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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)**

**ADJUSTMENT OF ANNUAL CAP AND RENEWAL OF  
CONTINUING CONNECTED TRANSACTIONS**

**ADJUSTMENT OF ANNUAL CAP OF MEDICAL MATERIALS  
PURCHASE AGREEMENT**

1. Reference is made to the continuing connected transactions contemplated under the Medical Materials Purchase Agreement as announced on 13 December 2012. On 23 August 2013, the Company agreed to enter into a supplemental agreement to Medical Materials Purchase Agreement with Weigao Medical Materials relating to purchase of medical sanitary, including diapers, mattress and mini-dosage adjusters from Weigao Medical Materials and to adjust the annual cap from less than RMB18.0 million (equivalent to approximately HK\$22.8 million) to less than RMB26.0 million (equivalent to approximately HK\$32.9 million) for the year ending 31 December 2013. Terms and conditions under the original Medical Materials Purchase Agreement remain unchanged.

\* For identification purpose only

## **RENEWAL OF SUTURE PURCHASE AGREEMENT, MOULD-MAKING CONTRACT AND MASTER FITTING-OUT CONTRACT**

2. Reference is made to the continuing connected transactions contemplated under Suture Purchase Agreement as announced on 11 October 2012. On 23 August 2013, the Company renewed the 2012 Suture Purchase Agreement and entered into the 2013 Suture Purchase Agreement with Weigao Fusen, a 75% owned subsidiary of Weigao Holding regarding the purchase of surgical suture, medical dressing and surgical tape from Weigao Fusen with an annual cap of less than RMB45.0 million (equivalent to approximately HK\$57.0 million) for the year ending 31 December 2013.
3. Reference is made to the announcement of the Company dated 3 April 2012 regarding the connected transaction contemplated under the 2012 Mould-making Contract between Weigao Mould and Weigao Medical Packaging. Weigao Mould, a wholly owned subsidiary of the Company renewed the Mould-making Contract and entered into the 2013 Mould-making Contract with Weigao Medical Packaging, a wholly owned subsidiary of Weigao Holding regarding the manufacturing of multiple cavity moulds for spike ports and injection ports. The contract sum of the mould-making contract is RMB1.7 million (equivalent to approximately HK\$2.2 million) for the year ending 31 December 2013.
4. Reference is also made to the continuing connected transactions contemplated under the Master Fitting-out Contract as announced dated 13 July 2012. On 23 August 2013, the Company and Weigao Construction renewed the Master Fitting-out Contract and entered into the 2013 Master Fitting-out Contract and both parties agreed to set an annual cap of less than RMB5.0 million (equivalent to approximately HK\$6.3 million) for the year ending 31 December 2013. Save for this change, all the existing terms and conditions under the existing Master Fitting-out Contract remain unchanged.

As at the date of this announcement, Weigao Holding is a connected person of the Company by virtue of its controlling shareholding of approximately 48.2% held in the Company. Weigao Medical Materials, Weigao Fusen, Weigao Medical Packaging and Weigao Construction are subsidiaries of Weigao Holding, thus connected persons of the Company pursuant to the meaning of the Listing Rules, as such the entering of the respective agreements constitute continuing connected transactions of the Company under the Listing Rules. As each of the applicable percentage ratios (other than profit ratio) for the respective annual caps or the aggregate annual caps of all the existing continuing connected transactions with Weigao Holding are higher than 0.1% but less than 5.0%, such transactions under the respective agreements are subject to the reporting and announcement requirements set out in Rules 14A.42 to 14A.47 of the Listing Rules and are exempted from the independent shareholders' approval requirement.

Details of the continuing connected transactions with the annual caps will be included in the Company's next published annual report in accordance with rules requirements as stated in the Listing Rules.

## **1. ADJUSTMENT OF ANNUAL CAP OF MEDICAL MATERIALS PURCHASE AGREEMENT**

### **Extracted term of supplemental agreement to Medical Materials Purchase agreement**

Date	23 August 2013
Parties:	(1) Supplier – Weigao Medical Materials (2) Purchaser – the Company
Transaction	Purchase of medical sanitary supplies, including diapers, mattress and mini-dosage adjuster
Contract Period	Contract Period from 23 August 2013 to 31 December 2013
Maximum annual purchase amount	The annual cap for the year ending 31 December 2013 will be increased from less than RMB18.0 million (equivalent to approximately HK\$22.8 million) to less than RMB26.0 million (equivalent to approximately HK\$32.9 million)

Pricing Mechanism and basis	Terms are same as the original agreement and the prices will be determined with reference to market price and to be reviewed by both parties on semi-annual basis
Payment term	Terms are the same on the original agreement and payment in 90 days upon delivery

## **REASONS FOR THE RENEWAL OF MEDICAL MATERIALS PURCHASE AGREEMENT**

Weigao Medical Materials, a subsidiary of Weigao Holding and is principally engaged in manufacturing and sales of medical sanitary supplies and accessories. By entering into the 2013 Medical Materials Purchase Agreement, the Company can secure a continuing and reliable supply of medical materials at a market price with a prescribed standard of quality from Weigao Medical Materials.

The Directors (including the independent non-executive directors) consider that the terms of 2013 Medical Materials Purchase Agreement are fair and reasonable and 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 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 attended the board meeting dated 19 August 2013, namely Mr. Zhang Hua Wei, Mrs. Zhou Shu Hua and Mr. Wang Yi abstained from voting in the board meeting of the Company to approve the relevant resolution of the continuing connected transaction under supplemental agreement to Medical Materials Purchase Agreement.

## **2. ENTERING OF 2013 SUTURE PURCHASE AGREEMENT**

Date	23 August 2013
Parties:	(1) Supplier – Weigao Fusen (2) Purchaser – the Company
Transaction	Purchase of surgical suture, medical dressing and surgical tape

Contract Period	Contract period from 23 August 2013 to 31 December 2013
Maximum annual purchase amount	The annual cap of the contract period for the year ending 31 December 2013 will be less than RMB45.0 million (equivalent to approximately HK\$57.0 million)
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
Payment term	Payment in 90 days upon delivery

## **REASONS FOR THE RENEWAL OF SUTURE PURCHASE AGREEMENT**

Weigao Fusen is a 75% owned subsidiary of Weigao Holding and is principally engaged in sales and production of suture and related medical products. The Company commenced to purchase suture from Weigao Fusen since 2008. The historic transaction amount for the previous two years ended 31 December 2012 were RMB15.5 million and RMB39.7 million (equivalent to approximately HK\$19.6 million and HK\$50.3 million respectively). By entering into 2013 Suture Purchase 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 from Weigao Fusen.

The Directors (including the independent non-executive directors) consider that the terms of renewed 2013 Suture Purchase Agreement are fair and reasonable and the 2013 Suture Purchase 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 attended the board meeting dated 19 August 2013, namely Mr. Zhang Hua Wei, Mrs. Zhou Shu Hua and Mr. Wang Yi abstained from voting in the board meeting of the Company to approve the relevant resolution of the continuing connected transaction under the 2013 Suture Purchase Agreement.

### 3. ENTERING OF 2013 MOULD-MAKING CONTRACT

Reference is made to the announcement of the Company dated 3 April 2012 regarding the connected transaction contemplated under the Mould-making Contract between Weigao Mould and Weigao Medical Packaging. Due to the change in production schedule of Weigao Medical Packaging from the year of 2012 to 2013, no orders of mould making had been placed by Weigao Medical Packaging to Weigao Mould in 2012, as such, Weigao Mould and Weigao Medical Packaging entered into a contract on 23 August 2013 regarding the manufacturing of multiple cavity moulds for spike ports and injection ports, with the same terms and condition as stated in the 2012 Mould-making Contract. The contract sum of the mould-making contract is RMB1.7 million (equivalent to approximately HK\$2.2 million) for the year ending 31 December 2013. Saved for the change of contract period, terms and conditions of the original 2012 Mould-making Contract remain unchanged.

Date	23 August 2013
Parties:	(1) Supplier: Weigao Mould (2) Purchaser: Weigao Medical Packaging
Transaction	Mould making of spike ports and infection ports
Contract Period	From 23 August 2013 to 31 December 2013
Contract Sum	Approximately RMB1.7 million (equivalent to approximately HK\$2.2 million)
Pricing Mechanism and basis	the pricing is determined with reference to the manufacturing costs and taking into accounts the technical requirement and manufacturing margin which is on normal commercial terms and on terms no less favourable to the Group than those available to or from the independent third parties

## **REASONS FOR THE RENEWAL OF THE 2012 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. Weigao Medical Packaging first entered into the mould making contract in 3 April 2012 but no transactions has been recorded during the year of 2012 due to the change in production schedule of Weigao Medical Packaging. By entering into the 2013 Mould-Making Contract with Weigao Mould, Weigao Medical Packaging can secure a purchase of 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 the 2013 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 attended the board meeting dated 19 August 2013, namely Mr. Zhang Hua Wei, Mrs. Zhou Shu Hua and Mr. Wang Yi abstained from voting in the board meeting of the Company to approve the resolution of the connected transaction under 2013 Mould-making Contract.

### **4. ENTERING OF 2013 MASTER FITTING-OUT CONTRACT**

On 23 August 2013, the supplemental agreement to Master Fitting-out Contract was entered into between the Company and Weigao Construction regarding provision of fitting-out works and renovation services at the new production plants located to industrial zone at Chucun at Weihai in Shandong. Both the Company and Weigao Construction agreed to set an annual cap of less than RMB5.0 million (equivalent to approximately HK\$6.3 million) for the year ending 31 December 2013.

Date 23 August 2013

Parties: (1) Service provider – Weigao Construction  
(2) Service user – the Company

Transaction	Provision of fitting-out works and renovation services by Weigao Construction to the Company at the production plants located at Chucun at Weihai in Shandong
Contract Period	Contract Period from 23 August 2013 to 31 December 2013
Maximum annual purchase amount	The annual cap for the Contract Period will be less than RMB5.0 million (equivalent to approximately HK\$6.3 million)
Pricing Mechanism and basis	the pricing of the 2013 Master Fitting-out Services are determined with reference to materials costs and margins after taking into account of market price and project requirements, including scope of works, duration of projects and design specification
Payment term	Progress payment based upon percentage of completion stage

Weigao Construction is principally engaged in property development and provision of construction and fitting out works and interior decoration and renovation services in China and is a subsidiary of Weigao Holding, the controlling shareholder holds approximately 48.2% of the total issued share capital of the Company. Weigao Holding is, therefore a connected person of the Company pursuant to the meaning of the Listing Rules, as such the supplemental agreement to the Master Fitting-out Contract constitute continuing connected transaction of the Company under the Listing Rules.

The historical actual amount for the two years ended 31 December 2012 were approximately RMB7.1 million and approximately RMB4.4 million (equivalent to approximately HK\$9.0 million and HK\$5.6 million respectively). As the relocation of production plants to new industrial zone is expected to be completed by early 2014, it is expected that the annual cap of fitting-out works of less than RMB5.0 million (equivalent to approximately HK\$6.3 million) is sufficient for the fitting-out projects to be completed the year of 2013.



The Directors (including the independent non-executive directors) consider that the terms of the 2013 Master Fitting-out 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 attended the board meeting dated 19 August 2013, namely Mr. Zhang Hua Wei, Mrs. Zhou Shu Hua and Mr. Wang Yi abstained from voting in the board meeting of the Company to approve the resolution of the connected transaction under 2013 Master Fitting-out 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 5,000 healthcare organizations, including over 3,000 hospitals and about 400 blood stations.

As the applicable percentage ratios (other than the profits ratio) for the above individual agreement or an aggregate of all continuing connected transactions under the existing agreements with Weigao Holding, 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 transaction under Medical Materials Purchase Agreement, Suture Purchase Agreement, Mould-making Contract and Master Fitting-out Contract will be disclosed in the annual report of the Company in accordance with Chapter 14 of the Listing Rules.

## **DEFINITIONS**

“2012 Master Fitting-out Contract”	the master fitting-out contract entered into between the Company and Weigao Construction dated 13 July 2012 regarding the provision of fitting-out works and decoration services by Weigao Construction to the Company at the production plants located at Chucun at Weihai in Shandong
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“2012 Mould-making Contract”	the mould making contract entered into between Weigao Mould and Weigao Medical Packaging regarding the manufacturing of multiple cavity moulds for spike ports and injection ports with a contract sum of RMB1.7 million on 3 April 2012
“2013 Master Fitting-out Contract”	the master fitting-out contract entered into between the Company and Weigao Construction dated 23 August 2013 regarding the provision of fitting-out works and decoration services by Weigao Construction to the Company at the production plants located at Chucun at Weihai in Shandong
“2013 Mould-making Contract”	the mould-making contract entered into between Weigao Mould and Weigao Medical Packaging on 23 August 2013 regarding the manufacturing of multiple cavity moulds for spike ports and injection ports with a contract sum of RMB1.7 million on 23 August 2013
“2013 Suture Purchase Agreement”	the suture purchase agreement entered into between the Company and Weigao Fusen on 23 August 2013 regarding the purchase of surgical suture, medical dressing and surgical tape from Weigao Fusen
“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
“Listing Rules”	the Rules Governing the Listing of Securities on Stock Exchange of Hong Kong Limited

“Medical Materials Purchase Agreement”	the medical materials purchase agreement entered into between the Company and Weigao Medical Materials relating to purchase of medical supplies, including diapers, mattress and mini-dosage adjusters dated 13 December 2012 from Weigao Medical Materials
“RMB”	Renminbi, the lawful currency of the PRC
“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
“Suture Purchase Agreement”	the suture purchase agreement entered into between the Company and Weigao Fusen on 11 October 2012 regarding the purchase of surgical suture, medical dressing and surgical tape from Weigao Fusen
“Weigao Construction”	威海威高建築有限公司 (Weihai Weigao Construction Company Limited)*, a limited company incorporated in the PRC and 100% owned by Weigao Holding
“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 incorporated in the PRC on 20 July 2006 and is held as to 75% by Weigao Holding
“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 48.2% 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 company incorporated in the PRC and is 100% owned by Weigao Holding
“Weigao Medical Packaging”	山東威高醫療包裝製品有限公司 (Shandong Weigao Medical Packaging Company Limited)*, a limited liability company incorporated in the PRC and is 100% owned by Weigao Holding
“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 100% owned by the Company

*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 RMB0.7892 = HK\$1.00.*

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

23 August 2013  
Shandong, the PRC

*As at the date of this announcement, the Board comprises:*

Mr. Zhang Hua Wei (*Executive Director*)

Mr. Wang Yi (*Executive Director*)

Mr. Gong Jian Bo (*Executive Director*)

Mr. Xia Lie Bo (*Executive Director*)

Mr. Chen Xue Li (*Non-executive Director*)

Mrs. Zhou Shu Hua (*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*)

Mrs. Wang Jin Xia (*Independent non-executive Director*)