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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 PROPERTIES AS STAFF QUARTERS
AT SHANDONG PROVINCE, THE PRC

THE SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 1 June 2017, the Company entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Company agreed to acquire and the Vendor agreed to sell the Properties for a total consideration of RMB187,190,520 (equivalent to approximately HK\$213,734,135).

LISTING RULES IMPLICATIONS

Given the Vendor is a wholly-owned subsidiary of Weigao Holding, which is a controlling shareholder holding 47.76% of the issued share capital of the Company as at the date of this announcement, the Vendor is therefore an associate of 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 Properties

The Properties comprise 409 residential units in the Buildings on the Land, and are equipped with water, gas and heat supplies. The Land was acquired by the Vendor in September 2011 at an acquisition cost of approximately RMB57,400,000. The Buildings were subsequently constructed and developed by the Vendor at a total cost of approximately RMB218,200,000. The current market value of the Buildings is approximately RMB358,400,000 as assessed by an independent professional valuer as at 31 March 2017. The current market value of the Properties is RMB187,190,520 taking into account the average selling price of neighbouring units of similar size and standard.

The net book value of the Properties as shown in the Vendor's latest unaudited accounts as at 31 March 2017 was RMB150,500,000.

Consideration

The consideration for the Properties is RMB187,190,520 (equivalent to approximately HK\$213,734,135), which was determined after arm's length negotiations between the Company and the Vendor with reference to the estimated market value of the Properties. The consideration for the Properties will be payable by the Company to the Vendor in cash within 3 calendar months after the date of completion of delivery of the Properties by the Vendor to the Company for use.

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

Reason for the Acquisition

After the Acquisition, the Group will own the Properties and use them for staff quarter 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 Properties, 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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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 THE VENDOR

The Vendor is principally engaged in real estate development. The Vendor is a wholly-owned subsidiary of 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 Properties 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”	all the 21 buildings erected on the Land, a residential community in the name of Renhe Mansion (仁和苑) ;
“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);
“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”	the land parcel located at Weigao Industry Park, Chu Cun Town, Weihai Torch Hi-tech Science Park, Shandong Province, the PRC (中國山東省威海市高區初村鎮威高工業園);
“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;
“Properties”	comprises a total of 409 units in the Buildings;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the agreement dated 1 June 2017 entered into between the Company and the Vendor in relation to the sale and purchase of the Properties;
“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;
“Vendor”	威海威高房地產開發有限公司 (Weihai Weigao Real Estate Development Company Limited*), a company established in the PRC;
“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*)