weigao Holding on 3 April 2012 regarding the supply of packaging materials, including medical based packaging boxes and bags by Jierui Subsidiary. The proposed cap of the Packaging Materials Supply Agreement I for periods from 3 April 2012 to 31 December 2012 and each of the two years ending 31 December 2014 will be less than RMB 5.0 million (equivalent to approximately HK\$[6.2] million) respectively.

* For identification purpose only

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS – SUPPLY OF PACKAGING MATERIALS AND PACKAGING ACCESSORIES

2. Jierui Subsidiary renewed the Packaging Materials Supply Agreement II with Weigao Pharmaceutical, a wholly owned subsidiary of Weigao Holding on 3 April 2012 regarding the supply of packaging materials, including medical based packaging boxes and bags by Jierui Subsidiary. The proposed renewed cap of the Packaging Materials Supply Agreement for the period from 3 April 2012 to 31 December 2012 and the two years ending 31 December 2014 will be less than RMB 14.0 million (equivalent to approximately HK\$[17.3] million), RMB17.0 million (equivalent to approximately HK\$[20.9] million) and RMB 22.0 million (equivalent to approximately HK\$[27.1] million) respectively.
3. Jierui Subsidiary also renewed the Packaging Accessories Supply Agreement with Weigao Medical Materials, a wholly owned subsidiary of Weigao Holding regarding the supply of packaging accessories, including printing ink and thinner. The proposed renewed cap for the period from 3 April 2012 to 31 December 2012 and each of the two years ending 31 December 2014 will be less than RMB 5.0 million (equivalent to approximately HK\$[6.2] million) respectively.

ENTERING OF CONNECTED TRANSACTION – MOULD-MAKING CONTRACT

4. Weigao Mould, a wholly owned subsidiary of the Company entered into the Mould-making Contract with Weigao Medical Packaging, a wholly owned subsidiary of Weigao Holding regarding the manufacturing of moulds with multiple cavity for spike ports and injection ports. The contract sum of the mould-making contract is RMB 1.7 million (equivalent to approximately HK\$[2.1] million).

Weigao Fusen, Weigao Pharmaceutical, Weigao Medical Materials and Weigao Medical Packaging are subsidiaries of Weigao Holding, the controlling shareholder of the Company respectively, thus connected persons of the Company pursuant to the meaning of the Listing Rules, as such the entering of Packaging Materials Supply Agreement I, renewal of Packaging Materials Supply Agreement II and Packaging Accessories Supply Agreement and the entering of Mould-making contract constitute continuing connected transactions and connected transaction of the Company under the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) for Packaging Materials Supply Agreements I and II, Packaging Accessories Supply Agreement and Mould-making Contract, on an annual basis, exceed 0.1 % but less than 5.0% of the applicable percentage ratios, the continuing connected transactions and the connected transaction 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 Packaging Materials Supply Agreements I and II, Packaging Accessories Supply Agreement, and the connected transaction of Mould-making Contract will be disclosed in the annual report of the Company in accordance with Chapter 14 of the Listing Rules.

1. PACKAGING MATERIALS SUPPLY AGREEMENT I

Jierui Subsidiary, a wholly owned subsidiary of the Company entered into Packaging Materials Supply Agreement I with Weigao Fusen, a 75% owned subsidiary of Weigao Holding on 3 April 2012 regarding the supply of packaging materials, including medical based packaging boxes and bags by Jierui Subsidiary.

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| Date | 3 April 2012 |
| Parties: | (1) Supplier – Jierui Subsidiary (2) Purchaser – Weigao Fusen |
| Transaction | Supply of medical based packaging materials |
| Contract Period | Contract Period covers:– (i) from 3 April 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 | The proposed cap for each of the three periods ending 31 December 2014 will be less than RMB 5.0 million (equivalent to approximately HK\$[6.2] million) respectively. |
| Pricing Mechanism and basis | the prices will be determined with reference to market price and to be reviewed by both parties on semi-annual <u>basis</u> . |

Reasons for the Entering the Packaging Materials Supply Agreement I

Jierui Subsidiary is principally engaged in the business of manufacturing and sale of packaging materials including PVC granules, medical-based packaging boxes and bags and carton papers. Weigao Fusen is principally engaged in manufacturing and sales of suture in China. There were no previous transactions of packaging materials entered into between Jierui Subsidiary and Weigao Fusen. The expected annual cap is determined with reference to the business scale of Weigao Fusen. By entering into the Packaging Materials Supply Agreement I, Weigao Fusen can secure a continuing supply of medical based packaging materials at the market price with a prescribed standard of quality.

The Directors (including the independent non-executive directors) consider that the terms of Packaging Materials Supply Agreement I are fair and reasonable and the Packaging Materials 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 was negotiated on an arm's length basis and in the interest of the Shareholders as a whole. As Weigao Holding is a connected person, the connected directors, namely Mr. Chen Xue Li, Mr. Zhang Hua Wei and Mrs. Zhou Shu Hua abstained from voting in the board meeting of the Company to approve the resolution of the continuing connected transaction under Packaging Materials Supply Agreement I.

2. PACKAGING MATERIALS SUPPLY AGREEMENT II

Reference is made to the announcement of the Company dated 30 December 2008. On 3 April 2012, Jierui Subsidiary renewed the Packaging Materials Supply Agreement II with Weigao Pharmaceutical regarding the supply of packaging materials by Jierui Subsidiary and due to the business expansion of Weigao Pharmaceutical, the annual cap of the continuing connected transaction under the packaging materials supply agreement in 2008 has been revised from less than RMB 9.0 million on an annual basis to less than RMB 14.0 million (equivalent to approximately HK\$[17.3] million), RMB 17.0 million (equivalent to approximately HK\$[20.9] million) and RMB 22.0 million (equivalent to approximately HK\$[27.1] million) respectively. Weigao Pharmaceutical started to purchase packaging materials from Jierui Subsidiary since 2005 and details of the transactions were disclosed in respective annual reports of the Company. The annual transactions amount for the previous two years ended 31 December 2011 were RMB 7.6 million (equivalent to approximately HK\$[9.4] million) and RMB 7.2 million (equivalent to approximately HK\$[8.9] million) respectively.

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| Date | 3 April 2012 |
| Parties: | (1) Supplier – Jierui Subsidiary (2) Purchaser – Weigao Pharmaceutical |
| Transaction | Supply of medical based packaging materials |
| Contract Period | Contract period covers:– (iv) from 3 April 2012 to 31 December 2012; (v) from 1 January 2013 to 31 December 2013; and (vi) from 1 January 2014 to 31 December 2014 |

Maximum annual purchase amount The proposed cap for each of the periods from 3 April 2012 to 31 December 2012 and the two years ending 31 December 2014 will be less than RMB 14.0 million (equivalent to approximately HK\$[17.3] million), RMB 17.0 million (equivalent to approximately HK\$[20.9] million) and RMB 22.0 million (equivalent to approximately HK\$[27.1] million) respectively.

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 Entering of the Packaging Materials Supply Agreement II

Jieri Subsidiary is principally engaged in the business of manufacturing and sale of packaging materials including PVC granules, plastic packaging bags and carton papers. Weigao Pharmaceutical is principally engaged in manufacturing and sales of pharmaceutical products in China. The annual transaction amount was revised from RMB9.0 million (equivalent to approximately HK\$11.1 million) on an annual basis to the revised caps of RMB14.0 million (equivalent to approximately HK\$[17.3] million), RMB17.0 million (equivalent to approximately HK\$[20.9] million) and RMB22.0 million (equivalent to approximately HK\$[27.1] million) for the respective periods from 3 April to 31 December 2012 and two years ending 31 December 2014. By entering into the Packaging Materials Supply Agreement II, Weigao Pharmaceutical can secure a continuing supply of medical packaging materials at the market price with a prescribed standard of quality.

The Directors (including the independent non-executive directors) consider that the terms of Packaging Materials Supply Agreement II are fair and reasonable and the Packaging Materials 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 was negotiated on an arm's length basis and in the interest of the Shareholders as a whole. As Weigao Holding is a connected person, the connected directors, namely Mr. Chen Xue Li, Mr. Zhang Hua Wei and Mrs. Zhou Shu Hua abstained from voting in the board meeting of the Company to approve the resolution of the continuing connected transaction under Packaging Materials Supply Agreement II.

3. PACKAGING ACCESSORIES SUPPLY AGREEMENT

On 3 April 2012, Jierui Subsidiary also renewed the Packaging Accessories Supply Agreement with Weigao Medical Materials regarding the supply of packaging accessories, including printing ink and thinner. Reference is also made to the announcement of the Company dated 11 December 2009. Due the business expansion of Jierui Subsidiary, the proposed renewed cap for the periods from 3 April 2012 to 31 December 2012 and the two years ending 31 December 2014 will be increased from less than RMB 3.0 million (equivalent to approximately HK\$[3.7] million) to less than RMB 5 million (equivalent to approximately HK\$[6.2] million) on an annual basis. Weigao Medical Materials started to supply packaging accessories to Jierui Subsidiary since 2007 and details of the transactions were disclosed in respective annual reports of the Company. The annual transactions amount under the Packaging Accessories Supply Agreement for the previous two years ended 31 December 2011 were RMB 1.3 million (equivalent to approximately HK\$[1.6] million) and RMB 1.8 million (equivalent to approximately HK\$[2.2] million) respectively.

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| Date | 3 April 2012 |
| Parties: | (1) Supplier: <u>Weigao Medical Materials</u> (2) Purchaser: <u>Jierui Subsidiary</u> |
| Transaction | Supply of packaging printing accessories |
| Contract Period | Contract period covers: (vii) from 3 April 2012 to 31 December 2012; (viii) from 1 January 2013 to 31 December 2013; and (ix) from 1 January 2014 to 31 December 2014 |

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| Maximum annual purchase amount | The proposed cap for the period from 3 April 2012 to 31 December 2012 and each of the two years ending 31 December 2014 will be less than RMB 5.0 million (equivalent to approximately HK\$ <u>6.2</u> million) on an annual basis. |
| 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 Entering of the Packaging Accessories Supply Agreement

Jieri Subsidiary is principally engaged in the business of manufacturing and sale of packaging materials including PVC granules, plastic packaging bags and carton papers. Weigao Medical Materials is principally engaged in manufacturing and sales of medical packaging materials. The annual transaction amount was revised from RMB 3.0 million (equivalent to approximately HK\$ 3.7 million) on an annual basis to the revised caps of RMB 5.0 million (equivalent to approximately HK\$6.2 million) for the respective periods from 3 April to 31 December 2012 and two years ending 31 December 2014. By entering into the Packaging Accessories Supply Agreement, Weigao Medical Materials can secure a continuing supply of medical packaging materials and accessories at the market price with a prescribed standard of quality.

The Directors (including the independent non-executive directors) consider that the terms of the Packaging Accessories Supply Agreement are fair and reasonable and the Packaging Accessories Supply Agreement 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 was negotiated on an arm's length basis and in the interest of the Shareholders as a whole. As Weigao Holding is a connected person, the connected directors, namely Mr. Chen Xue Li, Mr. Zhang Hua Wei and Mrs. Zhou Shu Hua abstained from voting in the board meeting of the Company to approve the resolution of the continuing connected transaction under the Packaging Accessories Supply Agreement.

Reasons for the Entering of the Mould-Making Contract

Weigao Medical Packaging is principally engaged in manufacturing and sale of medical supplies in China and Weigao Mould is a wholly owned subsidiary which is principally engaged in the mould making of the medical products. By entering into the mould-making contract, Weigao Medical Packaging can order a multiple cavity moulds for spike ports and injection ports at a prescribed quality at a reasonable market price.

The Directors (including the independent non-executive directors) consider that the terms of Mould-making Contract are fair and reasonable, negotiated on an arm's length basis and in the interest of the Shareholders as a whole. As Weigao Holding is a connected person, the connected directors, namely Mr. Chen Xue Li, Mr. Zhang Hua Wei and Mrs. Zhou Shu Hua abstained from voting in the board meeting of the Company to approve the resolution of the connected transaction under Mould-making Contract.

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 5,069 healthcare organizations, including over 2,951 hospitals and 414 blood stations.

As the applicable percentage ratios (other than the profits ratio) for Packaging Materials Supply Agreement I and II, Packaging Accessories Supply Agreement and Mould-making Contract, on an annual basis, exceed 0.1 % but less than 5.0% of the applicable percentage ratios, the continuing connected transactions and connected transaction 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 Packaging Materials Supply Agreement I and II, Packaging Accessories Supply Agreement and Mould-making Contract will be disclosed in the annual report of the Company in accordance with Chapter 14 of the Listing Rules.

DEFINITIONS

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| “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 the 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 <u>the Company</u> |
| “Mould-making Contract” | the packaging materials supply agreement entered into between Jierui Subsidiary and Weigao <u>Medical Packaging regarding</u> the manufacturing of multiple cavity moulds for spike ports and injection ports with a contract sum of RMB 1.7 million on 3 April 2012. |
| “Packaging Accessories Supply Agreement ” | the packaging accessories supply agreement entered into between Jierui Subsidiary and Weigao Medical Material regarding the supply of packaging accessories, including printing ink and thinner by Jierui Subsidiary to Weigao Medical Materials on 3 April 2012. |
| “Packaging Materials Supply Agreement I” | the packaging materials supply agreement entered into between Jierui Subsidiary and Weigao Fusen regarding the supply of packaging materials by Jierui Subsidiary to <u>Weigao Fusen</u> on 3 April 2012. |

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| “Packaging Materials Supply Agreement II” | the packaging materials supply agreement entered into between Jierui Subsidiary and Weigao Pharmaceutical regarding the supply of packaging materials by Jierui Subsidiary to Weigao Pharmaceutical on 3 April 2012. |
| “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 |
| <u>“Weigao Fusen”</u> | <u>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 incorporated in the PRC and is 75% owned subsidiary of Weigao Holding</u> |
| “Weigao Mould” | 威海威高集團模具有限公司 (Weihai Weigao Group Mould Company Limited)*, a limited liability company incorporated in the PRC and is <u>90%</u> owned by 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 |
| <u>“Weigao Medical Packaging”</u> | <u>山東威高醫療包裝製品有限公司 (Shandong Weigao Medical Packaging Products Company Limited)*, a limited liability company incorporated in the PRC and is 100% owned subsidiary of Weigao Holding</u> |

“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

“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 47.6% 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 RMB0.8115 = HK\$1.00.

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

3 April 2012

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. Lo Wai Hung (*Independent non-executive Director*)

Mr. Li Jia Miao (*Independent non-executive Director*)

Mrs. Fu Ming Zhong (*Independent non-executive Director*)

* *For identification purposes only*