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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: 1066)

**CONNECTED TRANSACTION
ACQUISITION OF PROPERTY
AT SHANDONG PROVINCE, THE PRC**

THE SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 1 June 2017, the Company as purchaser entered into the Sale and Purchase Agreement with Weigao Holding as vendor, pursuant to which the Company agreed to acquire and Weigao Holding agreed to sell the Property for a total consideration of RMB83,906,296 (equivalent to approximately HK\$95,804,208).

LISTING RULES IMPLICATIONS

Given Weigao Holding is a controlling shareholder holding 47.76% of the issued share capital of the Company as at the date of this announcement, Weigao Holding is therefore a connected person of the Company and the Acquisition contemplated under the Sale and Purchase Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios in respect of the Acquisition are more than 0.1% but all are less than 5%, the Acquisition will be subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

* *For identification purpose only*

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The Property

The Property comprises the land use rights of the Land and the Buildings. As at the date of this announcement, three buildings are erected on the Land. The total area of the Land is approximately 30,000 sqm. The Property is located at nos. 500-1, 500-2 and 500-3 Xi Cui Jia Kou Village, Ge Jia Zhen, Wendeng District, Weihai City, Shandong Province, the PRC (中國山東省威海市文登區葛家鎮西崔家口村500-1號、500-2號、500-3號). The term of the land use rights of the Land is 40 years until the year of 2056 and its permitted usage is for commercial or other use. The Land was acquired by Weigao Holding in September 2009 (the “**Original Acquisition**”) at an acquisition cost of approximately RMB12,270,000. The current market value of the Land is approximately RMB16,500,000 as assessed by an independent professional valuer. Subsequent to the Original Acquisition, Weigao Holding had incurred approximately RMB85,340,000 for constructing the Buildings.

The net book value of the Property as shown in Weigao Holding’s latest unaudited accounts for the year ended 31 December 2016 was RMB80,720,000.

Consideration

The consideration for the Property is RMB83,906,296 (equivalent to approximately HK\$95,804,208), which was determined after arm’s length negotiations between the Company and Weigao Holding with reference to the market value of the Property of RMB83,906,296 as assessed by an independent professional valuer and an average selling price of neighbouring properties of comparable standards. The consideration for the Property will be payable by the Company to Weigao Holding in cash in the following manners:

- (i) an amount of RMB67,120,000 (equivalent to approximately HK\$76,637,616) shall be payable by the Company to Weigao Holding within 90 calendar days after the date of the Sale and Purchase Agreement; and

- (ii) a further amount of RMB16,786,296 (equivalent to approximately HK\$19,166,593) shall be payable by the Company to Weigao Holding within 10 business days after completion of the delivery of the Property and the relevant premises permit to the Company.

The Group intends to fund the Acquisition by its internal resources.

Reason for the Acquisition

As at the date of this announcement, the Group utilizes most of the infrastructures in the Buildings for the trainings of medical professionals and employees. After the Acquisition, the Group will own the Property. It is intended that the Buildings will be used as internal infrastructure for training purpose. The Directors consider that the Acquisition will enable the Group to enhance its internal infrastructure for training purpose.

Given that the Sale and Purchase Agreement was entered into on normal commercial terms with the consideration being determined based on the market value of the Property, the Directors (including the independent non-executive Directors) consider that the terms of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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Given Weigao Holding is a controlling shareholder holding 47.76% of the issued share capital of the Company as at the date of this announcement, Weigao Holding is therefore a connected person of the Company and the Acquisition contemplated under the Sale and Purchase Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios (other than the profit ratio) in respect of the Acquisition are more than 0.1% but all are less than 5%, the Acquisition will be subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION ON THE GROUP

The Group is principally engaged in the research and development, production and sale of single-use medical devices, orthopaedic products and blood purification products.

INFORMATION ON WEIGAO HOLDING

Weigao Holding is a conglomerate corporate and has investment and engaged in different business sectors, including production and sales of pharmaceutical and medical equipment, logistic services, property development and construction and provision of catering services in China.

GENERAL

Directors of the Company, Mr. Zhang Hua Wei, Mrs. Zhou Shu Hua and Mr. Wang Yi, are also directors of the Weigao Holding, being the connected parties were abstained from voting in the relevant resolutions of the board meeting of the Company. Save as foregoing disclosed, none of the Directors has a material interest in the Sale and Purchase Agreement and the transaction contemplated thereunder.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the Property by the Purchaser from the Vendor in accordance with the terms of the Sale and Purchase Agreement;
“associate”	has the meanings ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Buildings”	the buildings erected on the Land;
“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 limited company established in the PRC, the H shares of which are listed on the Main Board of the Stock Exchange (stock code: 1066);
“Completion”	completion of the Acquisition;

“connected person”	has the meanings ascribed to it under the Listing Rules;
“controlling shareholder”	has the meanings ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Land”	a parcel of land located at nos. 500-1, 500-2 and 500-3 Xi Cui Jia Kou Village, Ge Jia Zhen, Wendeng District, Weihai City, Shandong Province, the PRC (中國山東省威海市文登區葛家鎮西崔家口村500-1號、500-2號、500-3號);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“Property”	comprises the Land and the Buildings;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the agreement dated 1 June 2017 entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Property;
“Shares”	the shares of RMB0.10 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of the Shares;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“sqm”	square meter;
“Weigao Holding”	威高集團有限公司 (Weigao Holding Company Limited*), a company with limited liability and the controlling shareholder of the Company as at the date of this announcement; and
“%”	per cent.

Note: For the purpose of illustration only, RMB is translated to HK\$ at the illustrative rate of RMB1.00 = HK\$1.1418.

By Order of the Board
Shandong Weigao Group Medical Polymer Company Limited
Zhang Hua Wei
Chairman

Hong Kong, 1 June 2017

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*)

Mrs. Zhou Shu Hua (*Non-executive Director*)

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

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

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