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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)

ANNOUNCEMENT
ADDITIONAL INFORMATION ON THE 2019 ANNUAL REPORT

Reference is made to the annual report for the year ended 31 December 2019 (the “**2019 Annual Report**”) of Shandong Weigao Group Medical Polymer Company Limited* (the “**Company**”) published on 15 May 2020. The Company would like to provide the following additional information.

(1) THE SUBSIDIARY SHARE OPTION SCHEME

Reference is made to the share option scheme (the “**Subsidiary Share Option Scheme**”) adopted by WW Medical and Healthcare Company Limited (the “**Subsidiary**”) as disclosed in Note 37(b) to the consolidated financial statements of the Company in the 2019 Annual Report. The maximum entitlement of each participant and the basis of determining the exercise price of the options under the Subsidiary Share Option Scheme are set out below.

(i) Maximum entitlement of each participant

Unless approved by the shareholders of the Company, the total number of shares of the Subsidiary issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Subsidiary's shares in issue.

* *For identification purpose only*

(ii) **Basis of determining the exercise price of the share options**

The exercise price of each option is determined with reference to the total cash consideration paid by the Company in the formation of the Subsidiary for the acquisition of Argon Medical Devices Holdings, Inc. (“**Argon**”), taking into account the relevant costs and expenses involved, but in no event shall be less than the fair market value of a share of stock in the Subsidiary on the date of grant.

With respect to the determination of the fair market value on the date of grant, an independent valuer will be engaged. The valuer is required to take into account of the market conditions at the date of grant and different valuation methodologies that are customary to the industry (including but not limited to the valuation of comparable companies to Argon in the United States and the valuation of any comparable precedent transactions).

(2) **ACQUISITION OF MANA-TECH LIMITED**

On 17 May 2019 (the “**Completion Date**”), Argon acquired the entire issued share capital of Mana-Tech Limited (the “**Target**”).

As a term of the relevant agreement, Argon agreed to pay the vendor an earnout (the “**Earnout**”). The Earnout is an amount equal to 50% of the following amount (the “**Net Earnout Profit**”):

- (i) the total revenue attributable to certain products (the “**Non-Argon Product**”) owned by the Target on the Completion which Argon agreed to use reasonable endeavours to procure the Target to sell to third parties during the six months after the Completion Date, *less*
- (ii) all commissions, fees and other amounts paid or payable in connection with the Non-Argon Product to any sales agent, *less*
- (iii) all packaging and freight costs properly incurred by the Target in connection with the sale of the Non-Argon Product.

The Earnout was achieved. The amount equal to 50% of the Net Earnout Profit was approximately US\$201,915.

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

Hong Kong, 15 September 2020

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*)