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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)

VOLUNTARY ANNOUNCEMENT IN RELATION TO POSSIBLE CONNECTED TRANSACTIONS

This announcement is made by Shandong Weigao Group Medical Polymer Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

PROPOSED DEEMED DISPOSAL OF INTEREST IN WEIGAO ORTHO

With a view to recognizing the contribution of and incentivizing the management team (the “**Management Team**”) of Shandong Weigao Orthopaedic Device Company Limited* (“**Weigao Ortho**”), a non-wholly owned subsidiary of the Company, Weigao Ortho intends to issue to the Management Team approximately 10% of its enlarged registered capital (the “**Proposed Subscription**”). The cash consideration for the Proposed Subscription is expected to be approximately RMB311 million which is determined on an arm's length basis. The Proposed Subscription would be conditional upon the approval being obtained from the relevant government authorities in the PRC.

Upon completion of the Proposed Subscription, the equity interest of the Company in Weigao Ortho will be reduced from 90% to 81%. The Proposed Subscription would constitute a deemed disposal of the Company's equity interest in Weigao Ortho under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

* For identification purpose only

The Management Team includes directors of Weigao Ortho who are connected persons of the Company. The Proposed Subscription, if materialised, will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. It is expected that the applicable percentage ratios of the Proposed Subscription will be more than 0.1% but less than 5%, and the Proposed Subscription will be subject to the reporting and announcement but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will make further announcement(s) in relation to the Proposed Subscription as and when appropriate and comply with all other relevant requirements under the Listing Rules.

PROPOSED PROVISION OF FINANCIAL ASSISTANCE

The Company intends to provide financial assistance to certain members of the Management Team to fund their participation in the Proposed Subscription. The proposed financial assistance will be in the form of unsecured and interest-bearing loan for a term of five years. Some of these members are connected persons at the Weigao Ortho level. The proposed financial assistance, if materialised, will constitute connected transaction of the Company under Chapter 14A of the Listing Rules. It is expected that the proposed financial assistance to one of those members will be more than 1% but less than 5% and such financial assistance will be subject to the reporting and announcement but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The proposed transactions above may or may not proceed and their final structure and terms have yet to be finalised. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Weihai, Shandong, the PRC, 3 May 2016

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

Mr. Zhang Huawei (*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*)

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

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

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