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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Shandong Weigao Group Medical Polymer Company Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or transferee(s).

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**WEGO 威高**

**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) SUPPLEMENTING THE TERM OF AND INCREASING  
THE ANNUAL CAP OF EXISTING  
LOGISTIC AND DISTRIBUTION SERVICES FRAMEWORK AGREEMENT  
(2) PROPOSED INTERIM DIVIDEND  
(3) PROPOSED AMENDMENT OF ARTICLES OF ASSOCIATIONS  
AND  
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**

**China Galaxy International Securities (Hong Kong) Co., Limited**



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Capitalised terms used in this cover will have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 4 to 15 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 16 to 17 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 37 of this circular.

A notice convening the EGM to be held at 2/F, 18 Xingshan Road, Weihai Torch Hi-Tech Science Park, Shandong, PRC, at 9:00 a.m. on Friday, 24 September 2021 is set out on pages 45 to 47 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the office of the Company's H Share registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 24 hours before the time appointed for the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) should you so wish.

1 September 2021

\* For identification purposes only

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## CONTENTS

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	Page
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	4
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	16
<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b> .....	18
<b>GENERAL INFORMATION</b> .....	38
<b>APPENDIX I – AMENDMENT TO THE ARTICLES OF ASSOCIATION</b> .....	43
<b>NOTICE OF EXTRAORDINARY GENERAL MEETING</b> .....	45

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following words and expressions shall have the following meanings:*

<b>“Announcement”</b>	the announcement of the Company dated 27 August 2021 in relation to the Supplemental Agreement
<b>“Board”</b>	the board of Directors
<b>“Business Day(s)”</b>	a day other than a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted or remain hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m., on which licensed banks are open for general business in Hong Kong
<b>“Company”</b>	Shandong Weigao Group Medical Polymer Company Limited* (山東威高集團醫用高分子製品股份有限公司), a joint stock limited company incorporated in the People’s Republic of China with limited liability and the Shares of which are listed on the Stock Exchange
<b>“connected person(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Director(s)”</b>	the director(s) of the Company
<b>“Distribution Company”</b>	Shandong Weigao Medical Company Limited* (山東威高醫藥有限公司), a company established under the laws of the PRC with limited liability and is a wholly owned subsidiary of Weigao Holding
<b>“Distribution Company Group”</b>	Distribution Company and its subsidiaries. They are wholly owned subsidiaries of Weigao Holding
<b>“EGM”</b>	the extraordinary general meeting of the Company to be convened and to consider and, if thought fit, approve, among others, the Supplemental Agreement and the transactions contemplated thereunder (including the Proposed Annual Cap)
<b>“Group”</b>	the Company and its subsidiaries

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## DEFINITIONS

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<b>“H Shares”</b>	the shares of the Company, with a nominal value of RMB0.10 each, which are held and traded in Hong Kong dollars
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Independent Board Committee”</b>	an committee of the Board comprising all the independent non-executive Directors
<b>“Independent Financial Adviser”</b>	China Galaxy International Securities (Hong Kong) Co., Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities
<b>“Independent Shareholders”</b>	the Shareholders, other than Weigao Holding, Mr. Chen Lin, Mr. Long Jing and Mr. Cong Rinan and their respective associates (as defined in the Listing Rules)
<b>“Latest Practicable Date”</b>	27 August 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Logistic and Distribution Services Framework Agreement”</b>	the agreement dated 5 December 2018 entered into between the Company and Distribution Company (as amended by the supplemental agreements dated 27 September 2019 and 26 August 2020)
<b>“PRC”</b>	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
<b>“PRC Company Law”</b>	the Company Law of the PRC
<b>“Proposed Annual Cap”</b>	the proposed annual cap for the year ending 31 December 2021 of the Logistic and Distribution Services Framework Agreement under the Supplemental Agreement
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC

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## DEFINITIONS

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<b>“SAFE”</b>	the State Administration of Foreign Exchange of the PRC
<b>“SFO”</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
<b>“Share(s)”</b>	H share(s) of RMB0.1 each in the share capital of the Company
<b>“Shareholder(s)”</b>	holder(s) of the Share(s)
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Supplemental Agreement”</b>	the Supplemental Logistic and Distribution Services Framework Agreement dated 27 August 2021
<b>“Weigao Holding”</b>	Weigao Holding Company Limited* (威高集團有限公司), a company established under the laws of the PRC with limited liability and a controlling shareholder of the Company, holding approximately 46.43% of the issued share capital of the Company as at the Latest Practicable Date
<b>“Weigao Holding Group”</b>	Weigao Holding and its subsidiaries (other than the Company)
<b>“%”</b>	percentage or per centum

\* *for identification purposes only.*

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LETTER FROM THE BOARD

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**WEGO 威高**

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)

*Executive Directors*

Mr. Long Jing (*Chairman*)

Mr. Cong Rinan (*Chief Executive Officer*)

*Non-executive Directors*

Mr. Tang Zhengpeng (*Vice Chairman*)

Mr. Chen Lin

Mr. Lian Xiaoming

*Independent non-executive Directors*

Mr. Lo Wai Hung

Mrs. Fu Mingzhong

Mrs. Wang Jinxia

*Registered office and principal place  
of business in the PRC:*

18 Xingshan Road

Weihai Torch Hi-tech Science Park

Weihai

Shandong Province

the PRC

*Principal Place of Business*

*in Hong Kong:*

29/F, Two Chinachem Central

26 Des Voeux Road Central

Hong Kong

1 September 2021

***To the Shareholders***

Dear Sir or Madam,

**(1) SUPPLEMENTING THE TERM OF AND INCREASING  
THE ANNUAL CAP OF EXISTING  
LOGISTIC AND DISTRIBUTION SERVICES FRAMEWORK AGREEMENT  
(2) PROPOSED INTERIM DIVIDEND  
(3) PROPOSED AMENDMENT OF ARTICLES OF ASSOCIATIONS  
AND  
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the EGM, to approve, inter alia the Supplemental Agreement, the proposed interim dividend for the six months ended 30 June 2021 and the proposed amendment of articles of associations.

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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The purpose of this circular is to give you further details of the transactions contemplated under the Supplemental Agreement, the letter from the Independent Board Committee to the Independent Shareholders, the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders, and notice of the EGM at which relevant ordinary resolution will be proposed to consider and, if though fit, approve the Supplemental Agreement.

### THE SUPPLEMENTAL AGREEMENT

Reference is made to the announcement of the Company dated 26 August 2020 and the circular of the Company dated 22 September 2020 in relation to, among others, the Logistic and Distribution Services Framework Agreement.

On 27 August 2021, the Group entered into the Supplemental Agreement to revise the annual cap for the year ending 31 December 2021. All other terms as stipulated in the Logistic and Distribution Services Framework Agreement remain unchanged.

#### (1) The Supplemental Agreement

The Company entered into the Supplemental Agreement with Distribution Company to revise the existing annual cap for the year ending 31 December 2021 from RMB1,400 million to RMB2,500 million.

	<b>Year ending 31 December 2021 RMB</b>
Original annual cap	1,400 million
Proposed Annual Cap	2,500 million

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## LETTER FROM THE BOARD

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Except for the revision of the existing annual cap for the year ending 31 December 2021, the principal terms of the Logistic and Distribution Services Framework Agreement remain unchanged and are set out below:

- Subject matter : Provision of nation-wide distribution services (“**Logistic and Distribution Services**”) by the Distribution Company Group under an integrated medical device supply chain with management mode with optimized product and customer structure.
- Material terms : The Distribution Company Group provides integrated medical device supply chain logistic services to the Group, the conditions thereof shall not be less favorable than those available to the Group from independent third parties for comparable distribution logistic services. The Group utilizes the distribution services of the Distribution Company Group on a voluntary and non-compulsory basis and is not obliged to engage the distribution services provider of the Distribution Company Group for any distribution and logistic services. The Distribution Company Group may, from time to time, enter into separate individual agreements with the Group for the provision of distribution services, provided that the principles under the Logistic and Distribution Services Framework Agreement must be observed.
- Pricing policy : The comprehensive pricing (including fees) of the distribution services charged by the Distribution Company Group shall be fair and reasonable and shall not be higher than the comprehensive pricing of the similar distribution services provided by independent third parties to the Group during the same period.



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## LETTER FROM THE BOARD

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### REASONS FOR ENTERING INTO OF THE SUPPLEMENTAL AGREEMENT

Given that the Company expects to continue to procure the services from the Distribution Company Group under the Logistic and Distribution Services Framework Agreement and the actual transaction amount for the seven months ended 31 July 2021 was approaching the original annual cap, the annual cap for the year ending 31 December 2021 is proposed to be increased.

The table below sets out the actual transaction amounts for the year ended 31 December 2020 and the seven months ended 31 July 2021.

	<b>For the year ended 31 December 2020 <i>approximately</i> RMB</b>	<b>For the seven months ended 31 July 2021 <i>approximately</i> RMB</b>
Actual transaction amount	1,128.2 million	1,147.7 million

As shown in the table above, the actual transaction amount for the seven months ended 31 July 2021 under the Logistic and Distribution Services Framework Agreement has reached approximately 81.9% of the original annual cap for the year ending 31 December 2021.

The Proposed Annual Cap was determined with reference to factors including, the actual transaction amount of the Logistic and Distribution Services of approximately RMB1,147.7 million for the seven months ended 31 July 2021, representing approximately 81.9% of the existing annual cap and approximately 45.9% of the Proposed Annual Cap, respectively; the historical significant growth in transaction amount with the Distribution Company in respect of the Logistic and Distribution Services; the prospects and overview of the PRC medical device industry; the historical business and financial growth of the Group and the increasing number of PRC customers which the Group has distributed the products to using the Logistic and Distribution Services procured from Distribution Company Group.

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## LETTER FROM THE BOARD

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The Proposed Annual Cap of RMB2,500 million was projected with reference to the following factors:-

1. Business Growth – The transaction amount of the Logistic and Distribution Services provided by Distribution Company Group for the seven months ended 31 July 2021 amounted to approximately RMB1,147.7 million, representing approximately 81.9% of the existing annual cap of RMB 1,400.0 million for the year ending 31 December 2021; approximately 191.3% of the transaction amount of approximately RMB600.0 million for the corresponding period ended 31 July 2020; approximately 101.7% of the transaction amount of approximately RMB1,128.2 million for the year ended 31 December 2020; and approximately 45.9% of the Proposed Annual Cap of RMB2,500.0 million for the year ending 31 December 2021, respectively.
2. Expansion of new customers – The number of PRC customers which the Group has distributed the products to using the Logistic and Distribution Services procured from Distribution Company Group has been increased by approximately 52.1% from 1,294 PRC customers as at 31 December 2020 to 1,968 PRC customers as at 30 June 2021, implying the stable growth in the customer coverage of the Logistic and Distribution Services procured from Distribution Company Group.
3. Seasonality – Sales of the medical device industry experience seasonality with higher transaction amount for the second half of the year in general.

As at the date of this circular, the annual cap under the Logistic and Distribution Services Framework Agreement has not been exceeded.

Mr. Long Jing, Mr. Cong Rinan, Mr. Tang Zhengpeng, Mr. Chen Lin and Mr. Lian Xiaoming who are also directors of Weigao Holding, have abstained from voting in the relevant resolution of the board meeting of the Company dated 27 August 2021. The independent non-executive Directors whose view has been given after taking the advice from the Independent Financial Adviser consider that the Supplemental Agreement was 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 (including the Proposed Annual Cap), and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

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## LETTER FROM THE BOARD

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### INFORMATION REGARDING THE GROUP AND WEIGAO HOLDING AND DISTRIBUTION COMPANY

#### **The Group**

The Group is principally engaged in the research and development, production and sale of single-use medical devices and operates finance lease and factoring business in the PRC. The Group has a wide range of products, which cover eight principle business lines of clinical care, wound management, blood management, pharma packaging, medical testing, anesthesia and surgery, orthopaedic products and interventional products. The Group's products are sold under its own brand names, including "Jierui", "Wego Ortho", "Yahua", "Bangde" and "Hai Xing". The products are sold throughout the PRC and exported to overseas.

#### **Weigao Holding**

Weigao Holding is a conglomerate corporate and is 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 the PRC.

#### **Distribution Company**

Distribution Company is a company incorporated under the laws of the PRC with limited liability and is a wholly owned subsidiary of Weigao Holding. Distribution Company is principally engaged in medical device logistic operation and distribution services in the PRC.

### LISTING RULES IMPLICATIONS

As at the date of this circular, Weigao Holding is the controlling shareholder of the Company and holds approximately 46.43% of the issued share capital of the Company and Distribution Company is a wholly owned subsidiary of Weigao Holding. Accordingly, Weigao Holding and Distribution Company are connected persons of the Company under Chapter 14A of the Listing Rules. Thus, the transactions contemplated under the Supplemental Agreement constitute continuing connected transactions of the Company.

As one or more applicable percentage ratios (other than the profit ratio) in respect of the Supplemental Agreement is over 5%, the Logistic and Distribution Services Framework Agreement (as amended by the Supplemental Agreement) is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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## LETTER FROM THE BOARD

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### PROPOSED INTERIM DIVIDEND PAYMENT

The Board proposed the distribution of an interim dividend for the six months ended 30 June 2021 of RMB0.077 (same period of 2020: RMB0.062) (before considering any tax effect) per share was approximately RMB348,219,000 (same period of 2020: RMB280,384,000), which will be subject to the approval of shareholders of the Company at the EGM. Dividend payable to shareholders participating in the Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect and H share full circulation pilot project will be paid in Renminbi, whereas dividend payable to holders of the H shares will be declared in Renminbi and paid in Hong Kong dollars, the exchange rate of which will be calculated based on the average exchange rate published by The People's Bank of China during the week prior to the EGM. Subject to the approval of the EGM, the 2021 interim dividend will be paid on Friday, 5 November 2021.

In accordance with the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and its implementation rules effective on 1 January 2008, where a PRC domestic enterprise distributes dividends for financial periods beginning from 1 January 2008 to non-resident enterprise shareholders, it is required to withhold 10% enterprise income tax for such non-resident enterprise shareholders. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of the interim dividend as enterprise income tax, distribute the interim dividend to non-resident enterprise shareholders, i.e. any shareholders who hold the Company's shares in the name of non-individual shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or holders of H Shares registered in the name of other organizations and groups. Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), the Announcement of the State Administration of Taxation on Promulgation of the Administrative Measures on Entitlement for Non-Resident Taxpayers to Tax Convention Treatment (Announcement No. 60 [2015] of the State Administration of Taxation) (《國家稅務總局關於印發〈非居民納稅人享受稅收協定待遇管理辦法〉的公告》(國家稅務總局公告2015年第60號)), other relevant laws and regulations and other regulatory documents, the Company shall, as a withholding agent, withhold and pay individual income tax for the individual holders of H shares in respect of the dividend to be distributed to them. However, the individual holders of H shares may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the individual holders of H shares are domiciled and the tax arrangements between Mainland China, Hong Kong or Macau. For individual holders of H shares in general, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H shares in the distribution of the dividend. However, the tax rates applicable to individual holders of H Shares overseas may vary depending on the tax treaties between the PRC and the countries (regions) in which the individual holders of H shares are domiciled, and the Company will withhold and pay individual income tax on behalf of the individual holders of H shares in the distribution of the dividend accordingly.

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## LETTER FROM THE BOARD

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Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Caishui [2014] No.81 《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2014]81號)》 and the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Caishui [2016] No.127 《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2016]127號, for dividend received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors.

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》) and the Implementation Regulations, for individual holders of shares participating in the H share full circulation pilot project, it shall withhold and pay individual income tax at the rate of 20% on behalf of the investors.

The Company will identify the country of domicile of the individual holders of H shares according to their registered address on the H share register of members of the Company (the “**Registered Address**”). If the domicile of an individual holders of H shares is not the same as the Registered Address or if the individual holders of H shares would like to apply for a refund of the additional amount of tax finally withheld and paid, the individual holders of H shares shall notify and provide relevant supporting documents to the Company. Upon examination of the supporting documents by the relevant tax authorities, the Company will follow the guidance given by the tax authorities to implement the relevant tax withholding provisions and arrangements. Individual holders of H shares may either personally or appoint a representative to attend to the procedures in accordance with the requirements under the Tax Treaties Notice if they do not provide the relevant supporting documents to the Company. The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual holders of H shares and for any claims arising from or in connection with any delay in or inaccurate determination of the tax status or tax treatment of the individual holders of H shares or any disputes over the withholding mechanism or arrangements. Shareholders are recommended to consult their tax advisors regarding the PRC, Hong Kong and other tax implications arising from or in connection with their holding and disposal of the H shares of the Company.

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## LETTER FROM THE BOARD

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### PROPOSED AMENDMENT OF ARTICLES OF ASSOCIATION

To facilitate business development, the Company proposes to amend the articles of association (the “**Proposed Amendments**”). Details of the Proposed Amendments are set out in Appendix I to this circular. The Company has received a confirmation from its Hong Kong legal adviser confirming that the proposed amendments comply with the applicable provisions under the Listing Rules. The Company has also received a confirmation from its PRC legal adviser confirming that the proposed amendments comply with the applicable laws and regulations in the PRC. The Proposed Amendments are subject to the approval of the Shareholders by way of a special resolution and the approval, registration and filing with the relevant PRC government authorities. Any Shareholders with a material interest and his/her/its associate(s) is (are) required to abstain from voting at the EGM to approve the Proposed Amendments. As at the Latest Practicable Date, to the best of their knowledge and belief, no Shareholder is required to abstain from voting at the resolutions to be proposed at the Extraordinary General Meeting to approve the Proposed Amendments.

### EXTRAORDINARY GENERAL MEETING AND CLOSURES OF REGISTER OF MEMBERS OF THE COMPANY

In order to determine the shareholders who are entitled to attend and vote at the EGM, the register of members of the Company for H Shares will be closed from Saturday, 18 September 2021, to Friday, 24 September 2021 (both days inclusive), during which period no transfer of H Shares will be effected. In order to qualify for attending and voting in the EGM, Shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company’s H Share registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 17 September 2021.

In order to qualify for attending and voting in the EGM:-

Latest time to lodge in transfer instrument accompanied  
by the share certificates for H Shares . . . . . 4:30 p.m., Friday,  
17 September 2021

Closure of register of members of the Company for attending  
and voting in the EGM . . . . . Saturday, 18 September 2021 to  
Friday, 24 September 2021  
(both days inclusive)

Date of the EGM . . . . . Friday, 24 September 2021

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## LETTER FROM THE BOARD

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### Interim dividend payment

In order to determine entitlement to the interim dividend payment, the register of members of the Company for H Shares will be closed from Friday, 1 October 2021 to Tuesday, 5 October 2021 (both days inclusive), during which period no transfer of H Shares will be effected. In order to qualify for entitlement of the interim dividend, holders of H Shares should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's H Share registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 30 September 2021.

In order to qualify to entitle the interim dividend for the six months ended 30 June 2021:-

Latest time to lodge in transfer instrument accompanied

by the share certificates for H Shares . . . . . 4:30 p.m., Thursday,  
30 September 2021

Closure of register of members of the Company for  
entitlement of the interim dividend for the

six months ended 30 June 2021 . . . . . Friday, 1 October 2021 to  
Tuesday, 5 October 2021  
(both day inclusive)

Record date for the entitlement of the interim dividend . . . . . Tuesday, 5 October 2021

Expected despatch date of the interim dividend . . . . . Friday, 5 November 2021

The interim dividend will be despatched at the risk of those entitled thereto to their respective registered addresses on or before Friday, 5 November 2021. The applicable exchange rate for converting RMB into Hong Kong dollar for the purpose of the interim dividend payment will be based on the average middle exchange rate of Renminbi as quoted by the People's Bank of China for the calendar week proceeding 24 September 2021, the date on which the interim dividend to be declared.

### EXTRAORDINARY GENERAL MEETING

It is proposed that the EGM to be convened and held at 2/F, 18 Xingshan Road, Weihai Torch Hi-Tech Science Park, Shandong, PRC, at 9:00 a.m. on Friday 24 September 2021, for the purpose of considering, and if thought fit, approve the Supplemental Agreement, the proposed interim dividend payment and the proposal amendment of article of association. A notice of the EGM is set out on pages 45 to 47 of this circular.

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## LETTER FROM THE BOARD

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Proxy form for use at the EGM is enclosed with this circular and are also published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.weigaogroup.com>). Whether or not you are able to attend the meetings in person, you are requested to complete and return the proxy form in accordance with the instructions printed thereon and return it to the Company's H Share registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be).

Completion and delivery of the proxy form will not preclude you from attending and voting in person at the meetings or any adjournment thereof (as the case may be) if you so wish.

### **VOTING BY POLL**

In accordance with Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. As such, the resolutions set out in the notice convening the EGM, will be voted by poll.

### **RECOMMENDATION**

Taking into account the letter from the Independent Board Committee and all other factors stated above as a whole, the Directors (including the independent non-executive Directors) consider that the Supplemental 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 (including the Proposed Annual Cap), and are fair and reasonable and in the interests of the Company and its Shareholders as a whole. As such, the Directors recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM.

The Directors also consider that the resolutions regarding the proposed interim dividend payment and the proposed amendment of articles of association to be put before the EGM are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the aforesaid resolutions to be proposed at the EGM.



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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the letter from the Independent Board Committee, the letter from the Independent Financial Adviser and the appendix to this circular.

By Order of the Board  
**Shandong Weigao Group Medical Polymer Company Limited**  
**Long Jing**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is a full text of the letter from the Independent Board Committee prepared for the purpose of inclusion in this circular.*

# **WEGO 威高**

**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 September 2021

*To the Independent Shareholders*

Dear Sir or Madam,

### **SUPPLEMENTING THE TERM OF AND INCREASING THE ANNUAL CAP OF EXISTING LOGISTIC AND DISTRIBUTION SERVICES FRAMEWORK AGREEMENT**

We refer to the circular of the Company to the Shareholders dated 1 September 2021 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider whether the terms of the Logistic and Distribution Services Framework Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder, and the Proposed Annual Cap are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to voting at the EGM.

The Independent Financial Adviser has been appointed by the Company to advise us and the Independent Shareholders in this regard. Details of the independent advice of the Independent Financial Adviser, together with the principal factors and reasons the Independent Financial Adviser has taken into consideration, are set out on pages 18 to 37 of the Circular.

We wish to draw your attention to the letter from the Board set out on pages 4 to 15 of the Circular and the letter of advice from the Independent Financial Adviser set out on pages 18 to 37 of the Circular and to the appendix to the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered, among other things, the principal factors and reasons underlying the Supplemental Agreements as well as the advice of the Independent Financial Adviser as set out in the Circular, we consider the terms of the Logistic and Distribution Services Framework Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder, and the Proposed Annual Cap are on normal commercial terms, fair and reasonable, and are in the interests of the Company and the Shareholders as a whole in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution set out in the Notice of the EGM.

Yours faithfully,  
For and on behalf of  
The Independent Board Committee of  
**Shandong Weigao Group Medical Polymer Company Limited**  
**Mr. Lo Wai Hung**  
**Mrs. Fu Mingzhong**  
**Mrs. Wang Jinxia**

\* *for identification purposes only*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter of advice from China Galaxy International Securities (Hong Kong) Co., Limited to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this Circular.*



20/F, Wing On Centre  
111 Connaught Road Central  
Sheung Wan, Hong Kong

1 September 2021

*To: The Independent Board Committee and the Independent Shareholders of  
Shandong Weigao Group Medical Polymer Company Limited*

Dear Sir or Madam,

### **CONTINUING CONNECTED TRANSACTIONS SUPPLEMENTING THE TERM OF AND INCREASING THE ANNUAL CAP OF EXISTING LOGISTIC AND DISTRIBUTION SERVICES FRAMEWORK AGREEMENT**

#### **I. INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of continuing connected transactions under the Logistic and Distribution Services Framework Agreement (the “**Continuing Connected Transactions**”), as amended by the Supplemental Agreement. Details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular (the “**Circular**”) of the Company dated 1 September 2021, of which this letter of advice forms part. Unless otherwise defined, terms used in this letter shall have the same meanings as those defined in the Circular.

On 5 December 2018, the Company entered into the Logistic and Distribution Services Framework Agreement with Distribution Company, pursuant to which Distribution Company Group agreed to provide integrated medical device supply chain logistic services (the “**Logistic and Distribution Services**”) to the Group for a term of two years from 1 January 2019 to 31 December 2020 with annual caps of RMB310 million for each of the two years ended 31 December 2019 and 2020.

Subsequent to the entering into of the Logistic and Distribution Services Framework Agreement, the Company and Distribution Company entered into two supplemental agreements. On 27 September 2019, the Company and Distribution Company entered into a supplemental agreement to revise the annual caps in respect of the provision of the Logistic and Distribution Services by Distribution Company Group to the Group to RMB450 million and RMB600 million for the two years ended 31 December 2019 and 2020, respectively. On 26 August 2020, the parties entered into another supplemental agreement to (i) further revise the then existing annual cap for the year ended 31 December 2020 to RMB1,200 million; (ii) extend the agreement term to 31 December 2021; and (iii) propose new annual cap of RMB1,400 million for the year ending 31 December 2021. All other terms as stipulated in the Logistic and Distribution Services Framework Agreement remain unchanged.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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With the anticipated demand for the Logistic and Distribution Services, the Directors expect the actual transaction amounts of the Continuing Connected Transactions may exceed the existing annual cap for the year ending 31 December 2021 under the Logistic and Distribution Services Framework Agreement. On 27 August 2021, the parties entered into the Supplemental Agreement to revise the existing annual cap for the year ending 31 December 2021 from RMB1,400 million to RMB2,500 million (“**Proposed Annual Cap**”). All other terms as stipulated in the Logistic and Distribution Services Framework Agreement remain unchanged.

As at the Latest Practicable Date, (i) Weigao Holding is interested in approximately 46.43% of the total issued share capital of the Company and is a controlling Shareholder within the meaning of the Listing Rules; and (ii) Distribution Company is a subsidiary of Weigao Holding. Accordingly, Weigao Holding and Distribution Company are connected persons of the Company and transactions under the Logistic and Distribution Services Framework Agreement (as amended by the Supplemental Agreement) constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As one or more of the relevant percentage ratios (as defined under the Listing Rules) in respect of the Supplemental Agreement exceeds 5%, the Continuing Connected Transactions constitute non-exempt continuing connected transactions under the Listing Rules and the Logistic and Distribution Services Framework Agreement (as amended by the Supplemental Agreement) is subject to the reporting, announcement, Independent Shareholders’ approval and annual review requirements under the Listing Rules.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the transaction and his/her/its associate(s) is (are) required to abstain from voting on the relevant resolution at the EGM. Accordingly, Weigao Holding, Mr. Chen Lin, Mr. Long Jing and Mr. Cong Rinan and their respective associates are required to abstain from voting on the resolution to approve the Supplemental Agreement and the Proposed Annual Cap at the EGM.

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Lo Wai Hung, Mrs. Fu Mingzhong and Mrs. Wang Jinxia, has been established to advise the Independent Shareholders as to whether the terms of the Supplemental Agreement (including the Proposed Annual Cap) are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote in respect of the relevant resolution to be proposed at the EGM. We have been appointed to advise the Independent Board Committee and the Independent Shareholders in these regards.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at the Latest Practicable Date, we did not have any relationships or interests with the Company, its subsidiaries, Distribution Company or any of their respective core connected persons or close associates that could reasonably be regarded as relevant to our independence. We have not acted, within the last two years, as an independent financial adviser or a financial adviser to the Company, Distribution Company or any of their respective core connected persons or close associates. Apart from normal professional fees paid or payable to us in connection with this appointment as the independent financial adviser, no arrangements exist whereby we had received any fees or benefits from the Company, its subsidiaries, Distribution Company or any of their respective core connected persons or close associates. Accordingly, we are independent from the Company pursuant to Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Continuing Connected Transactions.

### II. BASIS OF OUR OPINION

In formulating our opinion, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete in all respects as at the date thereof and may be relied upon.

We have also assumed that all views, opinions and statements of intention provided by the Directors and the Management have been arrived at after due and careful enquiry. The Directors have confirmed to us that no material facts have been withheld or omitted from the information supplied and opinions expressed. We consider that we have been provided with, and have reviewed, all currently available information and documents which are available under present circumstances to enable us to reach an informed view and to provide a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided, nor have we conducted any form of in-depth investigation into the businesses, affairs, operations, financial position, plans, projections or future prospects of the Group. Our opinion is necessarily based on the financial, economic, market and other conditions in effect, and the information made available to us, as at the Latest Practicable Date.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Directors collectively and individually accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular misleading. The Company will notify the Shareholders of any material changes as soon as possible subsequent to the Latest Practicable Date and up to the date of the EGM. If we shall become aware of any such material change, we will notify the Independent Shareholders of the potential impact, if any, on our opinion and/or recommendation set out in this letter as soon as possible.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Continuing Connected Transaction, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

Our review and analyses were based upon, among others, the information provided by the Group including the Circular, the Logistic and Distribution Services Framework Agreement and all its supplement agreements (including the Supplemental Agreement), the annual reports of the Company for the year ended 31 December 2020 (“**2020 Annual Report**”) and the year ended 31 December 2019 (“**2019 Annual Report**”), the interim results announcement of the Company for the six months ended 30 June 2021 (“**2021 Interim Results Announcement**”) and certain published information from the public domain. We have also discussed with the Directors and/or the Management with respect to the terms of and the reasons for the Continuing Connected Transactions (including the Proposed Annual Cap), and considered that we have reviewed sufficient information to reach an informed view and to justify reliance on the information provided and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and supplied to us by the Directors and/or the Management nor have we conducted any form of in-depth investigation into the businesses, affairs, financial position, internal control, profitability or prospects of the Group, Distribution Company and each of their respective associates, and the parties involved in the Continuing Connected Transactions.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### III. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in respect of the terms of the Continuing Connected Transactions, we have considered the following principal factors and reasons:

#### 1. Information on the Group

The Group is principally engaged in the research and development, production and sale of single-use medical devices and operates finance lease and factoring business in the PRC. The Group has a wide range of products, which cover eight principal business lines of clinical care, wound management, blood management, pharma packaging, medical testing, anesthesia and surgery, orthopaedic products and interventional products. The Group's products are sold under its own brand names, including "Jierui", "Wego Ortho", "Yahua", "Bangde" and "Hai Xing". The products are sold throughout the PRC and exported to overseas.

As at 27 August 2021, the Group had a PRC customer base of 7,396 customers in aggregate (including 2,908 hospitals, 414 blood stations, 1,002 other medical units and 3,072 distributors) and an overseas customer base of 6,711 customers in aggregate (including 3,478 hospitals, 1,584 other medical units and 1,649 distributors).

The key financial information of the Group for the three years ended 31 December 2020 and the six months ended 30 June 2020 and 2021 is summarized as below:

	For the year ended 31 December			For the six months ended	
	2020	2019	2018	30 June 2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
		(Restated)			
Revenue	11,345,252	10,383,885	8,808,861	6,299,604	5,215,509
Gross profit	6,457,290	6,513,860	5,389,154	3,662,863	3,019,850
Profit for the year/period attributable to owners of the Company	2,030,137	1,849,936	1,472,935	1,209,394	995,841



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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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	As at 31 December			As at 30 June	
	2020	2019	2018	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
		(Restated)			
Total assets	27,344,669	26,352,871	23,986,873	29,911,893	27,957,716
Total liabilities	8,954,215	9,360,935	8,795,973	9,636,974	9,079,028
Equity attributable to owners of the Company	17,545,346	16,180,500	14,514,573	18,716,978	18,033,580

***Six months ended 30 June 2021 compared with six months ended 30 June 2020***

As illustrated in the table above, revenue of the Group amounted to approximately RMB6,229.6 million for the six months ended 30 June 2021, representing an increase of approximately 19.4% as compared to that of approximately RMB5,215.5 million for the last period. According to the 2021 Interim Results Announcement, such increase was mainly attributable to the revenue generated from (i) the clinical care business of approximately RMB2,104.6 million, representing an increase of approximately 13.1% over that of the last period as a result of the gradual resumption of hospital medical services which led to an increase in usage; (ii) the pharma packaging business of approximately RMB957.7 million, representing an increase of approximately 25.3% over that of the last period as a result of the strong demand of prefilled syringes; (iii) the orthopedic business of approximately RMB1,084.4 million, representing an increase of approximately 30.6% over that of the last period as a result of further consolidating market position in the spine segment, increased marketing of joint products, further penetration of distribution channels and establishment of a logistic platform; and (iv) the interventional business of approximately RMB865.4 million, representing an increase of approximately 10.5% over that of the last period as a result of the recovery of clinical treatments in hospitals and as driven by the PRC market.

During the six months ended 30 June 2021, the gross profit margin of the Group increased to approximately 58.1% from approximately 57.9% for that of the same period last year, mainly attributable to the change of product mix. Profit attributable to owners of the Company increased from approximately RMB995.8 million for the six months ended 30 June 2020 to approximately RMB1,209.4 million, representing an increase of approximately 21.4%, mainly as a result of the increase in revenue and gross profit margin as discussed above.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Year ended 31 December 2020 compared with year ended 31 December 2019*

As illustrated in the table above, revenue of the Group amounted to approximately RMB11,345.3 million for the year ended 31 December 2020, representing an increase of approximately 9.3% as compared with that of approximately RMB10,383.9 million for the year ended 31 December 2019. According to the 2020 Annual Report, such increase was mainly attributable to (i) the increase in revenue generated from pharma packaging business from approximately RMB1,281.0 million for the year ended 31 December 2019 to approximately RMB1,693.8 million for the year ended 31 December 2020, representing an increase of approximately 32.2% as a result of the further expansion of the market influence of the Group's prefilled syringes in the segment of pre-pack bio-pharmaceuticals, fully guaranteed supply of the COVID-19 vaccine syringes and broadened customer base; (ii) the increase in revenue generated from the orthopaedic business from approximately RMB1,555.6 million for the year ended 31 December 2019 to approximately RMB1,747.8 million for the year ended 31 December 2020, representing an increase of approximately 12.4% as a result of further consolidation of the Group's market position in the spine segment, increased marketing of joint products, further penetration of distribution channels and establishment of a logistic platform; and (iii) the increase in revenue generated from the clinical care business from approximately RMB4,255.7 million for the year ended 31 December 2019 to approximately RMB4,267.5 million for the year ended 31 December 2020, representing an increase of approximately 0.3% as a result of enhanced product mix.

For the year ended 31 December 2020, the gross profit of the Group slightly decreased to approximately RMB6,457.3 million from approximately RMB 6,513.9 million for the year ended 31 December 2019. The decrease was mainly attributable to the decrease in gross margin of the Group from approximately 62.7% for the year ended 31 December 2019 to approximately 56.9% for the year ended 31 December 2020, mainly as a result of the change of product structure. Despite the decrease in gross profit, profit attributable to owners of the Company increased from approximately RMB1,849.9 million for the year ended 31 December 2019 to approximately RMB2,030.1 million for the year ended 31 December 2020, representing an increase of approximately 9.7%, mainly as a result of the decrease in selling and distribution expenses as well as finance costs.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Year ended 31 December 2019 compared with year ended 31 December 2018*

For the year ended 31 December 2019, revenue of the Group amounted to approximately RMB 10,383.9 million, an increase of approximately 17.9% as compared with that of the previous financial year ended 31 December 2018. According to the 2019 Annual Report, such increase in revenue was mainly attributable to (i) the increase in revenue generated from clinical care business from approximately RMB 3,891.7 million for the year ended 31 December 2018 to approximately RMB 4,255.7 million for the year ended 31 December 2019, representing an increase of 9.4% as a result of enhanced product mix; (ii) the increase in revenue generated from pharma packaging business from approximately RMB 955.6 million for the year ended 31 December 2018 to approximately RMB 1,281.0 million for the year ended 31 December 2019, an increase of approximately 34.1% as a result of the expansion of market influence of the Group's prefilled syringes in the segment of pre-packed bio-pharmaceuticals; (iii) the increase in revenue generated from orthopedic products business from approximately RMB 1,180.6 million for the year ended 31 December 2018 to approximately RMB 1,555.6 million for the year ended 31 December 2019, representing an increase of approximately 31.8% as a result of further consolidation of the Group's market position in the spine segment, increased marketing of joint products, further penetration of distribution channels and establishment of logistic platform; and (iv) the increase in revenue generated from interventional products business from approximately RMB 1,444.2 million for the year ended 31 December 2018 to approximately RMB 1,655.6 million for the year ended 31 December 2019, representing an increase of approximately 14.6% as a result of increased Argon products sales.

Gross profit of the Group increased to approximately RMB 6,513.9 million for the year ended 31 December 2019 from approximately RMB 5,389.2 million for the year ended 31 December 2018, which was mainly attributable to (i) the increase in revenue as discussed above; and (ii) improvement in gross profit margin to approximately 62.7% for the year ended 31 December 2019 from approximately 61.2% for the year ended 31 December 2018 mainly as a result of change of product structure. Profit attributable to owners of the Company increased to approximately RMB 1,849.9 million for the year ended 31 December 2019 from approximately RMB 1,472.9 million for the year ended 31 December 2018, representing an increase of approximately 25.6%, mainly as a result of the increase in gross profit as discussed above.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **2. Information of Distribution Company Group**

Distribution Company is a company incorporated under the laws of the PRC with limited liability in May 2006 with registered capital of RMB99.0 million and it is a subsidiary of Weigao Holding. Distribution Company is principally engaged in medical device logistic operation and distribution services in the PRC. According to the management account of Distribution Company Group for the year ended 31 December 2020 and the six months ended 30 June 2021, the revenue of Distribution Company Group amounted to approximately RMB4.7 billion for the year ended 31 December 2020 and approximately RMB 2.8 billion for the six months ended 30 June 2021.

Weigao Holding was established under the laws of the PRC with limited liability in August 1998 with registered capital of RMB1.2 billion. Weigao Holding Group is a conglomerate group, which is 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 the PRC. As Weigao Holding is the controlling Shareholder which holds 46.43% of the total issued share capital of the Company as at the Latest Practicable Date, Distribution Company is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

### **3. Reasons for and benefit of entering into the Supplemental Agreement**

Given that the Company expects to continue to procure the services from Distribution Company Group under the Logistic and Distribution Services Framework Agreement and the actual transaction amount for the seven months ended 31 July 2021 was approaching the original annual cap, the Directors expect the actual transaction amounts of the Continuing Connected Transactions may exceed the existing annual cap for the year ending 31 December 2021 under the Logistic and Distribution Services Framework Agreement. On 27 August 2021, the Company and Distribution Company entered into the Supplemental Agreement to revise the annual cap for the year ending 31 December 2021 from RMB1,400 million to RMB2,500 million.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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#### 4. Principal terms of Continuing Connected Transactions under the Logistic and Distribution Services Framework Agreement

In assessing whether the terms of the Continuing Connected Transactions under the Supplemental Agreement are fair and reasonable, we have reviewed the principal terms of the Logistic and Distribution Services Framework Agreement and all its supplemental agreements (including the Supplemental Agreement) as discussed below.

##### ***Logistic and Distribution Services Framework Agreement (as amended by the Supplemental Agreement)***

Date of agreement:	5 December 2018 (as amended by supplemental agreements dated 27 September 2019, 26 August 2020 and 27 August 2021)
Parties:	(1) the Company; and  (2) Distribution Company
Terms:	three years from 1 January 2019 to 31 December 2021
Subject matter:	Provision of nation-wide distribution services by Distribution Company Group under an integrated medical device supply chain with management mode with optimized product and customer structure.
Material terms:	Distribution Company Group will provide integrated medical device supply chain logistic services to the Group, the conditions thereof shall not be less favourable than those available to the Group from independent third parties for comparable distribution logistic services. The Group will utilize the distribution services of Distribution Company Group on a voluntary and non-compulsory basis and is not obliged to engage the distribution services provider of Distribution Company Group for any distribution and logistic services. Distribution Company Group may, from time to time, enter into separate individual agreements with the Group for the provision of distribution services, provided that the principles as agreed in the Logistic and Distribution Services Framework Agreement must be observed.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Pricing policy: The comprehensive pricing (including fees) of the distribution services charged by Distribution Company Group shall be fair and reasonable and shall not be higher than the comprehensive pricing of the similar distribution services provided by independent third parties to the Group during the same period.

The Group shall compare the rates and terms of the services offered by Distribution Company Group to those charged or quoted by at least two independent logistics and distribution service providers for providing similar services to ensure the terms (including pricing and payment) contemplated under the Logistic and Distribution Services Framework Agreement are on normal commercial terms.

According to the Logistic and Distribution Services Framework Agreement (as amended by the Supplemental Agreement), the comprehensive pricing (including fees) of the Logistic and Distribution Services charged by Distribution Company Group shall be fair and reasonable and shall not be higher than the comprehensive pricing of the similar distribution services provided by independent third parties to the Group during the same period.

In order to assess the fairness and reasonableness of the terms of the Logistic and Distribution Services, we have obtained the PRC customer list that the Group has distributed the products to using the Logistic and Distribution Services procured from Distribution Company Group. We have randomly selected four customers from the list and reviewed one set of sample contracts and invoices for each selected customer for Logistic and Distribution Services procured by the Group from Distribution Company Group during the 12-month period immediately before the date of this letter. We have compared the contract terms against relevant sample contracts of similar services procured by the Group from other independent logistic and distribution service providers during the same period. We have also randomly compared the prices of Logistic and Distribution Services charged by Distribution Company Group for selected products on each invoice against relevant invoices of similar services procured by the Group from other independent logistic and distribution service providers during the same period. Based on our review of the abovementioned contracts and invoices, we noted that the prices and terms offered by Distribution Company Group to the Group in the samples obtained were comparable and no less favourable than those offered by independent logistic and distribution service providers and were therefore generally in line with the pricing policy as stated in the Logistic and Distribution Services Framework Agreement (as amended by the Supplemental Agreement).

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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**5. The Proposed Annual Cap**

According to the Supplemental Agreement, the annual cap of Logistic and Distribution Services for the year ending 31 December 2021 is increased to RMB2,500 million.

In assessing whether the Proposed Annual Cap of RMB2,500 million is fair and reasonable, we have considered the following factors:

**(a) Historical transaction amounts and utilisation of the existing annual caps in respect of the Logistic and Distribution Services**

The following table sets out (i) the existing annual caps for each of the three years ending 31 December 2021 as stated in the Logistic and Distribution Services Framework Agreement; (ii) the historical transaction amounts for the two years ended 31 December 2020 and the seven months ended 31 July 2021; (iii) the utilisation rates of the existing annual caps as stated in the Logistic and Distribution Services Framework Agreement; and (iv) the Proposed Annual Cap in respect of the provision of the Logistic and Distribution Services by Distribution Company Group to the Group:

	For the year ended 31 December 2019 <i>Approximately</i> <i>RMB million</i>	For the year ended 31 December 2020 <i>Approximately</i> <i>RMB million</i>	For the year ending 31 December 2021 <i>Approximately</i> <i>RMB million</i>
Existing annual cap as stated in the Logistic and Distribution Services Framework Agreement	450.0	1,200.0	1,400.0
Historical transaction amounts	430.3	1,128.2	1,147.7 (Up to 31 July 2021)
Utilisation rate for the year	95.6%	94.2%	81.9% (up to 31 July 2021)
Proposed Annual Cap	N/A	N/A	2,500.0

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As illustrated above, the amount of the Logistic and Distribution Services procured from Distribution Company Group increased significantly since the signing of the Logistic and Distribution Services Framework Agreement in December 2018. The transaction amount for the year ended 31 December 2020 was approximately 2.6 times of the amount for the year ended 31 December 2019 and the transaction amount for the seven months ended 31 July 2021 has already exceeded the transaction amount for the entire year of 2020. This demonstrated the significant growth in the demand for the Logistic and Distribution Services procured from Distribution Company Group as a result of the continuous business growth of the Group.

As stated in the Letter from the Board, the transaction amount of the Logistic and Distribution Services provided by Distribution Company Group for the seven months ended 31 July 2021 amounted to approximately RMB1,147.7 million, representing approximately (i) 81.9% of the existing annual cap of RMB 1,400.0 million for the year ending 31 December 2021; (ii) 191.3% of the transaction amount of approximately RMB600.0 million for the corresponding period ended 31 July 2020; (iii) 101.7% of the transaction amount of approximately RMB1,128.2 million for the year ended 31 December 2020; and (iv) 45.9% of the Proposed Annual Cap of RMB2,500.0 million for the year ending 31 December 2021, respectively.

As advised by the Management, taking into account that (i) the remarkable growth in demand for the Logistic and Distribution Services procured from Distribution Company Group is expected to continue in the rest of the year ending 31 December 2021; and (ii) over 80% of the existing annual cap of RMB 1,400.0 million for the year ending 31 December 2021 has been used up for the seven months ended 31 July 2021, the Directors are of the view that it is in the interests of the Company and the Shareholders as a whole to increase the annual cap for the year ending 31 December 2021.

After considering the historical growth in the transaction size of the Logistic and Distribution Services procured from Distribution Company Group and the utilisation rate of the existing annual cap for the year ending 31 December 2021, we concur with the Directors that it is in the interests of the Company and the Shareholders as a whole to increase the annual cap for the year ending 31 December 2021.



***(b) Market outlook of the PRC medical device industry and business development of the Group***

*Market outlook*

According to the National Bureau of Statistics of China, the total expenditure on health of the PRC grew from approximately RMB3,537.9 billion in 2014 to approximately RMB6,519.6 billion in 2019, representing a CAGR of approximately 13.0% during the period. In terms of nominal gross domestic product (“GDP”), the total expenditure on health of the PRC grew from approximately 5.6% of nominal GDP in 2014 to approximately 6.6% in 2019. Despite the growth in total expenditure on health of the PRC in absolute amount and as percentage of GDP, it is still low as compared to other nations. According to “Global Spending on Health: Weathering the Storm”, a report published by the World Health Organization in December 2020, the world spent approximately US\$8.3 trillion on health in 2018, representing about 10% of global GDP, indicating that the PRC still has room for further increment in health related expenditure.

Demand for medical device products is also affected by population and the demographic. According to the Seventh National Population Census of the PRC, the population of the PRC increased from approximately 1.3 billion in 2010 to approximately 1.4 billion in 2020. At the same time, China has witnessed an accelerated growth of aging population. According to the independent market research report prepared by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., population aged over 65 accounted for approximately 12.6% of the total population in China with an elderly dependency ratio of approximately 1:5 in 2019, and such percentage and ratio are expected to increase to approximately 21.5% and 1:3, respectively, by 2030. The PRC has also introduced the three-child policy in May 2021. Under the new policy, every couple is allowed to have three children. With more new babies born in the coming years, the ascending trend of PRC’s population is expected to continue. Accompanied with the aging demographic and the implementation of the three-child policy in the PRC as discussed above, it is expected that the healthcare expenditure in the PRC will continue to grow and hence demand for medical device products will also increase.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Business development of the Group*

As discussed in the paragraph headed “1. Information on the Group” in this section above, revenue of the Group increased by approximately 9.3% for the year ended 31 December 2020 to reach approximately RMB11,345.3 million. Revenue of the Group also increased from approximately RMB5,215.5 million for the six months ended 30 June 2020 to approximately RMB6,299.6 for the six months ended 30 June 2021. The Group continued to expand its customer base and the Group had a PRC customer base of 7,396 in aggregate (including 2,908 hospitals, 414 blood stations, 1,002 other medical units and 3,072 distributors) and an overseas customer base of 6,711 in aggregate (including 3,478 hospitals, 1,584 other medical units and 1,649 distributors) as at 27 August 2021. Out of the over 7,000 customers of the Group in the PRC, as stated in the Letter from the Board, the number of PRC customers which the Group has distributed the products to using the Logistic and Distribution Services procured from Distribution Company Group increased by approximately 52.1% from 1,294 PRC customers as at 31 December 2020 to 1,968 PRC customers as at 30 June 2021, implying the substantial growth in the customer coverage of the Logistic and Distribution Services procured from Distribution Company Group. Accompanied by the continuous growth in the overall customer base of the Group, it is expected that the customer coverage of the Logistic and Distribution Services procured from Distribution Company Group will continue to expand.

According to the Management, the Group has continued to invest in purchase of production facilities, plant construction and new production lines to meet the increasing sales demand for future market growth. As stated in the 2021 Interim Results Announcement, the Group has invested approximately RMB592.1 million in purchase of production facilities and plant construction for the purpose of enhancing the overall construction of the industrial zone for the Group’s medical consumables. The Group also planned to invest (i) approximately RMB400 million in the new production lines, construction of which are already underway and are expected to be successively put in operation by the end of 2023; and (ii) approximately RMB600 million in the new production lines, which are expected to be successively put in operation by the end of 2024. Furthermore, construction is underway for the planned investment of approximately RMB150 million for upgrading and reconfiguration of the single-use consumables production equipment to further enhance the level of production automation.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Taking into account (i) the expected growing market demand for medical device products; (ii) historical business and financial growth of the Group; (iii) the continuous expansion of the Group's PRC customer base as well as the customer coverage of the Logistic and Distribution Services procured from Distribution Company Group; and (iv) the continuous capital investment in business expansion of the Group as discussed above, it is expected that the business of the Group will continue to grow in the near future and there will be an increase in demand for the Logistic and Distribution Services provided by Distribution Company Group to support the growing business of the Group. Therefore, we are of the view that it is reasonable to increase the annual cap of the Logistic and Distribution Services for the year ending 31 December 2021 given over 80% of the existing annual cap has been used up for the seven months ended 31 July 2021.

**(c) *Basis of determination of the Proposed Annual Cap***

As stated in the Letter from the Board, the Proposed Annual Cap was determined with reference to factors including (i) the actual transaction amount of the Logistic and Distribution Services of approximately RMB1,147.7 million for the seven months ended 31 July 2021, representing approximately 81.9% of the existing annual cap as stated in the Logistic and Distribution Services Framework Agreement for the year ending 31 December 2021; (ii) the historical significant growth in transaction amount with Distribution Company in respect of the Logistic and Distribution Services; (iii) the prospects and overview of the PRC medical device industry; and (iv) the historical business and financial growth of the Group and the increasing number of PRC customers which the Group has distributed the products to using the Logistic and Distribution Services procured from Distribution Company Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We have obtained and reviewed the Proposed Annual Cap estimation schedule prepared by the Company and noted that the Proposed Annual Cap is the sum of the estimated transaction amounts between the Group and individual companies within Distribution Company Group for the year ending 31 December 2021. We have discussed with the Management and noted that the estimated transaction amounts with individual companies within Distribution Company Group can be further broken down into estimated transaction amounts with individual customers which in turn are estimated by responsible sales representatives principally with reference to the actual transaction amount for the seven months ended 31 July 2021 as well as the latest communication between the sales representatives and the customers in respect of the anticipated demand for the remaining five months ending 31 December 2021 principally after taking into account the purchasing plan of the customers (if any), historical transaction amount with the customers, expected demand for existing products, expected sales of new products of the Group and expected overall market growth. Besides, we are advised by the Management that, based on historical performance, sales of medical device industry experience seasonality with higher transaction amount for the second half of the year in general as the number of medical cases is usually higher in winter, resulting in higher demand for medical device. We have reviewed the estimated transaction breakdown of five randomly selected individual companies within Distribution Company Group and interviewed with the sales representatives of one randomly selected customer from each of the five companies selected. We noted that their basis of estimating the transaction amounts for the five months ending 31 December 2021 is generally in line with the factors mentioned by the Management. Besides, we have reviewed the audited financial statements of the Company for the three years ended 31 December 2020 and noted that the Group recorded higher sales in the second half of the year for all the three financial years.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Proposed Annual Cap for the year ending 31 December 2021 is RMB2,500 million, representing an increase of approximately 78.6% as compared to the existing annual cap of RMB1,400 million. Based on the actual transaction amount of approximately RMB1,147.7 million for the seven months ended 31 July 2021, without considering the seasonality and demand growth factors as discussed above, the annualized transaction amount for the year ending 31 December 2021 would be approximately RMB1,967.5 million. With reference to the actual transaction amounts in 2020, the transaction amounts for the five months ended 31 December 2020 was approximately RMB528.2 million, representing approximately 88.0% of the transaction amounts of approximately RMB600.0 million for the seven months ended 31 July 2020. By applying the same proportion of 88.0% to the actual transaction amount of approximately RMB1,147.7 million for the seven months ended 31 July 2021, the estimated transaction amount for the five months ending 31 December 2021 would be approximately RMB 1,010.0 million, implying estimated annual transaction amount for the year ending 31 December 2021 to be approximately RMB2,157.7 million. The Proposed Annual Cap represents a buffer of around 16% on top of the estimated annual transaction amount and we consider the buffer percentage of around 16% to be reasonable after taking into account (i) the historical significant growth in transaction amount with Distribution Company Group in respect of the Logistic and Distribution Services, (ii) the positive outlook of the PRC medical device industry; (iii) the historical business and financial growth of the Group as well as its business development plan; (iv) the increasing number of PRC customers which the Group has distributed the products to using the Logistic and Distribution Services procured from Distribution Company Group; and (v) the fact that the estimated transaction amount for the five months ending 31 December 2021 has considered the latest communication between the sales representatives and customers in respect of the product demand as discussed above. In addition, the actual transaction amount for the year ended 31 December 2020 as compared with the year ended 31 December 2019 represented a growth of approximately 162.2%, which was higher than the growth of approximately 121.6% between the actual transaction amount for the year ended 31 December 2020 and the Proposed Annual Cap. Therefore, we are of the view that the Proposed Annual Cap is fair and reasonable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 6. Internal Control and Reporting Requirements and Conditions of the Continuing Connected Transactions

In respect of the Logistic and Distribution Services, the Group has adopted the following internal control measures for the on-going monitoring of the Logistic and Distribution Services:

- prior to entering into any logistic and distribution services agreements (including any renewal or supplemental agreements), the authorised department of the Company shall review and assess the Logistic and Distribution Services required after considering the delivery size, delivery location, timing required and any special requirements (for example, as to storage of special medical goods or equipment). Besides, designated staff should compare the pricing and terms of the Logistic and Distribution Services offered by Distribution Company Group to those charged or quoted by at least two independent providers for similar services and make sure that the pricing and terms of the Logistic and Distribution Services offered by Distribution Company Group are no less favourable than those offered by independent logistic and distribution service provider. The comparison will be submitted to finance department of the Company for approval;
- on a quarterly basis, a designated staff should consult the market price movement and review and compare the market price to the pricing and terms of the Logistic and Distribution Services offered by Distribution Company Group to make sure that the pricing and terms offered by Distribution Company Group are no less favourable than those offered by other independent logistic and distribution service providers. The review will be submitted to accounting manager. After reviewing by accounting manager, if the pricing and terms offered by Distribution Company Group are assessed to be following the terms set out in the Logistic and Distribution Services Framework Agreement, the quarterly review will be further submitted to the Company's chief financial officer for approval.

We have reviewed the abovementioned internal control policy of the Group. We have also reviewed the sample comparison before entering into any logistic and distribution services agreements (including any renewal or supplemental agreements) as well as the sample quarterly review of the pricing and terms of the Logistic and Distribution Services offered by Distribution Company Group during the 12-month period immediately before the date of this letter and noted that the abovementioned internal control measures are generally in compliance with.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Taking into account the abovementioned internal control measures and reporting requirements attached to the Continuing Connected Transactions, in particular, (i) the restriction of the transaction amount of the Continuing Connected Transactions by way of the Proposed Annual Cap; and (ii) the on-going review of the Continuing Connected Transactions by the independent non-executive Directors and auditors of the Company, we are of the view that appropriate measures are in place to monitor the conduct of the Continuing Connected Transactions and assist to safeguard the interests of the Independent Shareholders.

### 7. Recommendation

Having considered the above principal factors and reasons, we consider (i) the Continuing Connected Transactions under the Supplemental Agreement is on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole; and (ii) the Proposed Annual Cap is fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Supplemental Agreement and the transactions contemplated thereunder and the Proposed Annual Cap.

Yours faithfully,

For and on behalf of

**China Galaxy International Securities  
(Hong Kong) Co., Limited**

**Jessica Lee**

*Managing Director*

*Investment Banking*

*Note: Ms. Jessica Lee is a licensed person registered with the SFC and is a responsible officer of China Galaxy International Securities (Hong Kong) Co., Limited to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. Ms. Jessica Lee has over 15 years of experience in securities and investment banking industry.*

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## GENERAL INFORMATION

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### 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

### 2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executives in the Shares, underlying Shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules (the “**Model Code**”), will be as follows:

#### (i) Long positions in the Shares of the Company

Director	Nature of interest (long position)	Number of Shares	Approximate percentage of Shareholding (%)
Mr. Chen Lin	Beneficial interest	196,000	0.004
Mr. Long Jing	Beneficial interest	960,000	0.021
Mr. Cong Rinan	Beneficial interest	400,000	0.009

Notes:

- (1) Mr. Chen Lin, a son of Mr. Chen Xue Li, an ultimate de facto controller of Weigao Holding Company Limited.



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## GENERAL INFORMATION

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(ii) Long positions in the registered capital of Weigao Holding

Name of director	Capacity	Amount of registered capital	Approximate percentage of the registered capital of Weigao Holding
Weihai Weigao International Medical Investment Holding Company Limited* (Note)	Registered owner	1,078,000,000	89.83%
Mr. Chen Xueli	Beneficial owner	69,540,000	5.79%
Mr. Chen Lin	Beneficial owner	9,760,000	0.81%

Note: 威海威高國際醫療投資控股有限公司 (Weihai Weigao International Medical Investment Holding Company Limited\*) is owned as to 51.7% by Mr. Chen Xueli and 7.4% by Mr. Chen Lin.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company or any of their spouses or children under the age of 18 was interested, or was deemed to be interested in the long and short positions in the Shares, underlying Shares and debentures of the Company or any of its holding company, subsidiaries or other associated corporation (within the meaning of Part XV of the SFO) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or were required pursuant to the Model Code to be notified to the Company and the Stock Exchange. At no time had the Company or any of its holding company or subsidiaries been participated in any arrangements to enable the Directors or chief executive (including their spouses or children under the age of eighteen) of the Company to acquire any interests and short positions of Shares or underlying Shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO).

### 3. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, other than the interests and short positions of certain directors and chief executives as disclosed under the paragraph above, the interests and short positions of persons in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share

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## GENERAL INFORMATION

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capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or substantial shareholders as recorded in the register of substantial shareholder required to be kept by the Company under section 336 of the SFO were as follows:

Shareholder	Nature of interest (long position)	Number of Shares	Approximate percentage of Shareholding (%)
Weigao Holding <sup>(Note)</sup>	Beneficial interest	2,099,755,676	46.43

*Note:* Weigao Holding directly holds 1,982,755,676 Shares and indirectly holds 117,000,000 Shares through its wholly owned subsidiaries. Weigao Holding is 89.83% controlled by 威海威高國際醫療投資控股有限公司, which in turn is 51.7% controlled by Mr. Chen Xueli.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under section 336 of the SFO.

#### 4. DIRECTORS' SERVICES AGREEMENTS

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into a service agreement with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

#### 5. DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS, CONTRACTS OF SIGNIFICANCE AND ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries since 31 December 2020, being the date to which the latest published audited accounts of the Company were made up.

As at the Latest Practicable Date, there is no other contract or arrangement subsisting at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

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## GENERAL INFORMATION

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### 6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquires, none of the Directors and their respective close associates were considered to have any interests in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group as required to be disclosed pursuant to the Listing Rules.

### 7. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Group were made up.

### 8. EXPERT'S STATEMENTS

The following are the qualifications of the expert who have given opinion contained in this circular:

<b>Name</b>	<b>Qualification</b>
China Galaxy International Securities (Hong Kong) Co., Limited	A corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the above expert had given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, advice and opinion and references to its name in the form and context in which it appeared.

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or any rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any interest in any assets which have been, since 31 December 2020 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

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## GENERAL INFORMATION

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### 9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business in Hong Kong of the Company at 29/F Two Chinachem Central, 26 Des Voeux Road Central, Hong Kong during normal business hours on any weekdays, except public holidays, from the date of this circular up to and including the date of the EGM and at the EGM:

1. the Supplemental Agreement;
2. the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 16 and 17 of this circular;
3. the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 18 to 37 of this circular;
4. the written consent as referred to under the paragraph headed “8. Expert’s Statements” in this section; and
5. this circular.

### 10. MISCELLANEOUS

In case of any inconsistency, the English text of this circular shall prevail over its Chinese text.

The Company proposes to amend Article 14 of its articles of association (the “**Proposed Amendment**”).

The original “Article 14 Scope of operations: production and sale of medical polymer materials and products, plastic products (exclusive of agricultural film), sanitary raw and auxiliary materials, extracorporeal circulation and blood processing equipment, syringe and puncture devices, equipment and devices in the operation room, first-aid room and treatment room, clinical examination and analysis instruments, electronic devices, physiotherapy and rehabilitation equipment, medical cryotherapy, low temperature and refrigeration equipment and devices; production and sale of large-volume injection (including blood preservative solution), in vitro diagnostic reagents, medical test and basic equipment, implant materials and artificial organs, interventional equipment, medical suture materials and adhesives, basic surgical instruments, dental surgical instruments, abdominal surgical instruments, urinary anorectal surgical instruments, medical optical instruments & apparatus and endoscopy devices, medical ultrasonic instruments and relevant devices, physiotherapy and rehabilitation equipment, medical X-ray equipment, ward nursing equipment and instruments, disinfection and sterilization equipment and instruments, medical cold therapy, cryogenic refrigeration equipment apparatus, dental materials, production and sale of moulds, sale of medical equipment and accessories, disinfectants, and disinfection apparatus; general cargo warehousing; general cargo road transport; sale of medical disinfection products, hygiene products, daily necessities, cosmetics, office supplies, office equipment, office equipment consumables and stationery supplies, sale of office equipment and consumables, wholesale and retail of packaging materials, instruments and meters, environmental monitoring equipment, hardware and electrical appliances, home appliances, computers, computer software and auxiliary equipment, computer consumables, general mechanical equipment and electronic products; leasing and repair of mechanical equipment accessories and electronic products and technical service consultancy; network technical services; import and export of goods, import and export of technologies (excluding the distribution business of imported goods); medical supplies, pharmaceuticals, food, agricultural products, cosmetics, health products, such as irradiation sterilization, disinfection and treatment; irradiation technology consulting services; operation of special medical vehicle (blood collection, ambulance, physical examination) (Business projects that are subject to approval in accordance with law may only carried out after the approval of the relevant departments)”.

To be replaced as:-

“Manufacture of Class I medical devices; sale of Class I medical devices; manufacture of Class II medical devices; sale of Class II medical devices; manufacture of Class III medical devices; operation of Class III medical devices; wholesale of protective goods for healthcare workers; retail of protective goods for healthcare workers; production of protective goods for healthcare workers (Class I medical devices); production of protective goods for healthcare workers (Class II medical devices); sale of personal hygiene products; sale of hygiene products and disposable medical supplies; production of medical masks; wholesale of medical masks; retail of medical masks; production of daily masks (non-medical); sale of daily masks (non-medical); sale of daily commodities; retail of cosmetics; wholesale of cosmetics; sale of packaging materials and products; manufacture of medical packaging materials; manufacture of plastic products; sale of plastic products; manufacture of special-purpose equipment; manufacture of road motor vehicles; sale of new motor vehicles; manufacture of rubber products; manufacture of maternal and child products; sale of maternal and child products; manufacture of moulds; sale of moulds; production of disinfectants (excluding dangerous chemicals); sale of disinfectants (excluding dangerous chemicals); sale of special equipment for environmental protection; wholesale of hardware products; retail of hardware products; sale of household appliances; retail of computer software and hardware and ancillary equipment; sale of machinery and equipment; rental of medical equipment; rental of machinery and equipment; repair of special equipment; manufacture of special equipment (excluding manufacture of licensed professional equipment); manufacture of electronic special equipment; sale of electronic products; maintenance of electronic and mechanical equipment (excluding special-purpose equipment); technical services, technical development, technical consultation, technical exchange, technical transfer and technical promotion; network technical services; internet information services for medical devices; internet of things application services; sale of artificial intelligence hardware; sale of software; import and export of goods; import and export of technology; production of sterilising equipment; sale of sterilising equipment; professional cleaning, washing and sterilising services; manufacture of high performance fibres and composites; sale of high performance fibres and composites; sale of office supplies; sale of office equipment; sale of office equipment consumables; sale of paper products; corporate group finance company services; laundry services; wholesale of pharmaceuticals; retail of pharmaceuticals; sale of special chemical products (excluding dangerous chemicals); wastewater treatment and recycling; general cargo storage services (excluding dangerous chemicals and other items requiring licensing approval); road cargo transportation (excluding dangerous goods); sale of instruments and meters”.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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# **WEGO 威高**

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)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of the shareholders of Shandong Weigao Group Medical Polymer Company Limited (the “Company”) will be held at 2/F, 18 Xingshan Road, Weihai Torch Hi-Tech Science Park, Shandong, PRC, at 9:00 a.m. on Friday, 24 September 2021 for the purpose of considering and, if thought fit, passing (with or without modifications), the following resolutions as ordinary resolutions and a special resolution of the Company:

### ORDINARY RESOLUTIONS

- (1) To consider and approve the Logistic and Distribution Services Framework Agreement (as amended by the Supplemental Logistic and Distribution Services Framework Agreement), a copy of which is produced at the meeting and marked “A” and initialed by the chairman of the meeting for the purpose of identification, and the transactions contemplated thereby (including the annual caps) be and is hereby approved and confirmed and any one director of the Company be and is hereby authorised to do all such acts or things and sign all documents deemed necessary by him/her for the purpose of giving effect to the Logistic and Distribution Services Framework Agreement (as amended by the Supplemental Logistic and Distribution Services Framework Agreement) and the transactions contemplated thereunder.
- (2) To consider and approve the distribution of an interim dividend of RMB0.077 per share (inclusive of tax) for the six months ended 30 June 2021.

### SPECIAL RESOLUTION

- (3) To consider and approve the Proposed Amendment to the Articles of Association.

By Order of the Board  
**Shandong Weigao Group Medical Polymer Company Limited**  
**Long Jing**  
*Chairman*

Hong Kong, 1 September 2021

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Registered Office:*

18 Xingshan Road  
Weihai Torch Hi-tech Science Park  
Weihai  
Shandong Province  
the PRC

*Principal Place of Business in Hong Kong:*

29/F Two Chinachem Central  
26 Des Voeux Road Central  
Hong Kong

*Notes:*

- (1) Any shareholder of the Company (the “**Shareholder(s)**”) who has the right to attend and vote at the EGM is entitled to appoint one proxy (or more) in writing to attend the EGM and vote on his behalf in accordance with the Company’s articles of association. The proxy need not be a Shareholder. Enclosed herewith is a form of proxy for use in the EGM. Any Shareholder who wishes to appoint a proxy should first review the form of proxy for use in the EGM. For any Shareholder who has appointed more than one proxies, such proxies shall only vote on poll. In the case of joint registered holders, the proxy form may be signed by any joint registered holder. In the case that more than one of such joint registered holders are present at any meeting personally or by proxy, then one such joint registered holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (2) All Shareholders shall appoint its proxy in writing. To be valid, a form of proxy together with a power of attorney or other authority, if any, under which it is signed or certified by a notary or an official copy of that power of attorney or authority, must be delivered at the Company’s H Shares registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 24 hours before the time appointed for holding EGM or 24 hours before the time designated for voting Any shareholder entitled to attend and vote at the above meeting is entitled to appoint one or, if he is the holder of two or more shares, more proxies to attend and vote in his stead. A proxy need not be a shareholder of the Company.
- (3) Shareholders and their proxies attending the EGM shall produce their proof of identification.
- (4) For the purpose of determining the identity of shareholders who are entitled to attend and vote at the EGM, the register of members will be closed from Saturday, 18 September 2021 to Friday, 24 September 2021 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for attending at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company’s H Shares registrar at Level 54, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 17 September 2021.
- (5) The holders of the H Shares who intend to attend the EGM, whether in person or by proxy, should complete and return the proxy form to the Company’s H Share registrars in Hong Kong, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than 4:30 p.m. on 23 September 2021 by hand, by post, by telegraph or by fax to (852) 2528 3158.
- (6) The EGM is expected not to exceed half a day, and all shareholders and proxies shall be responsible for their own traveling and accommodation expenses.



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (7) All votes of the Shareholders at the general meetings must be taken by poll.
- (8) Any enquiries about this notice and the EGM shall be sent for the attention to Ms. Yan Yucai at 7/F, 18 Xingshan Road, Weihai Torch Hi-tech Science Park, Weihai, Shandong Province, the PRC (Tel. (86) 631 5660715) or Ms. Phillis Wong at 29/F, Two Chinachem Central, 26 Voex Road Central, Hong Kong (Tel:(852) 28381490).
- (9) The Chinese translation of this notice is for reference only, and in case of any inconsistency, the English version shall prevail.

*As at the date of this notice, the board of directors (“Directors”) of the Company comprises:*

*Executive Directors*

Mr. Long Jing (*Chairman*)

Mr. Cong Rinan (*Chief Executive Officer*)

*Non-executive Directors*

Mr. Tang Zhengpeng (*Vice Chairman*)

Mr. Chen Lin

Mr. Lian Xiaoming

*Independent non-executive Directors*

Mr. Lo Wai Hung

Mrs. Fu Mingzhong

Mrs. Wang Jinxia

\* *for identification purposes only*