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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)

CONNECTED TRANSACTION ACQUISITION OF WEIGAO MEDICAL MATERIALS

On 9 September 2022 (after trading hours), the Company entered into the Agreement with Weigao Holding in relation to the Acquisition. Weigao Holding holds 45.94% of the issued share capital of the Company as at the date of the Agreement. It is a connected person of the Company. The Acquisition constitutes a connected transaction for the Company for the purpose of the Listing Rules.

The Company will settle the consideration of RMB288.0 million in cash. As the highest applicable percentage ratio in respect of the Acquisition exceeds 0.1% but is below 5%, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirements.

* For identification purpose only

THE AGREEMENT

On 9 September 2022 (after trading hours), the Company entered into the Agreement with Weigao Holding in relation to the Acquisition. The principal terms of the Agreement are set out below.

Subject matter

The Company agreed to acquire, and Weigao Holding agreed to sell the Target Shares. The Target Shares represent the entire issued capital of the Target as at the date of the Agreement and upon completion of the Acquisition.

Consideration and basis of determination

The consideration for the Acquisition is RMB288.0 million, which will be paid in cash within 90 working days upon completion of necessary conditions. The consideration will be funded from the internal resources of the Company. The consideration for the Acquisition was determined after arm's length negotiation between the parties to the Agreement with reference to (i) the appraised value of the Target from the valuation report dated 22 August 2022 and (ii) historical and expected financial performance of Weigao Medical Materials.

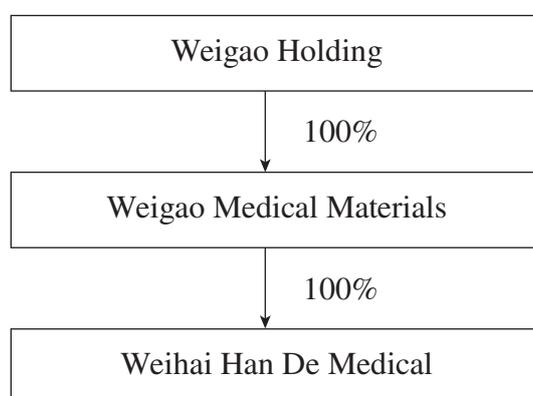
Conditions precedent

Completion of the Acquisition is conditional upon satisfaction or waiver by the Company of all the following conditions.

- (i) Weigao Holding having obtained all necessary consents and authorization for the performance of its obligations under the Agreement from the relevant regulatory authorities; and
- (ii) the Company having completed satisfactory due diligence (including legal, financial, operational due diligence) of the Target.

INFORMATION ON THE TARGET

The Target is a wholly owned subsidiary of Weigao Holding and is incorporated in the People's Republic of China in March 2002. It is principally engaged in the research and development, manufacturing and sales of infection protection products, including: disposable maternity kits, disposable interventional surgery auxiliary kits, disposable sterile surgical kits and disease control protection products, including: medical disposable protective gowns, medical isolation masks, surgical masks and rubber gloves. The principal long-term equity investment of the Target is 100% interest in Weihai Han De Medical. The group structure of the Target before the Acquisition is set out below:–



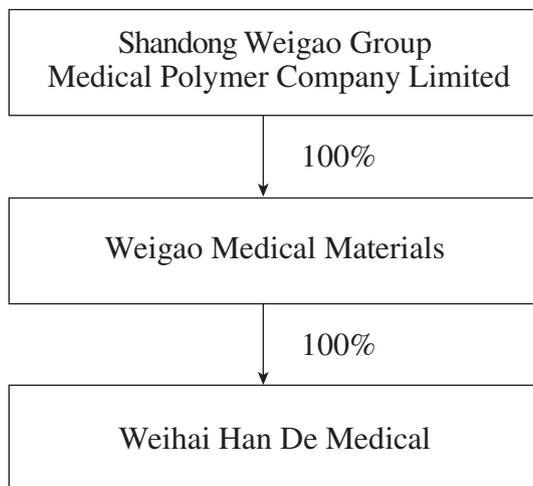
The unaudited consolidated financial information of the Target for the two years ended 31 December 2021 and the eight months ended 31 August 2022 is set out below:

RMB '000

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the eight months ended 31 August 2022
Revenue	435,295	300,365	327,609
Profit before taxation	95,727	37,318	68,918
Profit after taxation	81,118	30,893	58,581

As at 31 August 2022, the consolidated net asset value of the Target was approximately RMB212,940,000.

Upon completion of the Agreement, the Target will become wholly owned by the Company and will become a subsidiary of the Company and its financial results will be consolidated by the Company. The group structure of the Target after the Acquisition is set out below:



INFORMATION ON THE PARTIES

(1) The Company

The Company is a total – solution provider in the medical device sector in the PRC and is principally engaged in the research and development, production and sale of single use medical devices. The Group has a wide range of products, which includes: infusion sets, syringes, needles, orthopaedic products, interventional products, pharma packaging products, blood management products and is also engaged in financial leasing and factoring businesses in the PRC.

(2) 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.

(3) Weigao Medical Materials

Weigao Medical Materials is a wholly owned subsidiary of Weigao Holding and is incorporated in the People's Republic of China in March 2002. It is principally engaged in the research and development, manufacturing and sales of infection protection products, including: disposable maternity kits, disposable interventional surgery auxiliary kits, disposable sterile surgical kits and disease control protection products, including: medical disposable protective gowns, medical isolation masks, surgical masks and rubber gloves.

(4) Weigao Han De Medical

Weigao Han De Medical is a wholly owned subsidiary of Weigao Medical Materials and is incorporated in the People's Republic of China in December 2020 and Weigao Han De Medical is principally engaged in manufacturing and sales of surgical gloves and examination gloves.

REASONS AND BENEFITS

The Group is a total solution provider in medical device sector in the PRC and acquisition of the Target with principal business which is the production and sales of infection protection products and disease control protection products, which could further enhance the Group to increase the product range to her existing customer base to generate stable and sustainable revenue growth. Besides, the Company used to source infection protection products and disease control protection products from the Target to supply to her customers, the acquisition of the Target could reduce the transactions volume of the continuing connected transactions of infection protection products and disease control protection products between the Company and Weigao Holding.

The directors of the Company (including the independent non-executive directors but excluding Mr. Long Jing, Mr. Tang Zhenpeng and Mr. Chen Lin) consider that the terms of the Agreement (including the consideration) are normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole. Mr. Long Jing, Mr. Tang Zhenpeng and Mr. Chen Lin are also directors of Weigao Holding. They have abstained from voting in the relevant resolutions of the board meeting of the Company dated 22 August 2022 in approving the Acquisition.

LISTING RULES IMPLICATIONS

Weigao Holding holds 45.94% of the issued share capital of the Company as at the date of the Agreement. It is a connected person of the Company. The Acquisition constitutes a connected transaction for the Company for the purpose of the Listing Rules. As the highest applicable percentage ratio in respect of the Acquisition exceeds 0.1% but is below 5%, the Acquisition constitutes an exempt connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirements.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Acquisition”	the acquisition of the Target Shares by the Company from Weigao Holding
“Agreement”	the agreement dated 9 September 2022 entered into between Weigao Holding and the Company in relation to the Acquisition
“Company”	山東威高集團醫用高分子製品股份有限公司 (Shandong Weigao Group Medical Polymer Company Limited*), a joint stock limited company established in the PRC, the H shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Group”	the Company and its subsidiaries

“Weigao Han De Medical”	Weihai Weigao Han De Medical Technology Company Limited* (威海威高漢德醫療科技有限公司) is a 100 % owned subsidiary of the Target and it is established in the PRC in December 2020 with limited liability
“Weigao Medical Materials”	Weihai Weigao Medical Materials (威海威高醫用材料有限公司) is a wholly owned subsidiary of Weigao Holding and it is established in the PRC in March 2002
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Target”	Weihai Weigao Medical Materials Company Limited* (威海威高醫用材料有限公司) a wholly owned subsidiary of Weigao Holding established in the PRC in March 2002 with limited liability
“Target Shares”	100% of the shareholding of the Target
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Weigao Holding”	威高集團有限公司 (Weigao Holding Company Limited*), a company with limited liability and the controlling shareholder of the Company as at the date of this announcement

“%”

per cent

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

9 September 2022

Weihai, Shandong, the PRC

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

Executive Director

Mr. Long Jing

Mr. Cong Rinan

Mr. Lu Junqiang

Mr. Ni Shili

Non-Executive Director

Mr. Tang Zhengpeng

Mr. Chen Lin

Independent non-executive Director

Mr. Li Guohui

Mrs. Fu Mingzhong

Mrs. Wang Jinxia