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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 TRANSACTIONS
DISPOSALS OF A SUBSIDIARY**

THE EQUITY TRANSFER AGREEMENTS

The Board is pleased to announce that on 1 June 2017, (i) the Equity Transfer Agreement A was entered into between the Company and the Purchaser in relation to the Disposal A at a consideration of RMB8,000,000 (equivalent to approximately HK\$9,134,400); and (ii) the Equity Transfer Agreement B was entered into between Wellford Capital and the Purchaser in relation to the Disposal B at a consideration of RMB8,000,000 (equivalent to approximately HK\$9,134,400).

LISTING RULES IMPLICATIONS

Given the Purchaser is a 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 Purchaser is therefore an associate of a connected person of the Company and the Disposals contemplated under the Equity Transfer Agreements constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios in respect of the Disposals in aggregate are more than 0.1% but all are less than 5%, the Disposals 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

THE EQUITY TRANSFER AGREEMENTS

(A) The Equity Transfer Agreement A

On 1 June 2017, the Equity Transfer Agreement A was entered into between the Company and the Purchaser in relation to the Disposal A at a consideration of RMB8,000,000 (equivalent to approximately HK\$9,134,400), which is determined with reference to 50% of the net asset value of the Disposal Company and shall be payable by the Purchaser to the Company in cash within 4 calendar months after the date of the Equity Transfer Agreement A.

(B) The Equity Transfer Agreement B

On 1 June 2017, the Equity Transfer Agreement B was entered into between Wellford Capital and the Purchaser in relation to the Disposal B at a consideration of RMB8,000,000 (equivalent to approximately HK\$9,134,400), which is determined with reference to 50% of the net asset value of the Disposal Company and shall be payable by the Purchaser to Wellford Capital in cash within 4 calendar months after the date of the Equity Transfer Agreement B.

Completion

Upon completion of the Disposals, the Company will cease to have any equity interest in the Disposal Company.

INFORMATION ON THE DISPOSAL COMPANY

The Disposal Company is principally engaged in the production and sale of cardio pulmonary products, wound care products and in vitro fertilization products in the PRC.

The following information is extracted from the unaudited management account of the Disposal Company prepared in accordance with the generally accepted accounting principles in the PRC for the two financial years ended 31 December 2015 and 2016:

	2015	2016
	<i>RMB</i>	<i>RMB</i>
Net asset value	19,264,574	15,719,134
Net loss before taxation	246,886	3,545,439
Net loss after taxation	246,886	3,545,439

REASONS AND BENEFITS OF THE EQUITY TRANSFER AGREEMENTS

Given the principal business of the Disposal Company is not one of the core businesses of the Group, the Disposals enable the Group to generate more cash from the proceeds of the Disposals as well as to reshuffle and focus its resources to its key businesses.

As a result of the Disposals, subject to audit, it is expected that the Group will incur a net loss of approximately RMB4,000,000, being the difference between the proceeds from the Disposals and the original setup cost of the Disposal Company by the Group.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreements were entered into on normal commercial terms, and are fair and reasonable and in the interests of the Shareholders as a whole.

USE OF PROCEEDS

The proceeds from the Disposals will be approximately RMB16,000,000 (equivalent to approximately HK\$18,268,800), which will be used for general working capital purposes of the Group.

LISTING RULES IMPLICATIONS

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As certain applicable percentage ratios in respect of the Disposals in aggregate are more than 0.1% but all are less than 5%, the Disposals 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 COMPANY

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

Wellford Capital is principally engaged in investment holding.

INFORMATION ON THE PURCHASER

The Purchaser is principally engaged in the production and sale of surgical needle and surgical sutures. The Purchaser is a 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 each of the Equity Transfer Agreements and the transaction contemplated thereunder.

DEFINITIONS

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

“associate”	has the meanings ascribed to it under the Listing Rules;
“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 A”	the disposal of 50% equity interest of the Disposal Company by the Company to the Purchaser under the Equity Transfer Agreement A;
“Disposal B”	the disposal of 50% equity interest of the Disposal Company by Wellford Capital to the Purchaser under the Equity Transfer Agreement B;
“Disposals”	comprises the Disposal A and the Disposal B;
“Disposal Company”	山東威高新生醫療器械有限公司 (Shandong Weigao Newlife Medical Device Co., Ltd.*), a company established in the PRC with limited liability;

“Equity Transfer Agreements”	comprises the Equity Transfer Agreement A and the Equity Transfer Agreement B;
“Equity Transfer Agreement A”	the agreement dated 1 June 2017 entered into between the Purchaser and the Company in relation to the Disposal A;
“Equity Transfer Agreement B”	the agreement dated 1 June 2017 entered into between the Purchaser and Wellford Capital in relation to the Disposal B;
“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;
“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;
“Purchaser”	威海威高富森医用材料有限公司(Weihai Weigao Foosin Medical Supplies Inc., Ltd.), a company established in the PRC;
“RMB”	Renminbi, the lawful currency of the PRC;
“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;

“Wellford Capital”	Wellford Capital Limited, a company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of the Company;
“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*)