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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 (SECOND PHASE) AS
STAFF QUARTERS AT SHANDONG PROVINCE, THE PRC**

THE SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 28 December 2018, 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 RMB130,952,000 (equivalent to approximately HK\$149,442,000).

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 269 residential units and 147 carpark spaces in the Buildings on the Land, and are equipped with water, gas and heat supplies. The parcels of Land were acquired by the Vendor in 2011 and 2014 at a total acquisition cost of RMB112,730,000 and the Buildings were subsequently constructed and developed by the Vendor. The average acquisition and construction cost of the Properties was approximately RMB4,600 per sq.m. The current appraised value of the Properties is approximately RMB6,500 per sq.meter, as assessed by an independent professional valuer as at 20 December 2018. The total consideration of the Properties is RMB130,952,000, with an average price of RMB5,500 per sq.m, represents a discount of 15.4% to the appraised value.

Consideration

The consideration for the Properties is RMB130,952,000 (equivalent to approximately HK\$149,442,000), 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 as the Properties are located at proximity to the headquarter of the Company.

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 a total solution provider in the medical device sector in China and 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: infusion sets, syringes, needles, orthopaedic products, interventional products, pharma packaging products, blood management products and is also engaged in financial leasing and factoring businesses in China. The Group has a nationwide sales network and an extensive customer base of about 5,100 healthcare organizations, including over 2,400 hospitals and 400 blood stations.

INFORMATION ON THE VENDOR

Weigao Holding is a conglomerate corporate and is also engaged in different business sectors, including production and sales of pharmaceutical and medical equipment, logistic services, property development, hotel business, and food and beverage services and logistic business in China.

GENERAL

Directors of the Company, Mr. Zhang Hua Wei, Mrs. Zhou Shu Hua, Mr. Wang Yi, Mr. Gong Jian Bo and Mr. Long Jing 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 28 December 2018. 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”	269 residential units and 147 carpark spaces in the buildings erected on the Land, residential communities in the names of Renhe Mansion (仁和苑) and Xinhe Mansion (信和苑) ;
“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”	portions of land parcels 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 269 units and 147 carpark spaces in the Buildings;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the agreement dated 28 December 2018 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;
“sq.m”	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\$1.1412.

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

Hong Kong, 28 December 2018

As at the date of this announcement, the Board comprises:

Mr. Zhang Hua Wei (*Executive Director*)

Mr. Long Jing (*Executive Director*)

Mr. Gong Jian Bo (*Executive Director*)

Mr. Wang Yi (*Non-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*)