

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



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)

ADJUSTED ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

Reference is made to the continuing connected transactions under the Master Fitting-out Contract, Machine Supply Agreement and Packaging Materials Supply Agreement as announced on 15 November 2010, 1 April 2011 and 19 August 2011 respectively.

On 13 July 2012, three Supplemental Agreements were entered into between the Company or its subsidiaries and subsidiaries of Weigao Holding pursuant to which, among other things, the parties agreed to adjust the annual caps in years 2012 and/or 2013. Save and except these changes, all of the existing terms and conditions under the existing three agreements, namely the Master Fitting-out Contract, Machine Supply Agreement and Packaging Materials Supply Agreement remain unchanged.

Following the semi-annual review of continuing connected transactions of the Company, the historical actual amount for the Master Fitting-out Contract, Machine Supply Agreement and Packaging Materials Supply Agreement were substantially below the original caps. Taking into account of the aforesaid and the expected projection, subsidiaries of the Company and Weigao Holding have agreed to revise the annual caps of the Master Fitting-out Contract, Machine Supply Agreement and Packaging Materials Supply Agreement and consider the revised caps are sufficient for the remaining period of the respective agreements.

* For identification purposes only

As at the date of this announcement, Weigao Holding is a connected person of the Company by virtue of its shareholding of approximately 47.6% held in the Company. As each of the applicable percentage ratios (other than profit ratio) for the revised annual caps under the Supplemental Agreements are higher than 0.1% but less than 5.0%, such transactions under the Supplemental 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 transactions with the revised caps will be included in the Company's next published annual report in accordance with rules requirements as stated in the Listing Rules.

SUPPLEMENTAL AGREEMENTS

I. Supplemental Agreement to Master Fitting-out Contract

On 13 July 2012, the supplemental agreement to Master Fitting-out Contract was entered into between the Company and Weigao Construction regarding provision of fitting-out works and decoration services in the production plants of the Company, pursuant to which, among other things, the parties agreed to adjust the annual cap for the year of 2012 from less than RMB20.0 million (equivalent to approximately HK\$24.3 million) to less than RMB10.0 million (equivalent to approximately HK\$12.2 million).

Extracted terms of Master Fitting-out Contract dated 15 November 2010

	Original Terms under Master Fitting-out Contract dated 15 November 2010	Adjusted Terms under Supplemental Agreement dated 13 July 2012
Parties	The Company and Weigao Construction	No change
Transaction	Provision of fitting-out works and decoration services by Weigao Construction to the Company for the production plants located at Chucun, Weihai, Shandong	No change

	Original Terms under Master Fitting-out Contract dated 15 November 2010	Adjusted Terms under Supplemental Agreement dated 13 July 2012
Contract period	Three years ending 31 December 2012	No change
Annual caps	I. Less than RMB10.0 million (HK\$12.2 million) for the year ended 31 December 2010 II. Less than RMB20.0 million (HK\$24.3 million) for the year ended 31 December 2011 III. Less than RMB20.0 million (HK\$24.3 million) for the year ending 31 December 2012	2010: No connected transactions were recorded. 2011: Historical actual amount was RMB7.1 million (HK\$8.6 million) 2012: Adjusted to RMB10.0 million (HK\$12.2 million)
Pricing mechanism and basis	The pricing of the 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.	No change

Save as disclosed above, all of the existing terms and conditions under the Master Fitting-out Contract remain unchanged.

Weigao Construction is principally engaged in property development and provision of construction and fitting out works and interior decoration services in China and is a subsidiary of Weigao Holding, the controlling shareholder holds approximately 49.6% of the total issued share capital of the Company, thus 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 2010 and 2011 were nil and RMB7.1 million (equivalent to approximately HK\$8.6 million) respectively which were substantially below the original caps of RMB10.0 million (equivalent to approximately HK\$12.2 million) for 2010 and RMB20.0 million (equivalent to approximately HK\$24.3 million) for 2011. Taking into account of the aforesaid and the expected projection, the Company and Weigao Construction have agreed to revise the annual cap of the Master Fitting-out Contract from RMB20.0 million (equivalent to approximately HK\$24.3 million) for 2012 to RMB10.0 million (equivalent to approximately HK\$12.2 million) as both parties expect the revised annual cap for the fitting out works and interior decoration services to be provided by Weigao Construction is sufficient for the remaining period in 2012.

II. Supplemental Agreement to Machine Supply Agreement

On 13 July 2012, the supplemental agreement to Machine Supply Agreement for tailor made production machines and equipment was entered into between Weigao Automated and Weigao Qiquan Medical pursuant to which Weigao Qiquan provided Weigao Automated with tailor-made production machines and equipment, among other things, the parties agreed to adjust the annual caps for the years of 2012 and 2013 from less than RMB12.0 million (equivalent to approximately HK\$14.6 million) and RMB15.0 million (equivalent to approximately HK\$18.2 million) to less than RMB2.0 million (equivalent to approximately HK\$2.4 million) and RMB5.0 million (equivalent to approximately HK\$6.1 million) respectively.

Extracted terms of Machine Supply Agreement dated 1 April 2011:–

	Original Terms under Machine Supply Agreement dated 1 April 2011	Adjusted Terms under Supplemental Agreement dated 13 July 2012
Parties	Weigao Automated and Weigao Qiquan Medical	No change
Transaction	Supply of customer-made production machines, equipment, related parts and accessories	No change
Contract period	Three years ending 31 December 2013	No change
Annual caps	I. Less than RMB8 million (HK\$9.7 million) for the year ended 31 December 2011	2011: Historical actual amount was RMB600,000 (HK\$729,000)
	II. Less than RMB12 million (HK\$14.6 million) for the year ending 31 December 2012	2012: Revised to RMB2.0 million (equivalent to approximately HK\$2.4 million)
	III. Less than RMB15 million (HK\$18.2 million) for the year ending 31 December 2013	2013: Revised to RMB5.0 million (equivalent to approximately HK\$6.1 million)
Pricing mechanism and basis	The pricing of the tailor-made machines and accessories are determined with reference to materials costs and margins after taking into account of market price and it will be reviewed by parties on a semi-annual basis.	No change

Save as disclosed above, all of the existing terms and conditions under the Machine Supply Agreement remain unchanged.

Weigao Qiquan Medical is principally engaged in the manufacturing and sale of tailor-made production machines and equipment and is a 60% equity owned subsidiary of Weigao Holding, the controlling shareholder held approximately 49.6% of the total issued share capital of the Company, thus a connected person of the Company pursuant to the meaning of the Listing Rules, as such the supplemental agreement to the Machine Supply Agreement constitute continuing connected transaction of the Company under the Listing Rules.

The historical actual amount for 2011 was RMB600,000 (equivalent to approximately HK\$729,000) which was substantially below the original cap of RMB8.0 million (equivalent to approximately HK\$9.7 million). Taking into account of the aforesaid and the expected projection in semi-annual review, Weigao Qiquan Medical and Weigao Automated have agreed to revise the annual caps of the Machine Supply Agreement from RMB12.0 million (equivalent to approximately HK\$14.6 million) for 2012 and RMB15.0 million (equivalent to approximately HK\$18.2 million) for 2013 to RMB2.0 million (equivalent to approximately HK\$2.4 million) and RMB5.0 million (equivalent to approximately HK\$6.1 million) respectively as both parties expect the revised respective annual caps are sufficient for the required tailor-made machines to be provided by Weigao Qiquan Medical for the remaining period of 2012 and the year of 2013.

III. Packaging Materials Supply Agreement for Syringes

On 13 July 2012, the supplemental agreement to Packaging Materials Supply Agreement was entered into between the Company and Weigao Medical Packaging regarding supply of multi-layer packaging materials of syringes by Weigao Medical Packaging to the Company, pursuant to which, among other things, the parties agreed to adjust the annual cap for the year of 2012 from less than RMB15.0 million (equivalent to approximately HK\$18.2 million) to less than RMB8.0 million (equivalent to approximately HK\$9.7 million). The expected annual cap for the year of 2013 remains unchanged.

Extracted terms of Packaging Materials Supply Agreement dated 19 August 2011:–

	Original Terms under Packaging Materials Supply Agreement dated 19 August 2011	Adjusted Terms under Supplemental Agreement dated 13 July 2012
Parties	The Company and Weigao Medical Packaging	No change
Transaction	Supply of multi-layer packaging materials for syringes	No change
Contract period	Three years ending 31 December 2013	No change
Original annual caps	I. Less than RMB6.0 million (HK\$7.3 million) for the year ended 31 December 2011	2011: Historical actual amount was RMB2.0 million (HK\$2.4 million)
	II. Less than RMB15.0 million (HK\$18.2 million) for the year ending 31 December 2012	2012: Revised to RMB8.0 million (equivalent to approximately HK\$9.7 million)
	III. Less than RMB20.0 million (HK\$21.9 million) for the year ending 31 December 2013	2013: no change
Pricing mechanism and basis	The pricing of the packaging materials are determined with reference to market price and it will be reviewed by parties on a semi annual basis.	No change

Save as disclosed above, all of the existing terms and conditions under the Packaging Materials Supply Agreement remain unchanged.

Weigao Medical Packaging is principally engaged in the production and distribution of medical packaging materials and is a wholly owned subsidiary of Weigao Holding, the controlling shareholder held approximately 49.6% of the total issued share capital of the Company, thus a connected person of the Company pursuant to the meaning of the Listing Rules, as such the supplemental agreement to Packaging Materials Supply Agreement constitute continuing connected transaction of the Company under the Listing Rules.

The historical actual amount for 2011 was RMB2.0 million (equivalent to approximately HK\$2.4 million) which was substantially below the original cap of RMB6.0 million (equivalent to approximately HK\$7.3 million). Taking into account of the aforesaid and the expected projection, the Company and Weigao Medical Packaging have agreed to revise the annual caps of the Packaging Materials Supply Agreement from RMB15.0 million (equivalent to approximately HK\$18.2 million) for 2012 to RMB8.0 million (equivalent to approximately HK\$9.7 million) as both parties expect the revised annual cap for 2012 is sufficient for the remaining period of 2012. The original annual cap for the year of 2013 remains unchanged.

The Directors (including the independent non-executive directors) consider that the terms of Supplemental Agreements regarding the annual caps adjustment for relevant years of the Master Fitting-out Contract, Machine Supply Agreement and Packaging Materials Supply Agreement are fair and reasonable and Supplemental Agreements 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, namely Mr. Chen Xue Li, Mr. Zhang Hua Wei and Mrs. Zhou Shu Hua, Mr. Wu Chuen Ming, Mr. Wang Zhi Fan and Mr. Wang Yi abstained from voting in the board meeting of the Company to approve the resolutions of the supplemental agreements to Master Fitting-out contract, Machine Supply Agreement and Packaging Materials 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 5,069 healthcare organizations, including over 2,951 hospitals and 414 blood stations.

As the applicable percentage ratios (other than the profits ratio) for Supplemental Agreements, 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 exempted from the independent shareholder's approval requirements under Chapter 14A of the Listing Rules.

Particulars of continuing connected transactions under supplemental agreements to Master Fitting-out contract, Machine Supply Agreement and Packaging Materials Supply Agreement will be disclosed in the annual report of the Company in accordance with Chapter 14 of the Listing Rules.

DEFINITIONS

“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

“Machine Supply Agreement ”	the machine supply agreement entered into between Weigao Automated and Weigao Qiquan Medical regarding the supply of tailor-made production machines, equipment, related parts and accessories on 1 April 2011.
“Master Fitting-out Contract”	the master fitting-out contract entered into between the Company and Weigao Construction relating to provision of fitting-out works and decoration services in the production plants dated 15 November 2010.
“Packaging Materials Supply Agreement”	the packaging materials supply agreement entered into between the Company and Weigao Medical Packaging regarding the supply of multi-layer packaging materials for syringes products by Weigao Medial Packaging to the Company on 19 August 2011.
“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
“Supplemental Agreements”	The three supplemental agreements to Master Fitting-out Contract, Machine Supply Agreement and Packaging Materials Agreement dated 13 July 2012.
“Weigao Automated”	山東威高自動化設備有限公司(Shandong Weigao Automated Equipment Company Limited*), a company with limited liability incorporated in the PRC on 19 March 2009 and is held as to 100% indirectly by the Company.
“Weigao Construction”	威海威高建築有限公司(Weihai Weigao Construciton Company Limited*), a company with limited liability established in the PRC on 20 January 2010 and is held as to 100% indirectly 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 47.58% equity interest in the Company.
“Weigao Medical Packaging”	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% indirectly owned by Weigao Holding.
“Weigao Qichuan Medical”	威海威高齊全醫療設備有限公司(Weihai Weigao Qiquan medical Company Limited)*, a company with limited liability incorporated in the PRC and is held as to 60 % by Weigao Holding.

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 RMB0.8226 = HK\$1.00.

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

13 July 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. Christopher J. O’Connell (*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*)

* For identification purposes only