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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
DISPOSAL OF PROPERTIES AND ACQUISITION OF
PROPERTIES AT SHANDONG PROVINCE

Disposal of Properties A by Weigao Asset

The Board is pleased to announce that on 17 April 2020, Weigao Asset entered into the Sale and Purchase Agreement I with Weigao Holding, pursuant to which Weigao Asset agreed to dispose and Weigao Holding agreed to acquire the Properties A for a total consideration of approximately RMB156,440,200 (equivalent to approximately HK\$171,693,000). Weigao Asset is an indirect non wholly subsidiary of the Company and is intended to redeploy its assets and realize its investment in the Property A to make funds available for other business investments.

Acquisition of Properties B by Weigao Ortho

The Board is also pleased to announce that on 17 April 2020, Weigao Ortho entered into the Sale and Purchase Agreement II with Weigao Holding, pursuant to which Weigao Ortho agreed to acquire and Weigao Holding agreed to sell the Properties B for a total consideration of RMB151,650,000 (equivalent to approximately HK\$166,436,000). Weigao Ortho is a non wholly subsidiary of the Company and is intended to use the Property B as an integrated production plant which is in proximity to existing industrial park of Weigao Ortho.

* *For identification purpose only*

LISTING RULES IMPLICATIONS

Given Weigao Holding is the controlling shareholder holding 47.76% of the issued share capital of the Company as at the date of this announcement, is therefore a connected person of the Company and the Disposal of Properties A and the Acquisition of Properties B contemplated under the Sale and Purchase Agreement I and the Sale and Purchase Agreement II respectively constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios in respect of the Disposal and the Acquisition are more than 0.1% but all are less than 5%, the Disposal and 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.

1. DISPOSAL BY WEIGAO ASSET

The Board is pleased to announce that on 17 April 2020, Weigao Asset entered into the Sale and Purchase Agreement I with Weigao Holding, pursuant to which Weigao Asset agreed to dispose and Weigao Holding agreed to acquire the Properties A for a total consideration of approximately RMB156,440,200 (equivalent to approximately HK\$171,693,000). Weigao Asset is a non wholly subsidiary of the Company and is intended to redeploy its assets and realize its investment in the Property A to make funds available for other business investments.

The agreed consideration was arrived at after taking into account the valuation of the Properties A as at 15 March 2020 by the independent professional valuer, with the appraised value of RMB156,440,200 (equivalent to approximately HK\$171,693,000).

The Properties A

The Properties A comprise 9 blocks of multi-storey building with 468 residential units, equipped with water, gas and heat supplies. The Properties A is a premise with a construction area of approximately 40,612 sq. m. and covers a plot of land with a gross area of 23,189 sq.m. The parcel of land was acquired by Weigao Asset in 2016 at an acquisition cost of about RMB93,054,000 (equivalent to about HK\$102,127,000) and the buildings were subsequently constructed and developed in 2016. The average cost of acquisition and construction of the Properties A was approximately RMB2,291 per sq.m and the current appraised value is approximately RMB3,852 per sq.m as assessed by an independent professional valuer as at 15 March 2020.

Consideration

The consideration for the Properties A is RMB156,440,200 (equivalent to approximately HK\$171,693,000), which was determined after arm's length negotiations between Weigao Asset and the Weigao Holding with reference to the market value of the Properties A. The consideration for the Properties A will be payable by Weigao Holding to Weigao Asset in cash within one (1) calendar month after the date of completion of registration of title of the Properties A by the Weigao Asset to Weigao Holding.

Reasons and Benefit of for the Disposal

Weigao Asset intended to redeploy its assets and realize its investment in the Properties A to make funds available for other business investments when suitable opportunities arise. The Disposal generated proceeds of RMB156,440,200 (equivalent to approximately HK\$171,693,000), which shall be used for funding the business development of the Group in future and enhancing the working capital of the Group.

Given that the Sale and Purchase Agreement I was entered into on normal commercial terms with the consideration being determined based on the market value of the Properties A, the Directors (including the independent non-executive Directors) consider that the terms of the Disposal under the Sales and Purchase Agreement I were entered into in the usual and ordinary course of business of the Group, are conducted on an arm's length basis and on normal commercial terms, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

2. ACQUISITION BY WEIGAO ORTHO

The Board is also pleased to announce that on 17 April 2020, Weigao Ortho entered into the Sale and Purchase Agreement II with Weigao Holding pursuant to which Weigao Ortho agreed to acquire and Weigao Holding agreed to sell the Properties B for a total consideration of approximately RMB151,650,000 (equivalent to approximately HK\$166,436,000). Weigao Ortho is a non wholly subsidiary of the Company and is intended to use the Property B as an integrated production plant which is in proximity to existing industrial park of Weigao Ortho.

The agreed consideration was arrived at after taking into account the valuation of the Properties B as at 20 March 2020 by the independent professional valuer, and represents the appraised value of RMB151,650,000 (equivalent to approximately HK\$166,436,000).

The Properties B

The Properties is a mixed use construction with production plants, offices, canteen and staff quarters, with a construction area of approximately 51,061 sq.m., situated on a plot of land with a gross area of 61,633 sq.m.. The parcel of land was acquired by Weigao Holding at a total acquisition cost of RMB19,349,000 and the buildings were subsequently constructed and developed by Weigao Holding at a construction cost of about RMB108,329,000 in 2012. The current appraised value of the Properties B is approximately RMB151,650,000, as assessed by an independent professional valuer as at 20 March 2020.

Consideration

The consideration for the Properties B is RMB151,650,000 (equivalent to approximately HK\$166,436,000), which was determined after arm's length negotiations between Weigao Ortho and Weigao Holding with reference to the appraised market value of the Properties B. The consideration for the Properties B will be payable by Weigao Ortho to Weigao Holding in cash in two instalments within 30 days after the date of completion of relevant registration of title. Weigao Ortho intends to fund the Acquisition by its internal resources.

Reason for the Acquisition

After the Acquisition, Weigao Ortho will own the properties and use them for production use as the Properties B are located at proximity to the existing manufacturing factories of Weigao Ortho.

Given that the Sale and Purchase Agreement II was entered into on normal commercial terms with the consideration being determined based on the market value of the Properties B, the Directors (including the independent non-executive Directors) consider that the terms of the Disposal under the Sales and Purchase Agreement II were entered into in the usual and ordinary course of business of the Group, are conducted on an arm's length basis and on normal commercial terms, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATION

Given Weigao holding is the controlling shareholder holding 47.76% of the issued share capital of the Company as at the date of this announcement, Weigao Holding is therefore a connected person of the Company and the Disposal and the Acquisition contemplated under the Sale and Purchase Agreement I and the Sales and Purchase Agreement II respectively constitute connected transactions for the Company under Chapter 14A of the Listing Rules. As certain applicable percentage ratios (other than the profit ratio) in respect of the Disposal and Acquisition are more than 0.1% but all are less than 5%, the Disposal and 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 AND PARTIES

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.

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.

Weigao Asset is principally engaged in asset management and property leasing business entrusted by Weigao Ortho and is a wholly subsidiary of Weigao Ortho. Weigao Ortho is principally engaged in the research and development, production and sale of orthopaedic products.

GENERAL

Directors of the Company, Mr. Zhang Hua Wei, Mr. Wang Yi, Mrs. Zhou Shu Hua 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 30 March 2020. Save as foregoing disclosed, none of the Directors has a material interest in the Sale and Purchase Agreement I and the Sales and Purchase Agreement II and the transactions 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 B by Weigao Ortho from Weigao Holding in accordance with the terms of the Sale and Purchase Agreement II dated 17 April 2020;
“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 the Properties A by Weigao Asset to Weigao Holding in accordance with the terms of the Sale and Purchase Agreement II dated 17 April 2020;

“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;
“Property A”	a plot of land covering a gross area of 23,189 sq.m. located at 威海市香江路26號 (26 XiangJiang Road, Weihai*) with 9 blocks of buildings with a saleable area of 40,612 sq.m.;
“Property B”	a mixed used production plant with offices, canteen and staff quarters situated on a plot of land covering a gross area of 61,633 sq.m. located at 威海環翠區張村鎮天目路東、大嵐山南 (South of Mt. DaLan, East of TianMu Road, ZhangCun Town, HuanCui District, Weihai*);
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement I”	the agreement dated 17 April 2020 entered into between Weigao Asset and Weigao Holding in relation to the sale and purchase of the Properties A;
“Sale and Purchase Agreement II”	the agreement dated 17 April 2020 entered into between Weigao Ortho and Weigao Holding in relation to the sale and purchase of the Properties B;
“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;
“Weigao Asset”	威海威高資產管理有限公司 (Weihai Weigao Asset Management Company Limited*), a wholly owned subsidiary of Weigao Ortho 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;
“Weigao Ortho”	山東威高骨科材料股份有限公司 (Shandong Weigao Orthopaedic Device Company Limited*), a limited liability company and is owned as to 75.29% of the Company; and
“%”	per cent.

Note: For the purpose of illustration only, RMB is translated to HK\$ at the illustrative rate of RMB1.00 = HK\$1.0975.

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

Hong Kong, 17 April 2020

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

Mr. Zhang Hua Wei (*Executive Director*)

Mr. Wang Yi (*Executive Director*)

Mr. Long Jing (*Executive Director*)

Mr. Gong Jian 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*)