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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)

**ANNOUNCEMENT
CONNECTED TRANSACTION
ENTERING INTO
THE FINANCE LEASE FRAMEWORK AGREEMENT
WITH WEIGAO HOLDING**

The board of Shandong Weigao Group Medical Polymer Company Limited (the “Company”) and its subsidiaries (the “Group”) announced that the Group entered into the Finance Lease Framework Agreement with Weigao Holding Company Limited (“Weigao Holding”) and its subsidiaries (the “Weigao Holding Group”) on 30 December 2015, pursuant to which, the Group will provide finance leasing services to Weigao Holding Group with a principal of not exceeding RMB260 million (equivalent to approximately HK\$312 million) for 12 months from the effective date of the respective corresponding agreements.

As at the date of this announcement, Weigao Holding is the controlling shareholder of the Company. As such, Weigao Holding is a connected person of the Company. Therefore, the transactions contemplated under the Finance Lease Framework Agreement entered into between the Group and Weigao Holding Group constitute connected transactions of the Company under the Listing Rules.

* For identification purpose only

As one or more applicable percentage ratios (as defined in Rule 14A.06 under the Listing Rules) in respect of the transactions contemplated under the Finance Lease Framework Agreement exceeds 0.1%, but is less than 5.0%. Therefore, the transactions shall be subject to the reporting and announcement requirements, but exempt from the circular (including independent financial advice) and independent Shareholders' approval requirement under Chapter 14A.76 of the Listing Rules.

FINANCE LEASE FRAMEWORK AGREEMENT

Date

30 December 2015

Parties

- the Group
- Weigao Holding Group

Subject Matter

Pursuant to the Finance Lease Framework Agreement, the Group will provide finance leasing services to Weigao Holding Group with a principal balance of not exceeding RMB260 million (equivalent to approximately HK\$312 million) for 12 months from the effective date of the respective corresponding agreements.

Weigao Holding Group shall obtain the financing, inter alia, by way of sale-and-lease-back arrangements, pursuant to which Weigao Holding Group will pledge its own assets to the Group to obtain financing, and then the Group will lease back the assets to Weigao Holding Group and Weigao Holding Group will pay rental plus interest on a monthly basis to the Group.

Upon expiry of the lease term, Weigao Holding Group will repurchase the assets from the Group after the principal, rental and interest have been fully paid to the Group according to the corresponding respective agreements under the Finance Lease Framework Agreement.

Lease Term

A term of 12 months, commencing from the date of entering into the respective corresponding agreements.

Major Terms

A principal balance of not exceeding RMB260 million (equivalent to approximately HK\$312 million) for 12 months from the effective date of the respective corresponding agreements. The financing balance represents the aggregate principal amount outstanding including lease interest under the Finance Lease Framework Agreement.

The Group will provide financing services by way of sale-and-leaseback arrangements, pursuant to which the Weigao Holding Group will pledge its own assets in full to the Group to obtain financing, and then the Group will lease back the assets to Weigao Holding Group and Weigao Holding Group will pay rental plus interest on a monthly basis to the Group. Upon expiry of the lease term, the Weigao Holding Group will repurchase the assets from the Group after the principal, rental and interest have been fully paid to the Group according to the corresponding respective agreements.

The Finance Lease Framework Agreement will come into effect upon approval by the authorized examining of both parties, and being signed by the authorized representatives of both parties. Under the Finance Lease Framework Agreement, the Group and Weigao Holding Group shall further enter into separate agreements in respect of providing the specific finance lease service and determine the specific terms and conditions of the transactions. During the term of the Finance Lease Framework Agreement, the legal title of the leased assets shall vest in the Group.

Control Measures

The Group has adopted a set of effective internal control policies to supervise the connected transactions of the Group. Prior to entering into respective agreements, the authorized departments of the Group will review and assess the specific terms and conditions of the transactions and to compare the lease interest with reference to the current market conditions

and the prices charged or quoted by independent third parties providing services of similar nature with comparable scale under normal trading conditions around that time. The finance department of the Group will trace, monitor and check the progress of the transactions of the Group on a monthly basis. The audit committee of the Board continuously conducts strict review on the connected transactions to ensure the completeness and effectiveness of the internal control measures regarding the connected transactions.

PRICING BASIS

There is no historical transaction under the Finance Lease Framework Agreement. The interest of finance lease services offered by the Group shall not be lower than the financing cost of services of similar nature provided by third party finance lease companies in the PRC to Weigao Holding Group. The Group shall collect information about the terms and conditions of the relevant transactions and compare the interest rates from principle leasing companies in China to ensure terms and conditions are more favourable to the Group than prices and terms available from independent third parties to Weigao Holding Group.

The Group would take into account of (i) the availability and the flexibility of the internal funding of the Group on finance lease services to Weigao Holding Group; (ii) the business development plan and the daily operation and development of the Group; (iii) the current finance leasing services available in the market and comparison of current lending and the saving rate offered by the principal banks in the PRC; (iv) the nature and the value of the leased assets provided by Weigao Holding Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE FRAMEWORK AGREEMENT

In providing finance leasing services to Weigao Holding Group by the Group, the financing cost earned by the Group shall not be less than the financing cost of services in a similar nature provided by third party finance lease companies in the PRC to the Weigao Holding Group. Finance leasing services are beneficial to the Group as the Group could diversify the capital allocation and management, optimize the available capital return and capital usage efficiency and could also enhance addition interest income at a higher-than-market rate when offering convenient and effective financial leasing services to Weigao Holding Group.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Finance Lease Framework Agreement were negotiated on arm's length basis and entered into in the ordinary course of business of the Group and on normal commercial terms. The terms of the Finance Lease Framework Agreement are in the interests of the Group and its shareholders as a whole.

INFORMATION OF THE PARTIES

The Group

The Group is principally engaged in the research and development, production and sale of single-use medical devices. The Group has a wide range of products, which includes: 1) consumables (infusion set, syringes, medical needles, blood bags, blood sampling products and other consumables); 2) orthopedic products; and 3) blood purification consumables and equipment. The Group has a nationwide sales network and an extensive customer base of over 5,200 healthcare organizations, including over 3,100 hospitals and 410 blood stations.

Weigao Holding Group

Weigao Holding Group 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 food and beverage services in the PRC.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Weigao Holding is the controlling shareholder holds 48.25% of the total issued share capital of the Company, and therefore is thus a connected person of the Company pursuant to the meaning of the Listing Rules. The transactions contemplated under the Finance Lease Framework Agreement entered into between the Group and Weigao Holding Group constitute connected transactions of the Group under the Listing Rules.

Since Mr. Chen Xue Li, Mr. Zhang Hua Wei, Mrs. Zhou Shu Hua and Mr. Wang Yi, directors of the Company are also connected directors of Weigao Holding Group, they were abstained from voting in the relevant resolutions of the Board in relation to the approval of entering into the Finance Lease Framework Agreement of the Group dated 30 December 2015.

As one or more applicable percentage ratios (as defined in Rule 14A.06 under the Listing Rules) in respect of the connected transactions contemplated under the Finance Lease Framework Agreement exceeds 0.1%, but is less than 5.0%. Therefore, the connected transactions shall be subject to the reporting and announcement requirements, but exempt from the circular (including independent financial advice) and independent Shareholders' approval requirement under Chapter 14A.76 of the Listing Rules.

DEFINITION

“Board”	the board of directors of the Company
“Company”	Shandong Weigao Group Medical Polymer Company Limited, a company incorporated in the People's Republic of China, the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Group
“Group”	the Company and its subsidiaries
“Finance Lease Framework Agreement”	The finance lease framework agreement entered into between the Group and Weigao Holding Group dated 30 December 2015
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People's Republic of China and for the purpose of this announcement excluding Taiwan, Hong Kong and the Macau Special Administrative Region
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Weigao Holding ”	Weigao Holding Company Limited, established in the PRC on 4 August 1998 with limited liability and is a controlling shareholder holding 48.25% equity interest in the Company

“Weigao Holding Group”	Weigao Holding or its subsidiaries
“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 HK\$ is based on the exchange rate of RMB0.8332 = HK\$1.00.

Shandong Weigao Group Medical Polymer Company Limited
Chen Xue Li
Chairman

30 December 2015

Shandong, the PRC

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*)

Mr. Chen Xue Li (*Non-executive Director*)

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

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

Mr. Li Jia Miao (*Independent non-executive Director*)

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

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