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WEGO 威高

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
DISPOSAL OF 29.9% EQUITY INTEREST IN
TARGET COMPANY**

The Board announces that Wellford as the vendor and Shandong Weixin as the purchaser entered into the conditional sale and purchase agreement dated 5 September 2017, pursuant to which, the vendor has conditionally agreed to dispose its 100% equity interests in Better City, the sole asset of Better City is 100% equity interest in Lucky Goal whose sole asset is 29.9% equity interest in Zurich Medical Corporation (the “Target Company”), to the purchaser at the consideration of USD 8.55 million (equivalent to about HK\$66.3 million). The consideration shall be satisfied in cash upon completion. The Target Company is principally engaged in the research and development, production and sales of cardiovascular products, ie. devices used on fractional flow reserve in coronary arteries.

Upon the completion of the disposal, Wellford will cease to hold any interest in the Target Company. As the Shandong Weixin is the subsidiary of Weigao Holding, which is the controlling shareholder of the Company, pursuant to Rule 14A.07(1) of the Listing Rules, the purchaser is a connected person of the Company, as such, entering into the sales and purchase agreement constitutes a connected transaction under Chapter 14A of the Listing Rules.

* For identification purpose only

As one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) in respect of the sales and purchase agreement is or are higher than 0.1% but less than 5%, entering into the sales and purchase agreement is subject to the announcement requirement but exempt from the independent Shareholders' approval requirement of Chapter 14A of the Listing Rules.

1. THE SALES AND PURCHASE AGREEMENT

Date: 5 September 2017

Parties: the vendor: Wellford

the purchaser: Shandong Weixin

Subject matter: Pursuant to the Sales and Purchase Agreement, the vendor conditionally agreed to sell and the purchaser conditionally agreed to purchase 100% equity interests in Better City, an investment vehicle which directly holds 100% equity interests in another investment vehicle named Lucky Goal, which in turn directly holds 29.9% equity interest in the Target Company.

Consideration: The consideration for the disposal shall be USD 8.55 million (equivalent to approximately HK\$66.3 million), which shall be paid in cash upon the completion.

The consideration for the Sales and Purchase Agreement was determined and agreed between the parties after arm's length negotiation based on normal commercial terms, having regard to total investment cost of USD8.55 million, including the relevant costs and expenses paid by the Company.

Completion: The parties shall cooperate and ensure that the proposed Disposal is completed within 6 months after the Sales and Purchase Agreement becoming effective, including completing the procedures for the registration of change in ownership certificate.

After the completion of the proposed Disposal, the Company will cease to have any interest in the Target Company.

2. REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL

The Directors have been constantly evaluating the current businesses of the Group with an aim to streamline its businesses and increase their overall performances and prospects. The Directors are of the view that the Disposal will enhance the cash position and working capital of the Group, and thus allow the Group to restructure its strategic business position and focus in pursuing the development of its core businesses.

3. FINANCIAL IMPACT OF THE PROPOSED DISPOSAL

The unaudited net loss of the Target Company for the six months period ended 30 June 2017 was approximately USD 1.2 million (equivalent to approximately HK\$9.3 million) and the net asset value as of 30 June 2017 was USD 1.0 million (equivalent to approximately HK\$7.7 million).

It is estimated that there would have insignificant financial impact on the Group as the consideration was determined based on total investment cost of USD 8.5 million (equivalent to approximately HK\$66.0 million) plus the relevant expenses of about USD 50,000 (equivalent to approximately HK\$388,000). The Board intends to apply the net proceeds from the Disposal as general working capital of the Group. Upon completion, the Target Company will cease to be an associate company of the Group.

4. INFORMATION ABOUT THE COMPANY AND OTHER PARTIES

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

Better City and Lucky Goal are two indirect wholly owned subsidiaries of the Company and both are investment holding companies.

Shandong Weixin is a subsidiary which is 90% held by Weigao Holding, and is principally engaged in the research and development, production and sale of interventional devices for the treatment of heart diseases.

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.

The Target Company was incorporated in Cayman Islands in 2015 with limited liability and is a 29.9% company holding indirectly by the Company. The Target Company is principally engaged in the research and development, manufacturing and sales of cardiovascular products, ie. devices used on fractional flow reserve in coronary arteries.

Set out below is a summary of the unaudited financial information of the Target Company since its incorporation in 2015:

	For the six months ended 30 June 2017 <i>USD M</i>	For the twelve months ended 31 December 2016 <i>USD M</i>	For the six months ended 31 December 2015 <i>USD M</i>
Revenue	0	0	0
Net loss for the year/period	(1.2)	(0.9)	(0.2)
	30 June 2017 <i>USD M</i>	31 December 2016 <i>USD M</i>	31 December 2015 <i>USD M</i>
Total asset	1.8	1.3	2.4
Total liabilities	0.8	0.4	0.5
Net asset liabilities	1.0	0.9	1.9

5. LISTING RULES IMPLICATIONS

Upon the completion of the disposal, Wellford will cease to hold any interest in the Target Company. As the Shandong Weixin is the subsidiary of Weigao Holding, which is the controlling shareholder of the Company, pursuant to Rule 14A.07(1) of the Listing Rules, the purchaser is a connected person of the Company, as such, entering into the sales and purchase agreement constitutes a connected transaction under Chapter 14A of the Listing Rules.

As at the date of this announcement, one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) in respect of the sales and purchase agreement is or are higher than 0.1% but less than 5%, entering into the sales and purchase agreement is subject to the announcement requirement but exempt from the independent Shareholders' approval requirement of Chapter 14A of the Listing Rules.

6. GENERAL

The Directors (including the independent non-executive Directors) are of the view that the terms of the connected transaction under the Sale and Purchase Agreement in the interests of the Company and its shareholders as a whole and that the terms of the Sales and Purchase Agreement are fair and reasonable.

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 held on 23 August 2017. Save as foregoing disclosed, none of the Directors has a material interest in the Sales 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:

“Better City”	Better City Limited, a company incorporated in the British Virgin Islands on 18 March 2015 with limited liability and is owned as to 100% by Wellford;
“Board”	the board of Directors;
“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;
“Disposal”	the disposal of entire issued share capital of Better City, an investment vehicle which directly holds 100% equity interests in another investment vehicle named Lucky Goal, which in turn directly holds 29.9% equity interest in the Target Company;
“Group”	the Company and its subsidiaries;

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Lucky Goal”	Lucky Goal Limited, (祥標有限公司), a company incorporated in Hong Kong on 6 February 2016 with limited liability and is owned as to 100% by Better City;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“Sales and Purchase Agreement”	the sales and purchase agreement dated 5 September 2017 and entered into between Wellford and Shandong Weixin;
“Shandong Weixin”	山東維心醫療器有限公司 (Shandong Weixin Medical Device Company*) a company with limited liability and a 90% subsidiary of Weigao Holding;
“Shareholder(s)”	the holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Zurich Medical Corporation Banking Corporation*), a company incorporated in Cayman Islands in June 2015;
“Weigao Holding”	威高集團有限公司 (Weigao Holding Company Limited*), a company with limited liability and is one of the controlling shareholders of the Company as at the date of this announcement;

“Wellford”	Wellford Capital Limited, a company incorporated in British Virgin Islands with limited liability on 18 March 2011 and is owned as to 100% by Weigao International, a wholly owned subsidiary of the Company;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC;
“USD”	United States dollar, the lawful currency of the United States of America; and
“%”	per cent.

Note: For the purpose of illustration only, RMB is translated to HK\$ at the illustrative rate of RMB1.00 = HK\$0.8333. USD is translated to HK\$ at the illustrative rate of USD1.00 = HK\$7.76.

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

Hong Kong, 5 September 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*)