

**SHANDONG WEIGAO GROUP MEDICAL POLYMER COMPANY LTD:  
FOR A CHANGE, A GEM WINNER**

For a change, it appears that an Initial Public Offer (IPO) on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd is a winner.

More often than not, IPOs of The GEM are losers, with many, if not most of them, having never earned a cracker in their corporate lives, but Shandong Weigao Group Medical Polymer Company Ltd (Code: 8199) seems to be an exception to the rule.

The Company went public on The GEM, which is the speculative equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), on February 20, 2004, when it Placed 230 million, 0.10 renminbi Shares at 62 cents (Hongkong) per Share.

On February 26, 2004, just 6 days after the Company's Prospectus was published and disseminated, it was announced that the total number of shares, applied for by prospective investors, was 1,721,810,000, equivalent to about 7.50 times the 230 million Shares, initially available for Placing.

Another tranche of 34.50 million Shares were Placed, that tranche, being the Over-Allotment Option, granted to the Lead Underwriters: Goldbond Securities Ltd; and, Polaris Securities (Hongkong) Ltd.

In total, the Company garnered about \$HK145.90 million, net of expenses, from the flotation.

That amount of money is earmarked for the following uses, the Prospectus of February 20, 2004, and a subsequent Company announcement, of February 26, 2004, stated:

1. \$HK84.90 million to be used for the acquisition of equipment;
2. \$HK8.50 million to be used in research and development;
3. \$HK7.50 million to be used to market the Company's products;
4. \$HK24.50 million to be tipped into the General Working Capital Account; and,
5. \$HK20.50 million to be used to lease and stock up new warehouses.

Shandong Weigao Group describes its business on Page 62 of the Prospectus as follows:

*'The Group is principally engaged in the research and development, production and sale of single-use medical devices ... With an extensive sales network of 11 sales offices and 16 customer liaison centers in the PRC, the Group has developed an extensive customer base with its products sold to over 2,500 healthcare institutions such as hospitals and blood centers and over 1,000 trading companies ... '.*

The single-use medical devices, mentioned in the '**Overview**' of the principal business pursuits of this Company, are described more fully on Page 74:

	Financial Year, ended December 31, 2001		Financial Year, ended December 31, 2002		Ten Months, ended October 31, 2003	
	All Figures are Denominated in Renminbi (RMB) Million (except where otherwise specified)					
	RMB	Percentage	RMB	Percentage	RMB	Percentage
Single-Use Sterile Infusion (Transfusion) sets	97.60	46.40	124.10	44.60	104.90	41.00
Single-Use Sterile Blood Transfusion Consumables	23.00	10.90	32.50	11.70	28.90	11.30
Single-Use Sterile Syringes	67.10	31.90	88.90	32.00	84.50	33.00
Single-Use Sterile Dental Devices	1.80	0.90	1.50	0.50	1.50	0.60
PVC Granules@	4.50	2.10	12.10	4.30	17.80	6.50
Other Products	16.30	7.80	19.10	6.90	18.40	7.60
TOTAL	210.30*	100.00	278.20*	100.00	256.00*	100.00

\* This was the actual Turnover for the Financial Year, as indicated

@ PVC Granules = Polyvinyl Chloride raw materials for the production of medical devices, including materials for blood bags, highly elastic materials, drip funnels and catheters (The Prospectus made a mistake in terming PVC as being Polyrinyl Chloride)

Page 63 of the Prospectus makes the claim that the Company's customers include 1,900 hospitals, 200 blood centres and 400 other medical units, in addition to sales of product to more than 1,000 trading companies. Overseas ... [CLICK TO ORDER FULL ARTICLE](#)

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