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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)**

**1) RENEWAL OF CONTINUING CONNECTED  
TRANSACTIONS IN RESPECT OF  
FRAMEWORK AGREEMENTS  
WITH WEIGAO HOLDING GROUP**

**2) RENEWAL OF CONTINUING CONNECTED  
TRANSACTIONS IN RESPECT OF  
FINANCIAL LEASING AND FACTORING FRAMEWORK  
AGREEMENT WITH WEIGAO HOLDING GROUP**

**(1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS  
BETWEEN THE GROUP AND THE WEIGAO HOLDING GROUP  
UNDER THE FRAMEWORK AGREEMENTS 2016, INCLUDING  
THE PURCHASE FRAMEWORK AGREEMENT, THE SALES  
FRAMEWORK AGREEMENT, THE TENANCY FRAMEWORK  
AGREEMENT AND THE SERVICES FRAMEWORK AGREEMENT**

Reference is made to the announcement and circular of the Company dated 30 August 2013 and 27 September 2013 pursuant to which, it was stated, inter alia, that the annual caps for the continuing connected transactions contemplated under the Framework Agreements 2013 between the Group and the Weigao Holding Group for each of the three years ended 31 December 2014, 2015 and the year to be ending 31 December 2016 and will be expired on 31 December 2016.

\* For identification purpose only

The Board hereby announces that on 25 November 2016, the Group renewed and entered into the Framework Agreements 2016 with the Weigao Holding Group for a further term of two years commencing from 1 January 2017 and expiring on 31 December 2018.

The proposed annual caps have been determined after taking into account (i) the historical transaction figures under the existing Framework Agreements 2013; (ii) the expected year on year expansion of the business scope of the Group; and (iii) the expansion of the business line of the Group to provide centralised distribution services to hospitals to be commenced from the year of 2017.

**2) RENEWAL OF CONTINUING CONNECTED TRANSACTION BETWEEN THE GROUP AND THE WEIGAO HOLDING GROUP UNDER THE FINANCIAL LEASING AND FACTORING FRAMEWORK AGREEMENT 2016**

Reference is made to the announcements of the Company dated 30 December 2015 and 6 January 2016 pursuant to which, the existing annual cap for the continuing connected transactions contemplated under the financial leasing and factoring framework agreement between the Group and Weigao Holding Group for the year ending 31 December 2016 is less than RMB260.0 million (equivalent to approximately HK\$293.8 million), will be expired on 31 December 2016.

The Board hereby announces that on 25 November 2016, the Group entered into the Financial Leasing and Factoring Framework Agreement 2016 with the Weigao Holding Group for a further term of two years commencing from 1 January 2017 and expiring on 31 December 2018.

The proposed annual cap has been determined after taking into account the expected asset base of the Group and the availability of capital funding for the financial leasing and factoring business of the Group.

## LISTING RULES IMPLICATION

As at the date of this announcement, the Weigao Holding is the controlling shareholder of the Company. As such, Weigao Holding is a connected person of the Company. The transactions contemplated under the Framework Agreements 2016 and the Financial Leasing and Factoring Framework Agreement 2016 entered into between the Company and the Weigao Holding Group constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio under Rule 14.07 of the Listing Rule in respect of the Framework Agreements 2016 and the Financial Leasing and Factoring Framework Agreement exceed 0.1%, but is less than 5.0%. Such transactions contemplated under the Framework Agreements 2016 and the Financial Leasing and Factoring Framework Agreement 2016 are therefore subject to the reporting and announcement requirements, but exempt from circular (including independent financial advice) and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## INTRODUCTION

The Board is pleased to announce that on 25 November 2016, the Company entered into the Framework Agreements 2016 and the Financial Leasing and Factoring Framework Agreement 2016 with the Weigao Holding, a controlling shareholder of the Company.

### **1. Renewal of Continuing Connected Transactions between the Group and the Weigao Holding Group – the Framework Agreements 2016, comprising the Purchase Framework Agreement, the Sales Framework Agreement, the Tenancy Framework Agreement and the Services Framework Agreement**

The Company entered into the Purchase Framework Agreement, the Sales Framework Agreement, the Tenancy Framework Agreement, the Services Framework Agreement (collectively the Framework Agreements 2016) on 25 November 2016 to renew and to re-set a maximum aggregate annual cap for the continuing connected transactions between the Group and the Weigao Holding Group for a term of two years from 1 January 2017 to 31 December 2018, details of which are stated as follows.

## ***A. Purchase Framework Agreement***

Principal terms of the Purchase Framework Agreement:–

**Date:** 25 November 2016

**Parties:** (1) the Company  
(2) the Weigao Holding Group

**Duration:** For a term of two years from 1 January 2017 to 31 December 2018.

**Nature of transaction:** The Company agrees to purchase or procure its subsidiaries to purchase, and the Weigao Holding agrees to sell or procure its subsidiaries to sell medical based products, including and not limited to, medical equipment, medical raw materials, medical packaging materials, pharmaceutical, machine accessories and parts and office stationery on a non-exclusive basis.

**Pricing basis** Prices and terms of purchase with respect to medical equipment, medical raw materials, medical packaging materials, pharmaceutical, machine accessories and parts and office stationery sold by the Weigao Holding Group shall be determined in the ordinary course of business and on normal commercial terms, negotiated on an arm's length basis and at prices and terms no more favourable to the Weigao Holding Group or no less favorable terms to the Group, than those available to independent third parties.

The Group obtains price quotations from independent suppliers on products needed from the Weigao Holding Group and takes reference on the prevailing market prices to ensure terms (including pricing and payment) contemplated under the Purchase Framework Agreement are on normal commercial terms.

**Payment terms**

Pursuant to the Purchase Framework Agreement, the payment terms for the purchase of medical equipment, medical raw materials, medical packaging materials, pharmaceutical, machine accessories and parts and office stationery by the Group shall be no less favourable than those given to independent third parties by the Weigao Holding Group.

**Condition  
and effective date**

The Purchase Framework Agreement will become effective on 1 January 2017.

**Historical Aggregate Value of Purchase from the Weigao Holding Group**

The total actual value of purchase transactions by the Group from the Weigao Holding Group for the past two financial years ended 31 December 2015 and the six months ended 30 June 2016 are set out below.

	<b>Year ended 31 December 2014</b>	<b>Year ended 31 December 2015</b>	<b>Six months ended 30 June 2016</b>
	<i>Approximately RMB</i>	<i>Approximately RMB</i>	<i>Approximately RMB</i>
<b>Actual Aggregate Purchase Transaction</b>	110.4 million (equivalent to about HK\$124.7 million)	113.7 million (equivalent to about HK\$128.5 million)	79.8 million (equivalent to about HK\$90.2 million)

## **Proposed Annual Caps for the Purchase from the Weigao Holding Group**

The proposed purchase annual caps in respect of the transactions contemplated under the Purchase Framework Agreement for the two years ending 31 December 2018 are set out below.

	<b>Year ending 31 December 2017</b>	<b>Year ending 31 December 2018</b>
	<i>Approximately RMB</i>	<i>Approximately RMB</i>
<b>Proposed Aggregate Annual Caps</b>	250.0 million (equivalent to about HK\$282.5 million)	270.0 million (equivalent to about HK\$305.1 million)

The proposed annual caps for the purchase transactions have been determined with reference to the estimated future demand for medical equipment, medical raw materials, medical packaging materials, pharmaceutical, machine accessories and parts and office stationery by the Group from the Weigao Holding Group after taking into consideration of:–

- the historic figures of the purchases by the Group from the Weigao Holding Group
- the expected future business growth and development and the expected increase in demand for products of the Group
- increase in production capacity and the business growth of the Group
- industry growth of medical device industry in China
- inflation factor

## ***B. Sales Framework Agreement***

Principal terms of the Sales Framework Agreement:–

**Date:** 25 November 2016

**Parties:** (1) the Company  
(2) the Weigao Holding Group

**Duration:** For a term of two years from 1 January 2017 to 31 December 2018.

**Nature of transaction** The Company agrees to sell or procure its subsidiaries to sell, and the Weigao Holding agrees to purchase or procure its subsidiaries to purchase, including and not limited to, medical devices, carton box and moulding on a non-exclusive basis.

**Pricing basis** Prices and terms of sales with respect to products sold, including but not limited to medical devices, carton box and moulding by the Group shall be determined in the ordinary course of business on normal commercial terms, negotiated on an arm's length basis and at prices and terms no more favourable to the Weigao Holding Group or no less favorable terms to the Group, than those available to independent third parties.

The pricing basis will be determined on an arm's length negotiation with reference to manufacturing costs and margin after taking into accounts the purchase quantity and technical requirement.

<b>Payment terms</b>	Pursuant to the Sales Framework Agreement, payment terms for the sale of medical devices, carton box and moulding to the Weigao Holding Group shall be no more favourable than those given to independent third parties by the Group.
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<b>Condition and effective date</b>	The Sales Framework Agreement will become effective on 1 January 2017.
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### **Historical Aggregate Value of Sales to the Weigao Holding Group**

The total actual sales value by the Group to the Weigao Holding Group for the past two financial years ended 31 December 2015 and the six months ended 30 June 2016 are set out below.

	<b>Year ended 31 December 2014 <i>Approximately RMB</i></b>	<b>Year ended 31 December 2015 <i>Approximately RMB</i></b>	<b>Six months ended 30 June 2016 <i>Approximately RMB</i></b>
<b>Actual Aggregate Sales Transaction</b>	14.0 million (equivalent to about HK\$15.8 million)	16.0 million (equivalent to about HK\$18.1 million)	14.0 million (equivalent to about HK\$15.8 million)

## **Proposed Annual Caps for the Sales**

The proposed sales annual caps in respect of the transactions contemplated under the Sales Framework Agreement for the two years ending 31 December 2018 are set out below.

	<b>Year ending 31 December 2017</b>	<b>Year ending 31 December 2018</b>
	<i>Approximately RMB</i>	<i>Approximately RMB</i>
<b>Proposed Aggregate Annual Caps</b>	200.0 million (equivalent to about HK\$226.0 million)	260.0 million (equivalent to about HK\$293.8 million)

The proposed annual caps for the sales by the Group to the Weigao Holding Group have been determined with reference to the estimated future growth in business and demand for products by the Weigao Holding Group from the Group after taking into consideration of:–

- historical trend and expected growth of healthcare industry
- the estimated future demand from the Weigao Holding Group
- healthcare industry growth in China
- inflation factor

### ***C. Tenancy Framework Agreement***

Principal terms of the Tenancy Framework Agreement:–

<b>Date:</b>	25 November 2016
<b>Parties:</b>	(1) the Company (2) the Weigao Holding Group
<b>Duration:</b>	For a term of two years from 1 January 2017 to 31 December 2018.
<b>Nature of transaction</b>	Lease of premises located at industrial zone at Chucun in Weihai in Shandong Province, the PRC
<b>Pricing basis</b>	With reference to the market comparable in Weihai.
<b>Condition and effective date</b>	The Tenancy Framework Agreement will become effective on 1 January 2017.

#### **Historical Aggregate Rental Received from Weigao Holding Group**

The actual aggregate rental received by the Group from Weigao Holding Group for the two financial years ended 31 December 2015 and the six months ended 30 June 2016 are set out below.

	<b>Year ended 31 December 2014 <i>Approximately</i> <i>RMB</i></b>	<b>Year ended 31 December 2015 <i>Approximately</i> <i>RMB</i></b>	<b>Six months ended 30 June 2016 <i>Approximately</i> <i>RMB</i></b>
<b>Actual Aggregate rental received from Weigao Holding Group</b>	4.0 million (equivalent to about HK\$4.5 million)	4.3 million (equivalent to about HK\$4.9 million)	3.4 million (equivalent to about HK\$3.8 million)

## **Proposed Annual Rental Caps from the Weigao Holding Group**

The proposed annual caps for rental payment contemplated under the Tenancy Framework Agreement for the two years ending 31 December 2018 are set out below.

	<b>Year ending 31 December 2017 <i>Approximately RMB</i></b>	<b>Year ending 31 December 2018 <i>Approximately RMB</i></b>
<b>Proposed Aggregate Annual Rental Caps</b>	20.0 million (equivalent to about HK\$22.6 million)	20.0 million (equivalent to about HK\$22.6 million)

Rental is determined with reference to quotation of prevailing market rental rates of premises in close proximity to production plant at Hi-tech Science park in Weihai. Rental rates and payment terms under the Tenancy Framework Agreement are comparable to and no less favourable to those entered into by the Group and rentee, (if any). Terms including pricing basis and payment terms stated in the contract are subject to periodic review by both parties, reporting to audit committee, independent board committee, an annual review by auditor and disclosure requirement under Chapter 14A of the Listing Rules.

The proposed annual rental caps for the Group received from the Weigao Holding Group have been determined after taking into consideration of:–

- pricing of rental rate of property for office or manufacturing use at Hi-tech Science Park in Weihai region
- property market development at Weihai region

#### ***D. Services Framework Agreement***

Principal terms of the Services Framework Agreement:–

<b>Date:</b>	25 November 2016
<b>Parties:</b>	(1) the Company (2) the Weigao Holding Group
<b>Duration:</b>	For a term of two years from 1 January 2017 to 31 December 2018.
<b>Nature of transaction</b>	Provision of factory worker transportation services, dormitory, canteen and catering services by the Weigao Holding Group to the Group.
<b>Pricing basis</b>	With reference to services available in the market and provided by independent third parties.
<b>Condition and effective date</b>	The Services Framework Agreement will become effective on 1 January 2017.

#### **Historical Aggregate Value of Services Provided by the Weigao Holding Group**

The total actual value of services provided by Weigao Holding Group to the Company for the past two financial years ended 31 December 2015 and the six months ended 30 June 2016 are set out below.

	<b>Year ended 31 December 2014</b>	<b>Year ended 31 December 2015</b>	<b>Six months ended 30 June 2016</b>
	<i>Approximately RMB</i>	<i>Approximately RMB</i>	<i>Approximately RMB</i>
<b>Actual Aggregate Transaction of services</b>	49.0 million (equivalent to about HK\$55.4 million)	61.0 million (equivalent to about HK\$68.9 million)	27.0 million (equivalent to about HK\$30.5 million)

### **Proposed Annual Caps for the Services Framework Agreement**

The proposed annual caps in respect of the transactions contemplated under the Services Framework Agreement for the two years ending 31 December 2018 are set out below.

	<b>Year ending 31 December 2017</b>	<b>Year ending 31 December 2018</b>
	<i>Approximately RMB</i>	<i>Approximately RMB</i>
<b>Proposed Aggregate Services Transaction</b>	83.3 million (equivalent to about HK\$94.1 million)	100.1million (equivalent to about HK\$113.1 million)

Pricing basis and payment terms of the Services Framework Agreement have been determined by reference to the prevailing market price and supply of such services available in the market and no less favourable to those entered into by the Group and Independent Third Parties. Terms including pricing basis and payment terms stated in the contract are subject to periodic review by both parties, reporting to audit committee, independent board committee, an annual review by auditor and disclosure requirement under Chapter 14A of the Listing Rules.

The proposed annual caps for the Services Framework Agreement have been determined after taking into consideration of:–

- the number of employees which are expected to use the catering services and factory transportation from production plant to dormitory
- the number of guests, including investors, customers, business partners which are expected to use the catering services, airport pick and logistic services in Weihai
- the expected growth in number of employees and guess of the Group for the two years ending 31 December 2018
- the pricing of food and beverage services, and transportation services to provided by the Weigao Holding Group
- the inflation rate

## **2. Renewal of Continuing Connected Transactions between the Group and the Weigao Holding Group – the Financial Leasing and Factoring Framework Agreement 2016**

Reference is made to the announcements of the Company dated 30 December 2015 and 6 January 2016 pursuant to which, the existing annual cap for the continuing connected transactions contemplated under the financial leasing and factoring framework agreement between the Group and Weigao Holding Group for the year ending 31 December 2016 is less than RMB260.0 million (equivalent to approximately HK\$293.8 million) will be expired on 31 December 2016.

**Date** 25 November 2016

**Parties** (1) the Company  
(2) the Weigao Holding Group

**Material Terms**

Pursuant to the Financial Leasing and Factoring Framework Agreement 2016, the Group provides financial leasing and factoring services to the Weigao Holding Group. Weigao Holding Group obtains financing, in particular, by way of sale-and-lease back and factoring arrangements, pursuant to which the Company will lease back the assets to Weigao Holding Group and Weigao Holding Group will pay rent (the principal and interest) to the Company on a monthly (or quarterly) basis; or the Weigao Holding Group transfers her account receivables to the Company, and the Weigao Holding Group will pay interests thereof to the Company on a monthly basis, the receipts in the account receivables will be used to repay the principal.

Upon expiry of the lease term, the Weigao Holding Group will repurchase the assets from the Company after the rent and the relevant expense have been fully paid to the Company according to the corresponding respective agreements under the Financial Leasing and Factoring Framework Agreement.

**Duration:**

For a term of two years from 1 January 2017 to 31 December 2018.

**Nature of Transaction****Financial Leasing**

Provision of financial leasing and factoring services by the Company to members of the Weigao Holding Group upon reasonable requests. With respect to each financial leasing and factoring transaction, the relevant Lessor and Lessee will enter into separate written contract subject to the provisions of the Financial Leasing and Factoring Framework Agreement.

The financial leasing method includes direct leasing and lease-back. Lease-back is a method by which the Lessor purchase the Leasing Equipment from the Lessee and will be leased back to the Lessee.

### **Factoring**

With respect to each factoring transaction, the Weigao Holding and its subsidiaries and the Company will enter into separate written contract subject to the provisions under the Financial Leasing and Factoring Framework Agreement.

The factoring method is that the Weigao Holding Group assigned her eligible account receivables to the Group, and the Group shall finance the Weigao Holding Group based on certain proportion of the account receivables pursuant to terms of contract.

### **Financial Leasing and Factoring Periods**

The lease period will depend on, in particular, the useful life of the relevant Leasing Equipment, the financial needs of the Weigao Holding Group and the funding availability of the Company, such lease period in general should not exceed the useful life of such Leasing Equipment.

The factoring period for each factoring business will depend on, in particular, the maturity date of the account receivables assigned, the financial needs of the Weigao Holding Group and the funding availability of the Company. The factoring period in general should not exceed the maturity date of the account receivables assigned with a maximum period of one year.

**Lease Payments and  
Interest Rate**

The lease payments charged by the Company will include the purchase price or value of the Leasing Equipment and interest thereon charged on terms no less favourable to the Lessee than those offered by independent third parties. The factoring payment charged by the Company will include the purchase price of the account receivables and interest.

The Company will charge the Weigao Holding Group an one-off non-refundable handling fee upon entering into an independent written contract under the Financial Leasing and Factoring Framework Agreement, the interest thereon shall be no more favourable than the terms available to other independent third parties with leasing and factor services of similar nature and the determination of its interest rate shall reference to the benchmark lending rates published by the People's Bank of China from time to time and the rate charged by other major financial institutions for the same and similar types of services.

**Title**

The legal title and all rights of the Leasing Equipment shall vest in the Lessor throughout the lease period.

**Purchase option**

Subject to the Lessee having performed all its obligators under, and upon the expiry of the lease period of the separate written contract (s) under the Financial Leasing and Factoring Framework Agreement, the Lessee shall have an option to purchase the relevant Leasing Equipment at a nominal price.

**Pricing Policy**

The historic transaction under the existing financial leasing and factoring framework agreement was RMB83.5 million for the six months ended 30 June 2016. The interest of the financial leasing and factoring services of similar nature offered by the Group shall be no more favourable than those available to other independent third party finance companies in the PRC. The Group shall collect information about terms and conditions of the relevant transactions and compare the interest rate from independent leasing companies in China to ensure terms and conditions are no more favourable than those available available to other independent third parties.

**Six months  
ended 30 June  
2016**  
*Approximately  
RMB*

**Actual Aggregate Transaction**

83.5 million  
(equivalent to  
about HK\$94.4  
million)

**Proposed Annual Caps**

The Company estimates that the proposed annual caps of the financial leasing and factoring business contemplated under the Financial Leasing and Factoring Framework Agreement for the two years ending 31 December 2018 are set out below:—

	<b>Year ending 31 December 2017</b> <i>Approximately RMB</i>	<b>Year ending 31 December 2018</b> <i>Approximately RMB</i>
<b>Proposed Aggregate Annual Caps</b>	290.0 million (equivalent to about HK\$327.7 million)	290.0 million (equivalent to about HK\$327.7 million)

The annual financial leasing and factoring cap was determined based on the financing market conditions and by reference to, in particular, the historical amount as at 30 June 2016 and taking into account the further enhancement of the business growth of both the Company and the Weigao Holding Group as well as the increasing finance needs of the Weigao Holding Group. The rent or interest rate and payment terms under the Financial Leasing and Factoring Framework Agreement 2016 was comparable to those entered into by the Company with independent third parties, and are no more favorable than those available to other independent third parties with financial leasing and factoring transactions of similar nature. The terms stated in the contract (including the pricing basis and payment terms) are subject to periodic review by both parties, reporting to audit committee and independent board committee, an annual review by auditor and disclosure requirement under Rule 14A of the Listing Rules.

### **Control Measures**

The Company has adopted a set of effective internal control policies to supervise the continuing connected transactions of the Group. Prior to entering into respective agreements, the authorized departments of the Group will review and assess the specific terms and conditions of the transactions and to compare the lease interest with reference to the market conditions and the prices charged or quoted by independent third parties providing services of similar nature with comparable scale under normal trading conditions. The finance department of the Company will trace, monitor and check the progress of the transactions of the Company on a monthly basis. The audit committee of the Board continuously conducts strict review on the continuing connected transaction to ensure the completeness and effectiveness of the internal control measures regarding the continuing connected transactions.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENTS 2016 AND THE FINANCIAL LEASING AND FACTORING FRAMEWORK AGREEMENT 2016**

The Company has been conducting business with Weigao Holding since the Company became listed on the Stock Exchange in 2004. Weigao Holding is a conglomerate corporate and a reliable supplier as a long term and reputable business associate with profound experiences in sectors, including but not limited to the production of medical equipment, sanitary products, medical packaging materials and pharmaceuticals, property development and construction and provision of catering services. Upon recent review of the Group's business development and her anticipation of the increase in the scope and transaction amounts of the products and services to be provided to and by the Company, the Directors proposed to enter into the Framework Agreements 2016 and the Financial Leasing and Factoring Framework Agreement 2016 which would provide a more comprehensive binding contract for different categories of goods and services and financial leasing and factoring services between the Group and the Weigao Holding Group. The existing and foreseeable ongoing continuing connected transactions with the Group under the Financial Leasing and Factoring Framework Agreement 2016 will provide a fair and reasonable basis on which the Company will be subject to the reporting and announcement requirements, but exempt from circular (including independent financial advice) and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The transactions contemplated under the Framework Agreements 2016 and the Financial Leasing and Factoring Framework Agreement 2016 are expected to be of a recurrent nature and will occur on a regular and a continuing basis in the ordinary and usual course of business of the Group and the Weigao Holding Group. The products and services contemplated under the Framework Agreements 2016 and financial leasing and factoring businesses under the Financial Leasing and Factoring Framework Agreement 2016 will be negotiated on arm's length basis and comparable with terms available from or to independent third parties.

The Directors (including the independent non-executive directors) are of the view that the annual caps for the Framework Agreements 2016 and the Financial Leasing and Factoring Framework 2016 are fair and reasonable and in the interest of the Company and Shareholders as a whole. 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 held on 18 October 2016.

## **INFORMATION REGARDING THE COMPANY AND THE WEIGAO HOLDING**

### **The Company**

The Group is 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: 1) consumables (infusion set, syringes, medical needles, blood bags, blood sampling products and other consumables); 2) orthopedic materials; and 3) blood purification consumables and equipment. The Group has a nationwide sales network and an extensive customer base of over 5,200 healthcare organizations, including over 3,000 hospitals and 400 blood stations.

### **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 food and beverage services in China. Weigao Holding is the controlling shareholder holds 47.76% of the total issued share capital of the Company, and therefore is thus a connected person of the Company pursuant to the meaning of the Listing Rules. The transactions contemplated under the Framework Agreements 2016 and the Financial Leasing and Factoring Framework Agreement 2016 therefore constitute continuing connected transactions of the Company.

## **GENERAL**

Weigao Holding is the controlling shareholder of the Company and is therefore a connected person of the Company, the transactions contemplated under the Framework Agreements 2016 and the Financial Leasing and Factoring Framework Agreement 2016 constitute continuing connected transactions of the Company for the purpose of Chapter 14A of the Listing Rules.

As the highest applicable percentage ration under Rule 14.07 of the Listing Rule in respect of the Framework Agreements 2016 and the Financial Leasing and Factoring Framework Agreement 2016 exceeds 0.1%, but is less than 5.0%. Such transactions contemplated under the Framework Agreements 2016 and the Financial Leasing and Factoring Framework Agreement 2016 are therefore subject to the reporting and announcement requirements, but exempt from circular (including independent financial advice) and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITION

“Board”	the board of directors of the Company
“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 company incorporated in the People’s Republic of China, the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Framework Agreements 2013”	collectively refer to the purchase framework agreement, the sales framework agreement, the tenancy framework agreement and the services framework agreement entered into between the Company and the Weigao Holding Group dated 30 August 2013
“Framework Agreements 2016”	collectively refer to the Purchase Framework Agreement, the Sales Framework Agreement, the Tenancy Framework Agreement and the Services Framework Agreement entered into between the Company and the Weigao Holding Group dated 25 November 2016
“ Financial Leasing and Factoring Framework Agreement 2016”	the financial leasing and factoring framework agreement 2016 entered into between the Company and the Weigao Holding Group dated 25 November 2016
“Lessee”	any member of the Weigao Holding Group which obtain financial leasing and factoring services
“ Purchase Framework Agreement”	the purchase framework agreement entered into between the Company and the Weigao Holding Group dated 25 November 2016

“Sales Framework Agreement”	the sales framework agreement entered into between the Company and the Weigao Holding Group dated 25 November 2016
“Services Framework Agreement”	the services framework agreement entered into between the Company and the Weigao Holding Group dated 25 November 2016
“Tenancy Framework Agreement”	the tenancy framework agreement entered into between the Company and the Weigao Holding Groups dated 25 November 2016
“the Group”	the Company and any of its subsidiaries
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors, to consider the transactions contemplated under the Framework Agreements 2016 and Financial Leasing and Factoring Framework Agreement 2016 and the relevant annual caps
“Independent Shareholders”	the shareholders, other than the Weigao Holding, being the controlling shareholder of the Company, Mr. Zhang Hua Wei, Mrs Zhou Shu Hua, Mr. Wang Yi being connected parties of the Company
“Leasing Equipment”	any machinery, equipment or other property to be leased to the members of the Weigao Holding Group by Weigao Finance Lease
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China and for the purpose of this announcement excluding Taiwan, Hong Kong and the Macau Special Administrative Region

“Shareholders”	the holders of the Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Weigao Holding”	Weigao Holding Company Limited (威高集團有限公司*) established in the PRC on 4 August 1998 with limited liability and is a controlling shareholder holding 47.76% equity interest in the Company
“Weigao Holding Group”	Weigao Holding and any of its subsidiaries (other than the Company)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

*Exchange Rate: In this announcement, for reference only and unless otherwise specified, the translation of RMB into HK\$ is based on the exchange rate of RMB0.8850 = HK\$1.00.*

**Shandong Weigao Group Medical Polymer Company Limited**  
**Zhang Hua Wei**  
*Chairman*

25 November 2016  
Shandong, the PRC

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*)  
Mr. Li Jia Miao (*Independent non-executive Director*)  
Mrs. Fu Ming Zhong (*Independent non-executive Director*)  
Mrs. Wang Jin Xia (*Independent non-executive Director*)