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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: 8199)

- A) AGREEMENT ON AGREED FORMS OF CERTAIN DISTRIBUTION JV DOCUMENTATIONS**
- B) AGREED FORMS OF THE ANCILLARY JV TRANSACTION DOCUMENTS — CONTINUING CONNECTED TRANSACTION — WEIGAO EXCLUSIVE DISTRIBUTION AND TRADEMARK LICENSE AGREEMENT**
- C) WAIVER OBTAINED IN RESPECT OF SUBSCRIPTION OF NEW H SHARES AND PURCHASE OF DOMESTIC SHARES BY MEDTRONIC**

Financial adviser to

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*



SUMMARY

Agreement on Agreed Forms of Certain Distribution JV Documentations

Reference is made to the announcement of the Company dated 21 December 2007 in relation to i) the SPA dated 18 December 2007 entered into among the Company, Weigao Holding, the Management Shareholders, Medtronic and Medtronic Switzerland, prescribing the terms for the issuance of Subscription Shares by the Company and sale of Sale Shares by Weigao Holding and the Management Shareholders to Medtronic Switzerland, representing an aggregate 15% of the enlarged issued share capital of the Company and ii) the Distribution JV Agreement dated 18 December 2007 entered into between the Company and Medtronic International in respect of the establishment of the Distribution JV in the PRC.

The Company and Medtronic International agreed on the agreement on agreed forms of certain Distribution JV documentations on 20 March 2008 (the “**Agreed Forms Agreement**”). Under the Agreed Forms Agreement, the Company and Medtronic agreed on the forms of the equity transfer contract for the 100% equity interest in Weigao Ortho and for a 49% equity interest in the Distribution JV and such agreed forms provide for the transfer terms in the event the Call Option under the Distribution JV Agreement is exercised. In addition, the Company and Medtronic International agreed on the protocol for establishing the operation of the Distribution JV (the “**Protocol**”). Furthermore, the Company and Medtronic International agreed on the scope of the Ancillary JV Transaction Documents under the Distribution JV Agreement and agreed that such Ancillary JV Transaction Documents in agreed forms should be entered into by the relevant parties.

Agreed forms of the Ancillary JV Transaction Documents

Reference is made to the announcement of the Company dated 9 January 2008 in relation to the delay in dispatch of circular in which it was stated that the Ancillary JV Transaction Documents were expected to be finalized by on or about the end of February 2008. The entering of the Ancillary JV Transaction Documents is a condition precedent to the contribution of capital by Medtronic International under the Distribution JV Agreement. As Medtronic, the Company, their respective Affiliates and the Distribution JV are parties to the Ancillary JV Transaction Documents, the entering of certain Ancillary JV Transaction Agreements will constitute connected transactions under the GEM Listing Rules and in particular, the Weigao Exclusive Distribution and Trademark License Agreement will be subject to, among other things, Independent Shareholders’ approval.

The Board is pleased to announce that on 20 March 2008, the relevant parties agreed on the forms of the following agreements which represent the Ancillary JV Transaction Documents contemplated under the Distribution JV Agreement and are expected to be executed and become effective prior to or simultaneously at the closing of the SPA and the Distribution JV Agreement:-

- i) Weigao Exclusive Distribution and Trademark License Agreement;
- ii) Medtronic Exclusive Distribution and Trademark License Agreement;
- iii) Weigao Patent Non-Assert Agreement; and
- iv) Medtronic Patent Non-Assert Agreement.

Items i), iii) and iv) above constitute connected transactions under the relevant GEM Listing Rules. In particular, as the applicable percentage ratios under the form of the Weigao Exclusive Distribution and Trademark License Agreement is, on an annual basis, expected to be more than 25% and the annual consideration is more than HK\$10,000,000, hence falls within Rule 20.16(5) of the GEM Listing Rules, the transactions contemplated under the Weigao Exclusive Distribution and Trademark License Agreement constitute non-exempt continuing connected transactions under Rule 20.35 of the GEM Listing Rules and will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Rules 20.45 to 20.48 of the GEM Listing Rules.

Waiver Approval Obtained

The Board is pleased to announce that a waiver from strict compliance with Rule 25.08(2)(a)(i) of the GEM Listing Rules in respect of the subscription of new H Shares and the purchase of existing Domestic Shares of the Company by Medtronic was granted by the Stock Exchange on 28 January 2008.

A circular (the “**Circular**”) containing, among other things, (i) further details of the SPA, the Distribution JV Agreement and the Ancillary JV Transaction Documents; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the SPA, the Distribution JV Agreement and the Ancillary JV Transaction Documents and the transactions contemplated thereunder; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the relevant connected transactions contemplated under a) the Distribution JV Agreement and b) the Weigao Exclusive Distribution and Trademark License Agreement; and (iv) a notice of the EGM will be dispatched to the Shareholders as soon as reasonably practicable and in compliance with the GEM Listing Rules.

WARNING

The transactions contemplated under the SPA, the Distribution JV Agreement and the Ancillary JV Transaction Documents are subject to the satisfaction of a number of conditions. Shareholders and potential investors are advised to exercise caution when dealing in the H Shares of the Company.

INTRODUCTION

On 18 December 2007, the Company, Weigao Holding, the Management Shareholders, Medtronic and Medtronic Switzerland entered into the SPA, prescribing the terms for the issuance of Subscription Shares by the Company and sale of Sale Shares by Weigao Holding and the Management Shareholders to Medtronic Switzerland, representing an aggregate 15% of the enlarged issued share capital of the Company. On the same date, the Company and Medtronic International entered into the Distribution JV Agreement in respect of the establishment of the Distribution JV in the PRC with a total registered capital of RMB141,180,000 (equivalent to US\$20,000,000) to undertake the sale and distribution of orthopedic medical device products. The Distribution JV will take the form of a Sino-foreign co-operative joint venture limited liability company and will be held 49% by the Company and 51% by Medtronic International.

The entering of the Ancillary JV Transaction Documents is a condition precedent to the contribution of capital by Medtronic International under the Distribution JV Agreement. Upon the close of the transactions contemplated by the SPA, Medtronic will indirectly own an aggregate 15% of the enlarged issued share capital of the Company, and will become a connected person of the Company under the GEM Listing Rules. The Distribution JV will be 51% owned by Medtronic International which is 100% owned by Medtronic and is regarded as an associate of Medtronic under the GEM Listing Rules. As Medtronic, the Company, their respective Affiliates and the Distribution JV are parties to the Ancillary JV Transaction Documents, the entering of Weigao Exclusive Distribution and Trademark License Agreement; Weigao Patent Non-Assert Agreement and Medtronic Patent Non-Assert Agreement will constitute connected transactions under the GEM Listing Rules and in particular, the Weigao Exclusive Distribution and Trademark License Agreement will be subject to, among other things, Independent Shareholders' approval.

A) AGREEMENT ON AGREED FORMS OF CERTAIN DISTRIBUTION JV DOCUMENTATIONS

The Board is pleased to announce that the Company and Medtronic International agreed on the Agreed Forms Agreement on 20 March 2008. Under the Agreed Forms Agreement, the Company and Medtronic agreed on the forms of the equity transfer contract for the 100% equity interest in Weigao Ortho and for a 49% equity interest in the Distribution JV and such agreed forms provide for the transfer terms in the event the Call Option under the Distribution JV Agreement is exercised. In addition, the Company and Medtronic International agreed on the Protocol for establishing the operation of the Distribution JV. Furthermore, the Company and Medtronic International agreed on the scope of the Ancillary JV Transaction Documents under the Distribution JV Agreement and agreed that such Ancillary JV Transaction Documents in agreed forms should be entered into by the relevant parties prior to or simultaneously at the closing of the SPA and the Distribution JV Agreement.

i) AGREED FORMS FOR THE EQUITY TRANSFER CONTRACT FOR THE 100% EQUITY INTEREST IN WEIGAO ORTHO AND THE 49% EQUITY INTEREST IN THE DISTRIBUTION JV

Under the Agreed Forms Agreement, the relevant parties agreed on the forms for the equity transfer contract for the 100% of equity interest in Weigao Ortho and the 49% equity interest in the Distribution JV should Medtronic International exercise the Call Option. Such agreed forms are treated for all purposes as schedules to, hence incorporated into, the Distribution JV Agreement.

Under the agreed forms, the Company shall sell (free from all liens, charges and encumbrances) the 49% equity interest in the Distribution JV to Medtronic International. In addition, the Company and Weigao International shall sell in aggregate 100% of the equity interest in Weigao Ortho to Medtronic International.

Pursuant to the terms of the equity transfer contracts for the 100% equity interest in Weigao Ortho and the 49% equity interest in the Distribution JV, each of the Company and Weigao International will not, for the period of five (5) years after completion of the equity transfer contemplated therein, either on its own account or in conjunction with or on behalf of any person, firm or company, carry on or be engaged, concerned or interested, directly or indirectly, whether as shareholder, director, employee, partner, agent or otherwise in carrying on business that competes with any business or activity carried on by the Distribution JV up to and including the date of completion of the equity transfer contemplated therein.

Further details of the equity transfer contracts will be disclosed in the Circular to Shareholders.

ii) **PROTOCOL FOR ESTABLISHING THE OPERATION OF THE DISTRIBUTION JV**

The Company and Medtronic International agreed on the Protocol for establishing the operation of the Distribution JV on 20 March 2008. The Company and Medtronic International may, in accordance with the terms of the Protocol, transfer or cause their respective Affiliates to transfer, certain contracts, assets and employees to the Distribution JV. The contracts and assets that may be transferred from Weigao Ortho and Medtronic or its associates to the Distribution JV include distribution contracts, certain chattels (such as vehicles and office equipment) and prepaid rental for leased premises. The total amount of the assets to be transferred from Weigao Ortho to Distribution JV is estimated to be no more than RMB4 million.

Upon completion of the SPA, Medtronic will be a connected person of the Company under the GEM Listing Rules. The Distribution JV will be 51% owned by Medtronic International which is a wholly owned subsidiary of Medtronic, and thus will be a connected person of the Company. The consideration for the transfer of assets agreement contemplated under the Protocol from Weigao Ortho to the Distribution JV falls within the connected transaction as stipulated in Rule 20.32(2) of the GEM Listing Rules and will be subject to the reporting and announcement requirements and is exempt from Independent Shareholders' approval requirements under the GEM Listing Rules. However, as the transfer of asset under the Protocol forms part of the Distribution JV Agreement, which is a connected transaction and will be subject to Independent Shareholders' approval, the transfer of assets agreement contemplated under the Protocol will also be provided to Independent Shareholders for their consideration.

B) AGREED FORMS OF THE ANCILLARY JV TRANSACTION DOCUMENTS

The Board is pleased to announce that on 20 March 2008, the relevant parties agreed on the forms of the following documents which are expected to be executed and become effective prior to or simultaneously at the closing of the SPA and the Distribution JV Agreement:-

- i) Weigao Exclusive Distribution and Trademark License Agreement;
- ii) Medtronic Exclusive Distribution and Trademark License Agreement;

- iii) Weigao Patent Non-Assert Agreement; and
- iv) Medtronic Patent Non-Assert Agreement.

Items i), iii) and iv) above constitute connected transactions under the relevant GEM Listing Rules. The entering of the above mentioned Ancillary JV Transaction Documents is a condition precedent to the contribution of capital by Medtronic International under the Distribution JV Agreement. Upon the close of the transactions contemplated by the SPA, Medtronic will indirectly own an aggregate 15% of the enlarged issued share capital of the Company, and will become a connected person of the Company under the GEM Listing Rules. The Distribution JV will be 51% owned by Medtronic International which is 100% owned by Medtronic and is regarded as an associate of Medtronic under the GEM Listing Rules. As Medtronic, the Company, their respective Affiliates and the Distribution JV are parties to the Ancillary JV Transaction Documents, the entering of certain Ancillary JV Transaction Agreements (namely, items i), iii) and iv)) will constitute connected transactions under the GEM Listing Rules and in particular, the Weigao Exclusive Distribution and Trademark License Agreement will be subject to, among other things, Independent Shareholders' approval.

i) **WEIGAO EXCLUSIVE DISTRIBUTION AND TRADEMARK LICENSE AGREEMENT**

The relevant parties agreed on the form of the Weigao Exclusive Distribution and Trademark License Agreement on 20 March 2008. According to the terms of the Weigao Exclusive Distribution and Trademark License Agreement, Weigao Ortho will appoint the Distribution JV as its exclusive distributor for the distribution of certain orthopedic products in the PRC. The Weigao Exclusive Distribution and Trademark License Agreement shall continue in effect for the duration of the JV Agreement unless (i) terminated earlier as provided in the Weigao Exclusive Distribution and Trademark License Agreement, (ii) terminated upon dissolution of the Distribution JV, or (iii) its term is extended by the mutual agreement of Weigao Ortho and the Distribution JV in writing. In addition, upon the expiry of the operating term of the Distribution JV, Weigao Ortho will, for at least one year, continue manufacturing and supplying products to Medtronic or its Affiliates on substantially the same terms as set out in the Weigao Exclusive Distribution and Trademark License Agreement.

Upon the close of the transactions contemplated by the SPA, Medtronic will indirectly own an aggregate 15% of the enlarged issued share capital of the Company, and will become a connected person of the Company under the GEM Listing Rules. The Distribution JV will be 51% owned by Medtronic International which is 100% owned by Medtronic and is regarded as an associate of Medtronic under the GEM Listing Rules. As a result, the Weigao Exclusive Distribution and Trademark License Agreement between Weigao Ortho, the Distribution JV and Medtronic International will constitute continuing connected transactions of the Company under the GEM Listing Rules.

The estimated maximum aggregate amounts of the products to be sold by Weigao Ortho to the Distribution JV for the period from the date on which the Weigao Exclusive Distribution and Trademark License Agreement becomes effective (assuming the Distribution JV is in operation from 1 August 2008) until the end of the financial year ending 31 December 2008, and each of the years ending 31 December 2009 and 31 December 2010 will not exceed RMB 49 million, RMB230 million, RMB 352 million, respectively (the “**Annual Caps**”).

As the applicable ratios for the Annual Caps under the Weigao Exclusive Distribution and Trademark License Agreement are expected to be more than 25% and are more than HK\$10,000,000, the transactions contemplated thereunder fall within Rule 20.16(5) of the GEM Listing Rules and constitute non-exempt continuing connected transactions under Rule 20.35 of the GEM Listing Rules and will be subject to the reporting, announcement and Independent Shareholders’ approval requirements under Rules 20.45 to 20.48 of the GEM Listing Rules.

The estimation of the amount of products to be distributed by the Distribution JV for Weigao Ortho is determined based on current financial projections and the value of products of Weigao Ortho to be distributed by the Distribution JV. The parties agreed that the general pricing principle under the Weigao Exclusive Distribution and Trademark License Agreement shall be determined with reference to the selling price of products by the Distribution JV.

Under the terms and conditions of the agreed form of the Weigao Exclusive Distribution and Trademark License Agreement, the Company shall grant the Distribution JV, on a royalty free basis, a non-exclusive, non-assignable license to use the trademarks as set out in the Weigao Exclusive Distribution and Trademark License Agreement, solely within the PRC in relation to the promotion, distribution, and sale of the products.

ii) **MEDTRONIC EXCLUSIVE DISTRIBUTION AND TRADEMARK LICENSE AGREEMENT**

The relevant parties agreed on the form of the Medtronic Exclusive Distribution and Trademark License Agreement on 20 March 2008. According to the terms of the Medtronic Exclusive Distribution and Trademark License Agreement, Medtronic International will appoint the Distribution JV as its exclusive distributor for the distribution of spinal products in the PRC.

Under the terms and conditions of the agreed form of the Medtronic Exclusive Distribution and Trademark License Agreement, Medtronic International shall grant the Distribution JV, on a royalty free basis, a non-exclusive, non-assignable license to use the trademarks as set out in the Medtronic Exclusive Distribution and Trademark License Agreement, solely within the PRC in relation to the promotion, distribution, and sale of the products.

Information on the Medtronic Exclusive Distribution and Trademark License Agreement under this section is included for information only. Since such agreement is to be made between Medtronic International and the Distribution JV, which is not a subsidiary of the Company, the Medtronic Exclusive Distribution and Trademark License Agreement is not subject to any provisions under the GEM Listing Rules.

iii) **WEIGAO PATENT NON-ASSERT AGREEMENT**

Under the agreed form of the Weigao Patent Non-Assert Agreement, the Company agrees, for and on behalf of the Group, during the term of the Medtronic Exclusive Distribution and Trademark License Agreement, that the Group will not assert any of its patents issued in the PRC and any other rights related or ancillary thereto against Medtronic Group or the Distribution JV in relation to the offer for sale or sale of products sold to the Distribution JV by Medtronic International and distributed by the Distribution JV in the PRC.

Upon completion of the SPA, Medtronic will be a connected person of the Company under the GEM Listing Rules. The Distribution JV will be 51% owned by Medtronic International which is a wholly owned subsidiary of Medtronic, and thus will be a connected person of the Company. As a result, the Weigao Patent Non-Assert Agreement will constitute a connected transaction under the GEM Listing Rules. As the consideration under the Weigao Patent Non-Assert Agreement is of nominal value, the applicable ratios under the Weigao Patent Non-Assert Agreement fall within the de minimis rule as stipulated in Rule 20.33(3) of the GEM Listing Rules, it will be exempt from all the reporting, announcement and Independent Shareholders' approval requirements under the

GEM Listing Rules. However, the Weigao Patent Non-Assert Agreement is related to the Weigao Exclusive Distribution and Trademark License Agreement, which is a continuing connected transaction and will be subject to Independent Shareholders' approval, the Weigao Non-Assert Agreement will also be provided to Independent Shareholders for their consideration.

iv) **MEDTRONIC PATENT NON-ASSERT AGREEMENT**

Medtronic International and Weigao Ortho agreed on the form of the Medtronic Patent Non- Assert Agreement on 20 March 2008, under which Medtronic International agrees, for and on behalf of Medtronic Group, during the term of the Weigao Exclusive Distribution and Trademark License Agreement, that the Medtronic Group will not assert any of its patents issued in the PRC and any other rights related or ancillary thereto against Weigao Ortho or the Distribution JV in relation to (i) the manufacture and/or import of all products manufactured by Weigao Ortho (the “**Weigao Products**”) that are distributed pursuant to and in accordance with the Weigao Exclusive Distribution and Trademark License Agreement, or (ii) the offer for sale or sale of Weigao Products by the Distribution JV in the PRC.

In addition, Medtronic International will, during the term of the Medtronic Exclusive Distribution and Trademark License Agreement, indemnify and hold harmless Weigao Ortho and its Affiliates and their respective directors, officers and employees against any and all claims, demands, proceedings, losses, costs and expenses, which may be brought against, suffered or incurred by any of them resulting from any violation of patent or other intellectual property rights by products sold to the Distribution JV pursuant to the Medtronic Exclusive Distribution and Trademark License Agreement.

Upon completion of the SPA, Medtronic will be a connected person of the Company under the GEM Listing Rules. Medtronic International is a wholly owned subsidiary of Medtronic, and will thus also be a connected person of the Company. The Medtronic Patent Non-Assert Agreement will therefore constitute a connected transaction under the GEM Listing Rules. However, as the consideration under the Medtronic Patent Non-Assert Agreement is of nominal value, the applicable ratios under the Medtronic Patent Non-Assert Agreement fall within the de minimis rule as stipulated in Rule 20.33(3) of the GEM Listing Rules, it will be exempt from all the reporting, announcement and Independent Shareholders' approval requirements under the GEM Listing Rules. Information on the Medtronic Patent Non-Assert Agreement under this section is included for information only.

C) WAIVER FROM COMPLIANCE WITH RULE 25.08(2)(a)(i)

Upon the close of the transactions contemplated by the SPA, Medtronic will indirectly own an aggregate 15% of the enlarged issued share capital of the Company, and will become a connected person of the Company under the GEM Listing Rules. Rule 25.08(2)(a)(i) of the GEM Listing Rules provides that if at any time there are existing issued securities of the PRC issuer other than H shares, then 100% of H shares must be held by the public, except as otherwise permitted by the Stock Exchange in its discretion. Accordingly, the Company has requested the Stock Exchange to exercise its discretion pursuant to Rule 25.08(2)(a)(i) of the GEM Listing Rules to grant the Company a waiver from strict compliance with Rule 25.08(2) (a) (i) of the GEM Listing Rules on 19 December 2007.

The Board is pleased to announce that the waiver from strict compliance with Rule 25.08(2)(a)(i) of the GEM Listing Rules in respect of the subscription of new H Shares and the purchase of existing Domestic Shares of the Company by Medtronic was granted by the Stock Exchange on 28 January 2008. The waiver will expire if and when there is any increase in the absolute number of Domestic Shares and H Shares by Medtronic in the future.

INFORMATION ABOUT THE PARTIES UNDER THE SPA, THE DISTRIBUTION JV AGREEMENT AND THE ANCILLARY JV TRANSACTION AGREEMENTS

Information about the Company

Based in Shandong province, PRC, the Company is the leading manufacturers of single-use medical devices and consumables with well known brands in China such as Jierui and exports to more than 30 countries. The Company has a comprehensive range of innovative product portfolio (140 types and over 2000 specifications) including single-use consumables (infusion sets, syringes, blood transfusion sets and blood bags), orthopedic and cardiovascular stent and blood purification products. The Company also has a nationwide sales network and an effective sales coverage of China's hospitals.

Information about Medtronic

Founded in 1949, Medtronic serves physicians, clinicians and patients in more than 120 countries. Headquartered in Minneapolis, Minnesota, United States, Medtronic is the global leader in medical technology. Medtronic provides device-based therapies that alleviate pain, restore health and extend life. Primary products include those for heart and vascular disease, neurological disorders, chronic pain, spinal disorders, diabetes, urologic and digestive system disorders, and ear, nose and throat disorders. Medtronic's stock is traded on the New York Stock Exchange.

Information about Medtronic International

Medtronic International, a U.S. corporation with branch operations in Hong Kong, is a wholly-owned subsidiary of Medtronic. Its primary business is the distribution of the medical products manufactured by Medtronic and its Affiliates to customers in Hong Kong and to other Medtronic Affiliates in the Asia Pacific region. Medtronic International also serves as a headquarters for certain activity for the Asia Pacific area, including China.

Information about Medtronic Switzerland

Medtronic Switzerland is a holding company which directly or indirectly owns the stock of numerous companies that are engaged in the development, manufacturing, and distribution of medical products. Medtronic Switzerland also functions as a financing branch, making loans to Medtronic Affiliates and investing cash reserves.

Information about Weigao Ortho

Weigao Ortho was established in the PRC on 6 April 2005. Weigao Ortho is currently held as to 53% by the Company, hence a subsidiary of the Company. Since its establishment, Weigao Ortho is principally engaged in the research and development, production and sale of orthopedic products and tools.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SPA, THE DISTRIBUTION JV AGREEMENT AND THE ANCILLARY JV DOCUMENTS

Medtronic is a globally recognized and well-regarded market player in medical technology and has research, manufacturing, education and sales facilities around the world. Medtronic provides device-based therapies that alleviate pain, restore health and extend life for millions of people around the world. Every year, Medtronic provides medical professionals with products and therapies to help improve the lives of nearly 6 million patients. Primary products include those for heart and vascular disease, neurological disorders, chronic pain, spinal disorders, diabetes, urologic and digestive system disorders, and ear, nose and throat disorders. Medtronic employs over 36,000 people worldwide. For the 12 months ended 30 April 2007, Medtronic recorded net sales of US\$11.29 billion and net earnings of US\$2.55 billion.

The Directors are of the view that Medtronic as a strategic shareholder will strengthen the Company's management and operational skills. With Medtronic's broad and technologically advanced product portfolio in spinal and coupled with Weigao Ortho's extensive product portfolio in spinal, artificial joints and trauma, extensive sales network and good customer relationship, the Distribution JV and Weigao Ortho will be in excellent positions to capture opportunities in growing their business in the fast growing orthopedic industry in China.

The Ancillary JV Transaction Documents will be executed and become effective prior to the closing of the SPA and the Distribution JV Agreement and such Ancillary JV Transaction Documents will strengthen the cooperation between the Company and Medtronic and achieve synergy for the respective businesses of the Company and Medtronic. Since Medtronic has strong capabilities in research and development and clinical studies, the collaboration will enable the Distribution JV to continually bring to the market new products. The Directors believe that the collaboration in orthopedic sectors will further improve Weigao Ortho's production quality. The Directors also believe that such collaboration will offer a new platform for the Company and Medtronic to continue to explore other business cooperation opportunities in manufacturing and distribution in other sectors.

The Board (excluding the independent non-executive Directors who will express their view after considering the advice from the independent financial adviser) considers that the SPA, the Distribution JV Agreement and the Ancillary JV Transaction Documents taken as a whole are fair and reasonable, on normal commercial terms and are entered into in the usual and ordinary course of business of the Group and that the entering into of the SPA, the Distribution JV Agreement and the Ancillary JV Transaction Documents is in the interests of the Company and the Shareholders as a whole. To the best of Directors' knowledge, information and belief and after making all reasonable enquiries, at the date of this announcement, none of the counterparty or the ultimate beneficial owner of the counterparty involved under the SPA, the Distribution JV Agreement and the Ancillary JV Transaction Documents held any Shares of the Company and each is independent of the Company.

The Company and Medtronic are in discussions for Weigao Ortho to manufacture implant products and instruments for Medtronic. If such contract is entered into, it will constitute connected transaction and the Company will make announcement and seek Independent Shareholders' approval in accordance with GEM Listing Rules.

GENERAL

The Circular containing, among other things, (i) further details of the SPA, the Distribution JV Agreement and the Ancillary JV Transaction Documents; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the SPA, the Distribution JV Agreement and the Ancillary JV Transaction Documents and the transactions contemplated thereunder; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the relevant connected transactions contemplated under a) the Distribution JV Agreement and b) the Weigao Exclusive Distribution and Trademark License Agreement; and (iv) a notice of the EGM will be dispatched to the Shareholders as soon as reasonably practicable and in compliance with the GEM Listing Rules.

WARNING

The transactions contemplated under the SPA and the Distribution JV Agreement and the Ancillary JV Transaction Documents are subject to the satisfaction of a number of conditions, Shareholders and potential investors are advised to exercise caution when dealing in the H Shares of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite them below:

“Affiliate”	in relation to a party to the Distribution JV Agreement, means any person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the party specified; the term “control” meaning beneficial ownership of more than fifty percent (50%) of the voting securities or registered capital, or the power to appoint or elect the majority of the directors, of a company; provided, however, the Distribution JV and its subsidiaries shall not be deemed Affiliates of either Medtronic or the Company
“Ancillary JV Transaction Documents”	various agreements under the Distribution JV Agreement to be entered into between, inter alia, the Company, Medtronic International or their respective Affiliates and the Distribution JV as conditions precedent to the capital contribution by Medtronic International, which include the exclusive distribution contracts, the non-assert agreements and any other agreements the parties thereto may agree
“Board”	the board of Directors of the Company
“Call Option”	the option granted by the Company to Medtronic International under the Distribution JV Agreement to purchase the Call Option Interests
“Call Option Interests”	100% equity interest in Weigao Ortho and 49% equity interest in Distribution JV

“Company”	Shandong Weigao Group Medical Polymer Company Limited, a joint stock company incorporated in the PRC with limited liability and the shares of which are listed on GEM
“Directors”	directors of the Company
“Distribution JV”	Meiwei Orthopaedic Device Company Ltd, a company to be incorporated in the PRC and will be owned as to 51% by Medtronic International and 49% by the Company
“Distribution JV Agreement”	the joint venture agreement dated 18 December 2007 entered into between the Company and Medtronic International in respect of the establishment of a joint venture in the PRC that will engage in the sale and distribution of orthopedic products
“Domestic Shares”	the ordinary shares of RMB0.10 each in the share capital of the Company, which are subscribed for by legal and natural persons of the PRC and denominated in RMB
“EGM”	extraordinary general meeting of the Company
“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
“H Shares”	overseas listed foreign shares of RMB0.10 each in the share capital of the Company, which may only be subscribed for, dealt with, and traded in HK\$ between legal and natural persons of Hong Kong, Macau or Taiwan or any country other than the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company to be formed to advise the Independent Shareholders in relation to the Distribution JV Agreement

“Independent Shareholders”	means the Shareholders of the Company, other than Weigao Holding and the Management Shareholders
“Listing Committee”	the Listing Committee of Stock Exchange
“Management Shareholders”	Mr. Chen Lin, Mr. Zhang Hua Wei, Mr. Miao Yan Guo, Mr. Wang Yi, Ms. Zhou Shu Hua, Mr. Wang Zhi Fan, Mr. Wu Chuan Ming and Mr. Jiang Qiang
“Medtronic”	Medtronic Inc, a corporation incorporated under the laws of Minnesota, and the shares of which are listed on the New York Stock Exchange
“Medtronic Exclusive Distribution and Trademark License Agreement”	the agreement to be entered into between the Distribution JV and Medtronic International for Medtronic International to appoint the Distribution JV as its exclusive distributor for the distribution of spinal products in the PRC
“Medtronic Group”	Medtronic and its subsidiaries and associated companies
“Medtronic International”	Medtronic International Limited, established in Delaware, registered in Hong Kong as an oversea company (CR No.: F0001631) with its address at 16/F Manulife Plaza, 33 Hysan Avenue, Causeway Bay, Hong Kong
“Medtronic Switzerland”	Medtronic Holding Switzerland GmbH, a wholly owned subsidiary of Medtronic
“PRC”	The People’s Republic of China, excluding Hong Kong, Taiwan and Macau
“Sale Shares”	80,721,081 Domestic Shares, being part of the Domestic Shares held by Weigao Holding and Management Shareholders which together represent 8.1% of the entire issued share capital of the Company as at the date of the SPA and which will represent, immediately after completion of the SPA, 7.5% of the enlarged issued share capital of the Company
“Share(s)”	ordinary share(s) of RMB0.10 each in the capital of the Company

“Shareholders”	holders of Shares
“SPA”	the subscription and sale and purchase agreement dated 18 December 2007 entered into between the Company, Weigao Holding, the Management Shareholders, Medtronic and Medtronic Switzerland
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscription Shares”	80,721,081 new H Shares which will represent, immediately after completion of the SPA, 7.5% of the enlarged issued share capital of the Company
“Weigao Exclusive Distribution and Trademark License Agreement”	the agreement to be entered into between the Distribution JV, Weigao Ortho and Medtronic International for Weigao Ortho to appoint the Distribution JV as its exclusive distributor for the distribution of certain orthopedic products in the PRC
“Weigao Holding”	Weigao Holding Company Limited, a limited liability company established in the PRC whose principal place of business is at 312 Shi Chang Road, Weihai, Shandong Province, PRC
“Weigao International”	Weigao International Medical Hong Kong Limited, incorporated on 3 May 2006 in Hong Kong with limited liability and a wholly owned subsidiary of the Company
“Weigao Ortho”	Shandong Weigao Orthopedic Device Co., Ltd was incorporated in April 2005 in the PRC with limited liability and is a subsidiary of the Company, currently held by the Company as to 53%
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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 US\$ is based on the exchange rate of RMB7.0590 = US\$1.

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

Weihai, Shandong, the PRC
25 March 2008

As at the date of the announcement the Board comprises of Mr. Zhang Hua Wei, Mr. Miao Yan Guo, Mr. Wang Yi, Mr. Wang Zhi Fan, Mr. Wu Chuan Ming as executive directors and Mr. Chen Xue Li, Mrs. Zhou Shu Hua as non-executive directors, Mr. Shi Huan, Mr. Luan Jian Ping, Mr. Lau Wai Kit and Mr. Li Jia Miao as independent non-executive directors.

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.

** For identification purpose only*