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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)

CONTINUING CONNECTED TRANSACTIONS

REVISION OF ANNUAL CAPS FOR THE YEAR OF 2019 IN RESPECT OF SUPPLEMENTAL SALES AND PURCHASE FRAMEWORK AGREEMENTS 2019 WITH WEIGAO HOLDING GROUP

REVISION OF ANNUAL CAPS FOR THE YEAR OF 2019 OF CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF SUPPLEMENTAL SALES AND PURCHASE FRAMEWORK AGREEMENTS 2019 BETWEEN THE GROUP AND THE WEIGAO HOLDING GROUP

Reference is made to the announcement of the Company dated 5 December 2018 and the announcement and circular both dated 27 September 2019.

The Board hereby announces that on 18 December 2019, the Group revised the annual caps for continuing connected transactions for the year of 2019 contemplated under the Supplemental Sales Framework Agreement and the Supplemental Purchase Framework Agreement with the Weigao Holding Group. All other terms as stated in the original sales framework agreement and purchase framework agreement remain unchanged.

* For identification purpose only

As the Group has been continually expanding its product portfolio and production capacity, the transaction of products between the Group and the Weigao Holding Group continues to grow and the transaction amount under the Sales and Purchase Framework Agreement for the year ending 31 December 2019 is expected to be higher than the caps as envisaged at the time of entering into of the sales framework agreement in 2018 and the purchase framework agreement 2019.

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 Supplemental Sales Framework Agreement and the Supplemental Purchase Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio under Rule 14A.78 of the Listing Rule in respect of the annual caps under the respective Supplemental Sales Framework Agreement and Supplemental Purchase Framework Agreement exceed 0.1%, but is less than 5.0%. Such transactions contemplated under the respective Supplemental Sales Framework Agreement and Supplemental Purchase Framework Agreement are therefore subject to the reporting, announcement and annual review requirements, but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules. The Board reviews and assesses annual caps under the continuing connected transactions on an ongoing basis and will comply with the relevant rules governing continuing connected transactions under Listing Rules from time to time.

INTRODUCTION

The Board is pleased to announce that on 18 December 2019, the Company revised the respective annual caps for the year of 2019 under the Supplemental Sales Framework Agreement and the Supplemental Purchase Framework Agreement, comprising:–

1. Renewal of Annual Caps of Continuing Connected Transactions in respect of the Supplemental Sales Framework Agreement and the Supplemental Purchase Framework Agreement with the Weigao Holding Group

The Company entered into the Supplemental Sales Framework Agreement and the Supplemental Purchase Framework Agreement on 18 December 2019 to renew and to re-set annual caps for the continuing connected transactions between the Group and the Weigao Holding Group for the year ending 31 December 2019, details of which are stated as follows.

A. Supplemental Sales Framework Agreement

Principal terms of the Supplemental Sales Framework Agreement:–

Date: 18 December 2019

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

Historical Aggregate Value of Sales to the Weigao Holding Group

The total actual value of sales transactions by the Group to the Weigao Holding Group for the eleven months ended 30 November 2019 are set out below.

	Eleven months ended 30 November 2019
	<i>Approximately RMB</i>
Actual Aggregate Sales Transaction	245 million (equivalent to about HK\$271.9 million)

Proposed Annual Cap for Sales to the Weigao Holding Group

The original and the revised annual cap in respect of the transactions contemplated under the Supplemental Sales Framework Agreement for the year ending 31 December 2019 are set out below.

	<u>Original Cap</u> Year ending 31 December 2019 <i>Approximately</i> <i>RMB</i>	<u>Revised Cap</u> Year ending 31 December 2019 <i>Approximately</i> <i>RMB</i>
Proposed Aggregate Annual Caps	250.0 million (equivalent to about HK\$277.5 million)	350.0 million (equivalent to about HK\$388.5 million)

B. Supplemental Purchase Framework Agreement

Principal terms of the Supplemental Purchase Framework Agreement:—

Date: 18 December 2019

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

Historical Aggregate Value of Purchase from the Weigao Holding Group

The total actual purchase value by the Group from the Weigao Holding Group for the eleven months ended 30 November 2019 are set out below.

	Eleven months ended 30 November 2019 <i>Approximately RMB</i>
Actual Aggregate Purchase Transaction	375.0 million (equivalent to about HK\$416.2 million)

Proposed Annual Cap for Purchase from the Weigao Holding Group

The original and the revised annual cap in respect of the transactions contemplated under the Supplemental Purchase Framework Agreement for the year ending 31 December 2019 are set out below.

	<u>Original Cap</u> Year ending 31 December 2019 <i>Approximately RMB</i>	<u>Revised Cap</u> Year ending 31 December 2019 <i>Approximately RMB</i>
Proposed Aggregate Annual Caps	400.0 million (equivalent to about HK\$444.0 million)	440.0 million (equivalent to about HK\$488.4 million)

2. Reasons for the Revised Annual Caps

As shown in the table, the actual sales and purchase transaction amount for the eleven months ended 30 November 2019 under the Sales Framework Agreement and Purchase Framework Agreement have reached approximately 98.0% and 93.7% of the original annual cap of the respective Sales Framework Agreement and Purchase Framework Agreement for the year of 2019. The revised annual caps were determined with reference to the anticipated sales of and demand for products with Weigao Holding for the financial year ending 31 December 2019 based on the (i) the historical figures of the actual transaction amounts between the Group and the Weigao Holding Group in respect of the transactions under the sale framework agreement in 2018 and the purchase framework agreement in 2019; and (ii) the anticipated transactions to be placed between the Group and the Weigao Holding Group for the year of 2019.

INFORMATION REGARDING THE COMPANY AND THE WEIGAO HOLDING

The Company

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.

Weigao Holding

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 Holding is the controlling shareholder holds 47.76% of the total issued share capital of the Company, and therefore is a connected person of the Company pursuant to the meaning of the Listing Rules. The transactions contemplated under the Supplemental Sales Framework Agreement and the Supplemental Purchase Framework Agreement, therefore constitute continuing connected transactions of the Company.

As at the date of this announcement, none of the annual caps under the Sales Framework Agreement and Purchase Framework Agreement have been exceeded.

The Board (including the independent non-executive directors) considers that the Supplemental Sales Framework Agreement and the Supplemental Purchase Framework Agreement 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. Mr. Zhang Hua Wei, Mr. Long Jing, Mr. Wang Yi, Mr. Gong Jian Bo and Mrs. Zhou Shu Hua, who are also directors of Weigao Holding, have abstained from voting in the relevant resolution of the board meeting of the Company dated 18 December 2019.

GENERAL

Weigao Holding is the controlling shareholder of the Company and is therefore a connected person of the Company, the transactions contemplated under the Supplemental Sales Framework Agreement and the Supplemental Purchase Framework Agreement constitute continuing connected transactions of the Company for the purpose of Chapter 14A of the Listing Rules.

As the respective highest applicable percentage ratio under Rule 14A.78 of the Listing Rule in respect of the Supplemental Sales Framework Agreement and the Supplemental Purchase Framework Agreements exceeds 0.1%, but is less than 5.0%. Such transactions contemplated under the Supplemental Sales Framework Agreement and the Supplemental Purchase Framework Agreement therefore subject to the reporting, announcement and annual review requirements, but are exempt from the 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
“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 2018 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
“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

“Supplemental Purchase Framework Agreement”	the supplemental purchase framework agreement entered into between the Group and the Weigao Holding Group dated 18 December 2019
“Supplemental Sales Framework Agreement”	the supplemental sales framework agreement entered into between the Group and the Weigao Holding Group dated 18 December 2019
“Supplemental Sales and Purchase Framework Agreements 2019”	Supplemental Sales Framework Agreement and Supplemental Purchase Framework Agreement
“Weigao Holding”	Weigao Holding Company Limited (威高集團有限公司*), is a company 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 RMB0.9009 = HK\$1.00.

Shandong Weigao Group Medical Polymer Company Limited
Zhang Hua Wei
Chairman

18 December 2019
Shandong, the PRC

As at the date of this announcement, 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*)