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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 DISPOSAL OF A SUBSIDIARY**

The Board is pleased to announce that on 28 August 2019, the Company and the Purchaser entered into the Share Transfer Agreement, pursuant to which the Company shall dispose of the Sale Shares, representing the entire issued share capital of the Target Company, at a consideration of RMB11.3 million (equivalent to approximately HK\$12.4 million) in cash. The Target Company is principally engaged in production of blood collecting needles and blood collection tubes.

As the Purchaser is the controlling shareholder of the Company, pursuant to Rule 14A.07(3) of the Listing Rules, the Purchaser is a connected person of the Company, as such, the entering into of the Share Transfer Agreement and the Disposal will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. The Board has approved the Share Transfer Agreement and the Disposal and the independent non-executive Directors have confirmed that the terms of the Share Transfer Agreement are fair and reasonable and the Disposal contemplated thereunder is on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Since each of the applicable percentage ratios in respect of the Disposal is below 5%, the Disposal is subject to reporting and announcement requirements and exempt from the requirement of independent shareholders' approval under Chapter 14A of the Listing Rules.

## **THE DISPOSAL**

The major terms of the Share Transfer Agreement are as follows:

## **THE SHARE TRANSFER AGREEMENT**

**Date:** 28 August 2019

### **Parties**

- (1) the Vendor: the Company
- (2) the Purchaser: Weigao Holding Company Limited, a company incorporated in the People's Republic of China with limited liability

As at the date of this announcement, the Company holds 100% of the entire issued shares of the Target Company.

### **Asset being disposed of and assigned**

The asset being disposed of is the Sale Shares, representing the entire issued share capital of the Target Company, and the net asset value of the Target Company as of 31 July 2019 was approximately RMB11.3 million (equivalent to approximately HK\$12.4 million).

### **Consideration:**

The consideration for the Sale Shares is RMB11.3 million (equivalent to approximately HK\$12.4 million) which shall be payable by the Purchaser to the Vendor in cash. The Purchaser shall pay approximately RMB11.3 million (equivalent to approximately HK\$12.4 million) within 4 months' time after the signing of the Share Transfer Agreement. The consideration for the Sale Shares was determined after arm's length negotiation between the Vendor and the Purchaser with reference to the net asset value of the Target Company as at 31 July 2019 in the amount of RMB11.3 million (equivalent to approximately HK\$12.4 million).

**Completion:**

Completion of the Disposal shall take place within 4 months after the full payment of the consideration. On completion of the Disposal, the Vendor shall procure the Sale Shares be transferred and registered under the name of the Purchaser.

**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 product portfolio. The Directors are of the view that the disposal of the Target Company will allow the Group to focus its resources in developing its core products. The proceeds from the Disposal will be approximately RMB11.3 million (equivalent to approximately HK\$12.4 million), which will be used for general working capital purposes of the Group.

**Financial Impact of the Proposed Disposal**

The unaudited net profit of the Target Company for the year ended 31 December 2018 and seven months ended 31 July 2019 were approximately RMB0.71 million and RMB0.48 million and the net asset as of 31 July 2019 was RMB11.3 million. (equivalent to approximately HK\$12.4 million).

For illustrative purpose, the consideration of the Disposal for a total of RMB11.3 million (equivalent to approximately HK\$12.4 million) which is determined with reference to the net asset value of the Target Company as of 31 July 2019 and an expense of approximately RMB100,000. The actual amount of gain or loss as a result of the Disposal to be recorded by the Company will be insignificant and will be subject to the review and final audit by the auditors of the Company. Upon Completion, the Target Company will no longer be a subsidiary of the Company. Accordingly, the assets, liabilities and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

## Information about the Company and other parties

The Company 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 over 5,100 healthcare organizations, including over 2,400 hospitals and 400 blood stations.

Weigao Holding is a conglomerate engaging in 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.

The Target Company was incorporated in the PRC with limited liability in 2015 and commenced operation in 2018. As at the date of this announcement, it is a 100 % subsidiary owned by the Company. The Target Company is principally engaged in the research and development and manufacturing of blood collecting needles and blood collection tubes.

Set out below is a summary of the unaudited financial information on the Target Company for the year ended 31 December 2018 and seven months ended 31 July 2019:

|                                     | <b>For the 7<br/>months ended<br/>31 July<br/>2019<br/>RMB</b> | For the<br>year ended<br>31 Dec<br>2018<br>RMB | For the<br>year ended<br>31 Dec<br>2017<br>RMB |
|-------------------------------------|--|--|--|
| Revenue                             | <b>43,410,000</b>  | 17,020,000                                     | 0  |
| Unaudited net profit for the period | <b>480,000</b>   | 710,000  | 0  |

The unaudited net assets value and total assets value of the Target Company as at 31 July 2019 were approximately RMB11.3 million (equivalent to approximately HK\$12.4 million) and RMB39.44 million (equivalent to approximately HK\$43.8 million) respectively.

## **Listing Rules Implications**

As the Purchaser is the controlling shareholder of the Company, pursuant to Rule 14A.07(3) of the Listing Rules, the Purchaser is a connected person of the Company, as such, the entering into of the Share Transfer Agreement and the Disposal will constitute a connected transaction of the Company 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.

## **GENERAL**

The Directors (including the independent non-executive Directors) are of the view that the terms of the connected transaction under the Share Transfer Agreement are conducted on normal commercial terms or in the ordinary and usual course of business of the Group, and is in the interests of the Company and its shareholders as a whole and that the terms of the Share Transfer Agreement are fair and reasonable.

Directors of the Company, Mr. Zhang Hua Wei, Mr. Long Jing, Mr. Wang Yi, Mrs. Zhou Shu Hua and Mr. Gong Jian Bo, 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 August 2019. Save as foregoing disclosed, none of the Directors has a material interest in the Share Transfer 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:

|                           |   |
|---------------------------|---|
| “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 the Target 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   |
| “Listing Rules”           | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “Purchaser”               | 威高集團有限公司 (Weigao Holding Company Limited*), a company incorporated in the PRC with limited liability in 1998 and is the controlling shareholder holding 47.76% interest in the Company as at the date of this announcement      |

|                            |  |
|----------------------------|--|
| “PRC”                      | the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan                               |
| “RMB”                      | Renminbi, the lawful currency of the PRC   |
| “Sale Shares”              | the total issue share capital of the Target Company  |
| “Share Transfer Agreement” | the Share Transfer agreement dated 28 August 2019 and entered into between the Company and the Purchaser   |
| “Shareholder(s)”           | the holder(s) of the Shares  |
| “Stock Exchange”           | The Stock Exchange of Hong Kong Limited  |
| “Target Company”           | 威海威高採血耗材有限公司 (Weihai Weigao Blood Supplier Co., Limited*), a company incorporated in the PRC with limited liability in July 2015 and is a wholly owned subsidiary of the Company |
| “%”                        | per cent   |

*Note: For the purpose of illustration only, RMB is translated to HK\$ at the illustrative rate of RMB1.00 = HK\$1.0964.*

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

Hong Kong, 28 August 2019

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

Mr. Zhang Hua Wei (*Executive Director*)

Mr. Long Jing (*Executive Director*)

Mr. Wang Yi (*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*)

\* *For identification purpose only*