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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, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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) PROPOSED GRANT OF SHARE AWARDS**  
**(2) PROPOSED AMENDMENT OF ARTICLES**  
**(3) APPOINTMENT OF DIRECTORS**  
**AND**  
**(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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

 **鎧盛**

**Halcyon Capital 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 17 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 18 to 19 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 20 to 31 of this circular.

A notice convening the Extraordinary General Meeting to be held at 2/F, 18 Xingshan Road, Weihai Torch Hi-Tech Science Park, Weihai, Shandong, PRC, at 10:00 a.m. on Monday, 8 March 2021 is set out on pages 40 to 49 of this circular. A form of proxy for use at the Extraordinary General Meeting is enclosed with this circular. Whether or not you intend to attend the Extraordinary General Meeting, 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, Hong Kong as soon as possible and in any event not less than 24 hours before the time appointed for the Extraordinary General Meeting 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 Extraordinary General Meeting or any adjourned meeting thereof (as the case may be) should you so wish.

10 February 2021

\* For identification purpose only

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## DEFINITIONS

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

“Articles”	articles of association of the Company;
“associate”	has the same meaning ascribed to it under the Listing Rules;
“Award Shares”	an aggregate of 48,300,000 Non-listed Domestic Shares, of which (i) 6,300,000 Non-listed Domestic Shares will be granted to the Connected Grantees, who are connected persons at the issuer level; (ii) 14,700,000 Non-listed Domestic Shares will be granted to the Connected Employees, who are connected persons at the subsidiary level; and (iii) 27,300,000 Non-listed Domestic Shares will be granted to the employees who are not connected persons of the Company;
“Board”	the board of the Company;
“Company”	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 H Shares of which are listed on the Stock Exchange;
“Connected Employees”	the Grantees who are connected persons excluding Mr. Long Jing and Mr. Yue Chunliang;
“Connected Grantees”	Mr. Long Jing, Mr. Yue Chunliang and the Connected Employees;
“connected person”	has the same meaning ascribed to it under the Listing Rules;
“CSRC”	China Securities Regulatory Commission;
“Date of Grant”	14 December 2020;
“Directors”	the directors of the Company;
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be convened and to consider and, if thought fit, approve, the grant of the Share Awards, the appointment of Directors and the proposed amendments to the Articles;

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## DEFINITIONS

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“Grantees”	the grantees of for the grant of the Award Shares, the detail of which are set out in the section headed “PROPOSED GRANT OF SHARE AWARDS” in the letter from the Board of this circular;
“Group”	the Company and its subsidiaries;
“H Share Full circulation”	the conversion of the domestic shares of the Company into H shares and the listing thereof, which was announced by the Company on 10 July 2018;
“H Share”	shares of the Company with a nominal value of RMB0.10 each, which are traded in HK\$;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	a committee of the Board comprising all the independent non-executive Directors
“Independent Financial Adviser”	Halcyon Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) of the regulated activities under the SFO, the independent financial adviser appointed by the Company to advise the Independent Shareholders in respect of the proposed issue of the Award Shares to the Grantees;
“Independent Shareholders”	with respective to each resolution to be proposed at the Extraordinary General Meeting, Shareholders other than the relevant Grantee and his/her respective associates;
“Latest Practicable Date”	8 February 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“MOFCOM”	the Ministry of Commerce of the PRC;
“Non-listed Domestic Shares”	the non-listed domestic shares of RMB0.10 each in the capital of the Company

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## DEFINITIONS

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“PRC”	the People’s Republic of China;
“Remuneration Committee”	the Remuneration Committee of the Board;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share Award Scheme”	the share award scheme adopted by the Company on 17 November 2014;
“Share Awards”	the grant of the Award Shares to the Grantees under the Share Award Scheme;
“Shareholder(s)”	holder(s) of the H Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

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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. Zhang Hua Wei (*Chairman*)  
Mr. Long Jing (*Chief Executive officer*)  
Mr. Wang Yi

*Principal place of business in the PRC:*

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

*Independent non-executive Directors:*

Mr. Lo Wai Hung  
Mrs. Fu Ming Zhong  
Mrs. Wang Jin Xia

*Principal place of business in Hong Kong:*

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

10 February 2021

*To the Shareholders:*

Dear Sir or Madam,

**(1) PROPOSED GRANT OF SHARE AWARDS**  
**(2) PROPOSED AMENDMENT OF ARTICLES**  
**(3) APPOINTMENT OF DIRECTORS**

**(1) INTRODUCTION**

Reference is made to the announcements of the Company dated 14 December 2020 in relation to the proposed grant of the Share Awards and the proposed appointment of Directors. The purpose of this circular is to provide you with further details about the Share Awards and the Directors proposed to be appointed, a letter advice from the Independent Financial Adviser to the Independent Shareholders, and a notice of the Extraordinary General Meeting.

\* For identification purpose only

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## LETTER FROM THE BOARD

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### (2) PROPOSED GRANT OF SHARE AWARDS

#### (i) Background of the Share Award Scheme

On 17 November 2014, the Shareholders approved the adoption of the Share Award Scheme. The Share Award Scheme has a term of ten years from the date of adoption. Under the Share Award Scheme, the directors of the Company are authorised to allot and issue up to a maximum of 223,818,616 Non-listed Domestic Shares, which represents 5% of the issued share capital of the Company as at the date of adoption of the Share Award Scheme. As at the Latest Practicable Date, 45,960,000 share awards have been granted. The outstanding number of share awards that may be granted under the Share Award Scheme is 177,858,616 Non-listed Domestic Shares. The issue price of the Award Shares under the Share Award Scheme shall be the net asset value per share in the share capital of the Company as set out in the audited consolidated financial statements of the Company in the last financial year immediately preceding the date of the grant of the award shares. Upon completion of the proposed grant of the Share Awards, the outstanding number of share awards that may be granted during the remainder term of the Share Award Scheme is 129,558,616 Non-listed Domestic Shares.

#### (ii) The Share Awards

On 14 December 2020, the Company granted the Award Shares to the Grantees under the Share Award Scheme. The details of the Grantees are as follows:

Name of Grantee	Position	Number of Award Shares
<b>Grantees who are connected persons at the issuer level</b>		
Long Jing	Executive Director and director of principal subsidiaries	6,000,000
Yue Chunliang	Supervisor of the Company	<u>300,000</u>
<b>Sub-total</b>		<u>6,300,000</u>

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**LETTER FROM THE BOARD**

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<b>Name of Grantee</b>	<b>Position</b>	<b>Number of Award Shares</b>
<b>Grantees who are connected persons at the subsidiary level (the “Connected Employees”)</b>		
Wu Xuefeng	Chief Financial Officer of the Company and Supervisor of a principal subsidiary of the Company	1,200,000
Ma Shuhang	Director of principal subsidiaries of the Company, core management person	1,000,000
Xia Xinrui	Director of a principal subsidiary of the Company, core management person	800,000
Lv Suyun	Director and supervisor of principal subsidiaries of the Company, core management person	1,000,000
Wang Xuqiang	Supervisor of principal subsidiaries of the Company, core management person	500,000
Qu Yun	Director and supervisor of principal subsidiaries of the Company, core management person	300,000
Cong Rinan	Director of principal subsidiaries of the Company, core management person	2,000,000
Zou Lisheng	Director of a principal subsidiary of the Company, core management person	1,200,000
Meng Linghong	Director of a principal subsidiary of the Company, core management person	500,000
Lv Jun	Director of principal subsidiaries of the Company, core management person	800,000
Ju Hongfeng	Director and supervisor of principal subsidiaries of the Company	2,000,000
Wang Yongchang	Director of a principal subsidiary of the Company, core management person	400,000

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## LETTER FROM THE BOARD

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Name of Grantee	Position	Number of Award Shares
Yu Chunchi	Director of principal subsidiaries of the Company, core management person	500,000
Zhang Dehai	Director of a principal subsidiary of the Company, core management person	1,200,000
Lv Yonggui	Director of a principal subsidiary of the Company, core person	800,000
Oiu Xiwen	Supervisor of a principal subsidiary of the Company, core person	200,000
Yu Jinghua	Supervisor of a principal subsidiary of the Company, core person	300,000
<b>Sub-total</b>		<u>14,700,000</u>
<b>Other employees</b> <i>(Note)</i>	=	27,300,000
<b>Total</b>		<u><b>48,300,000</b></u>

*Note:* “Other employees” comprise 64 employees. None of them is a director, chief executive or substantial shareholder of the Company or any of their respective associates (as defined under the Listing Rules). Details of the “Other employees” are set out below.

Department	Role	Number of employees	Award Shares <i>(0'000)</i>
General Manager of Subsidiary	General manager	4	540
Assistant to General Manager	Assistant to General Manager	3	110
Human resources	Director (總監)	2	150
Production, R&D, quality control, registration	Director (總監) or supervisor (主管)	25	820
Sales and marketing	Director (總監) or supervisor (主管)	29	1,080
General administration	Director (總監)	<u>1</u>	<u>30</u>
<b>Total</b>		<u><b>64</b></u>	<u><b>2,730</b></u>

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## LETTER FROM THE BOARD

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The Share Awards to the Grantees have been approved by all the members of the Remuneration Committee.

### **(iii) Conditions**

The issue and allotment of the Award Shares to the Grantees shall be subject to the following conditions:

- (i) the approval by the Independent Shareholders at the Extraordinary General Meeting in respect of the issue and allotment of the Award Shares; and
- (ii) the approval by the CSRC in respect of the Company's plans for the allotment and issue of the Award Shares.

As at the Latest Practicable Date, none of the conditions have been satisfied.

### **(iv) Further details of the Share Awards**

- |   |   |   |
|---|---|---|
| Number of Award Shares<br>(Non-listed Domestic<br>Shares) | : | 48,300,000 Non-listed Domestic Shares   |
| Issue price of the Award<br>Shares                        | : | RMB3.58, which is equivalent to the net asset value per H Share as set out in the audited consolidated financial statements of the Company in the last financial year immediately preceding the Date of Grant                                     |
| Market price of the<br>Company's H Shares                 | : | the closing price of the H Shares on the Date of Grant was HK\$14.36 per H Share. The average closing price of the H Shares for the five consecutive trading days immediately preceding the Date of Grant was approximately HK\$14.32 per H Share |
| Vesting period and<br>performance targets                 | : | 20% of the Award Shares will be vested on each anniversary from the Date of Grant subject to satisfaction of certain performance targets. In addition, the Award Shares are subject to a 36 month lock-up period from the date of allotment       |

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## LETTER FROM THE BOARD

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The performance targets for each Grantee include overall performance targets and personal performance targets. The overall performance targets include the Company recording year-on-year growth in net profit (excluding extraordinary items). The personal performance targets include reaching a number of KPI points as set by the Remuneration Committee annually

Fund raising activities in the : The Company has not engaged in any other fund  
past 12 months raising activities by any issue of new H Shares in the 12 months immediately preceding the Date of Grant

**(v) Proposed conversion of the Award Shares To H Shares**

Under the Share Award Scheme, the Award Shares are Non-listed Domestic Shares.

Following implementation of the H Share Full Circulation and as at the Latest Practicable Date, the Company does not have any Non-listed Domestic Shares in issue.

The Company will seek the CSRC' s approval for conversion of all the Award Shares into H Shares.

Subject to obtaining the CSRC's approval for conversion of the Award Shares into H Shares, application will also be made to the Stock Exchange in due course for the listing of and the permission to deal in 48,300,000 converted H Shares.

**The proposed grant of the Award Shares is not conditional upon satisfaction of the conditions for conversion of the Award Shares to H shares. It is expected that the conversion will not take place until after the third anniversary of the Date of Grant.**

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## LETTER FROM THE BOARD

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If the conditions to the conversion into H shares are satisfied, then the number of converted H shares is set out below.

Name of Grantee	Position	Number of Award Shares	Number of H Shares to be converted	Approximate percentage to the existing number of H Shares in issue as at the Latest Practicable Date	Approximate percentage to the number of H Shares as enlarged by the converted H Shares
<b>Grantees who are connected persons at the issuer level</b>					
Long Jing	Executive Director and director of principal subsidiaries	6,000,000	6,000,000	0.13%	0.13%
Yue Chunliang	Supervisor of the Company	300,000	300,000	0.01%	0.01%
<b>Sub-total</b>		<u>6,300,000</u>	<u>6,300,000</u>	<u>0.14%</u>	<u>0.14%</u>
<b>Grantees who are connected persons at the subsidiary level (the “Connected Employees”)</b>					
Oiu Xiwen	Supervisor of a principal subsidiary of the Company	200,000	200,000		
Qu Yun	Director and supervisor of principal subsidiaries of the Company	300,000	300,000	0.01%	0.01%
Yu Jinghua	Supervisor of a principal subsidiary of the Company	300,000	300,000	0.01%	0.01%
Wang Yongchang	Director of a principal subsidiary of the Company	400,000	400,000	0.01%	0.01%
Meng Linghong	Director of a principal subsidiary of the Company	500,000	500,000	0.01%	0.01%
Wang Xuqiang	Supervisor of principal subsidiaries of the Company	500,000	500,000	0.01%	0.01%
Yu Chunchi	Director of principal subsidiaries of the Company	500,000	500,000	0.01%	0.01%
Lv Jun	Director of principal subsidiaries of the Company	800,000	800,000	0.02%	0.02%
Lv Yonggui	Director of a principal subsidiary of the Company	800,000	800,000	0.02%	0.02%
Xia Xinrui	Director of a principal subsidiary of the Company	800,000	800,000	0.02%	0.02%

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## LETTER FROM THE BOARD

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Name of Grantee	Position	Number of Award Shares	Number of H Shares to be converted	Approximate percentage to the existing number of H Shares in issue as at the Latest Practicable Date	Approximate percentage to the number of H Shares as enlarged by the converted H Shares
Lv Suyun	Director and supervisor of principal subsidiaries of the Company	1,000,000	1,000,000	0.02%	0.02%
Ma Shuhang	Director of principal subsidiaries of the Company	1,000,000	1,000,000	0.02%	0.02%
Wu Xuefeng	Chief Financial Officer of the Company and Supervisor of a principal subsidiary of the Company	1,200,000	1,200,000	0.03%	0.03%
Zhang Dehai	Director of a principal subsidiary of the Company	1,200,000	1,200,000	0.03%	0.03%
Zou Lisheng	Director of a principal subsidiary of the Company	1,200,000	1,200,000	0.03%	0.03%
Cong Rinan	Director of principal subsidiaries of the Company	2,000,000	2,000,000	0.04%	0.04%
Ju Hongfeng	Director and supervisor of principal subsidiaries of the Company	2,000,000	2,000,000	0.04%	0.04%
<b>Sub-total</b>		<u>14,700,000</u>	<u>14,700,000</u>	<u>0.33%</u>	<u>0.32%</u>
<b>Other employees</b> <i>(Note)</i>		<u>27,300,000</u>	<u>27,300,000</u>	<u>0.60%</u>	<u>0.60%</u>
<b>Total</b>		<u><u>48,300,000</u></u>	<u><u>48,300,000</u></u>	<u><u>1.07%</u></u>	<u><u>1.06%</u></u>

*Note:* None of the other employees are connected persons of the Company.

Upon conversion into H Shares, the Award Shares to be issued represent approximately 1.07% of the existing issued share capital of the Company as at the Date of Grant and approximately 1.06% of the issued share capital of the Company as enlarged by the issue of the Award Shares.

As at the date of the announcement, the Share Award Scheme is the only incentive scheme at the issuer level of the Company. The Share Award Scheme, as approved by the Shareholders in 2014, only allowed issuance of Non-listed Domestic Shares, instead of H Shares.

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## LETTER FROM THE BOARD

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The issuance of the Award Shares, comprising Non-listed Domestic Shares, is in accordance with the Share Award Scheme as approved by the Shareholders. “Deepening Reforms on Overseas Listing Systems and the “Full Liquidity” of H Shares” 《中國證監會深化境外上市制度改革開展H股「全流通」試點》 was announced by the CSRC in December 2017. At the time of adoption of Share Award Scheme in 2014, the H Share Full Circulation was not envisaged.

The purpose of implementation of the H Share Full Circulation was to improve the liquidity of the shares of the Company, which would attract more potential investors investing in the shares of the Company, which in turn would be beneficial to the Company’s long term development and shareholders’ interests as a whole. The purpose of the issuance of the Award Shares is to incentivize the Grantees. Although the Non-listed Domestic Shares are not freely tradeable, if the Non-listed Domestic Shares are not converted to H Shares, the Share Award Scheme also provides a mechanism for the Grantees to realise their shareholding as disclosed in the section headed “Disposal of Shares” under the letter from the board in the circular of the Company dated 30 September 2014. Given also the small percentage of H Shares that the Award Shares could be converted into even assuming full conversion of all the Award Shares, the Company considers that the issuance of the Award Shares is in compliance with the Share Award Scheme as approved by the Shareholders while not contradicting with the purpose of the H Share Full Circulation.

It is a condition that the Company’s plans for the allotment and issue of the Award Shares is subject to the approval by the CSRC. The issuance of the Non-listed Domestic Shares will comply with the relevant laws of the PRC.

**(vi) Reasons for the grant of the Share Awards**

**(1) *The grant of Award Shares***

The Group did not have any option scheme or share incentive scheme from listing of the Company’s shares on the Stock Exchange in February 2004 until the adoption of the Share Award Scheme in 2014 which is for 5% of the issued share capital. The Board is of the view that it is important to retain and incentivise the Grantees to continue to lead the Group and to set and execute the strategies, so as to enhance the competitiveness of the Group and to maintain the Group’s leading position in the medical device industry.

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## LETTER FROM THE BOARD

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### ***(2) The grant of Award Shares to Mr. Long Jing***

Mr. Long Jing joined the Group in July 2005 and was subsequently appointed as an executive Director in December 2018. He has been in charge of executing the Group's sales strategy amid changing regulatory and competitive environments, expanding the Group's sales team and sales network. Under Mr Long's leadership, the Group developed a network of key opinion leaders and the largest direct sales network covering top tier hospitals in China. With in-house training provided to sales team and also continuous professional trainings provided to healthcare professionals, the Group has been able to maintain a strong team of professional sales personnel and customer base. With a dedicated and professional sales team, the Group has been able to take leading position in certain key products which are the growth drivers such as specialised infusion sets, IV catheters, pre-filled syringes and pre-filled flush syringes.

### ***(3) The grant of Award Shares to Mr. Yue Chunliang***

Mr. Yue Chunliang has served the Company for more than 15 years. He joined the Company in 2005 and has been a supervisor of the Company since 29 June 2016. Mr. Yue commenced working in the R&D department in when he first joined the Group. He was then promoted as the deputy general manager of the infusion division in January 2013. Since January 2018, he was the manager of manufacturing department of the Group. Since January 2019, he has been responsible for logistics management of the Group. With increase in sales and an ever expanding customer base throughout China, an efficient logistics management is crucial not only in satisfying customer demand on a timely manner but also cost saving.

### ***(4) The grant of Award Shares to the Connected Employees***

The Connected Employees have been with the Group ranged from 7 to 31 years. The 17 Connected Employees work in various departments of the Group including operation, production, supply chain management, quality control, marketing and sales, research and development, and finance.

Over the years, with the contribution of the Connected Employees, the Group outperformed in various areas and has strengthened the overall competitiveness and capabilities of the Group.

In view of the above, the Board considered that the grant of the Share Awards to the Grantees is in the interests of the Company and the Shareholders as a whole.

Mr. Long Jing who is a Director has abstained from voting on approving the relevant board resolution on the granting of the Award Shares.

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## LETTER FROM THE BOARD

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### (vii) Listing Rules and other requirements

#### (1) *Listing Rules*

Mr. Long Jing is a Director and Mr. Yue Chunliang is the supervisor of the Company and hence connected persons of the Company.

Each of the Connected Employees are directors or supervisors of the subsidiaries of the Company and hence connected persons at the subsidiary level of the Company.

The issue and allotment of the Award Shares to each of Mr. Long Jing, Mr. Yue Chunliang and the Connected Employees under the Share Award Scheme constitute connected transactions on the part of the Company under Chapter 14A of the Listing Rules and shall be subject to, among others, the approval by the Independent Shareholders at the Extraordinary General Meeting.

According to the terms of the Share Award Scheme, the grant of the Share Awards to a connected person of the Company is also subject to the approval by the Independent Shareholders.

#### (2) *Other regulatory requirements*

As advised by the PRC legal advisor of the Company, the Company's plans for the allotment and issue of the Share Awards is subject to the approval of CSRC. In the submission to the CSRC, the Company is required to show that the allotment and issue of the Share Awards has been approved by the Board and the Shareholders respectively. As such, the grant of Share Awards (irrespective of whether the Grantee is or is not a connected person) is subject to the approval of the Independent Shareholders.

### (3) APPOINTMENT OF DIRECTORS

As disclosed in the announcement of the Company dated 14 December 2020, the Board has nominated:

1. Mr. Chen Lin (“**Mr. Chen**”) be appointed as a non-executive director of the Company subject to shareholders approval;
2. Mr. Tang Zheng Peng (“**Mr. Tang**”) be appointed as a non-executive director of the Company subject to shareholders approval;

The biographies of each of Mr. Chen and Mr. Tang is set out in Appendix 2 to this circular.

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## LETTER FROM THE BOARD

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Any Shareholder with a material interest and his/her/its associate(s) is (are) required to abstain from voting at the Extraordinary General Meeting to approve the appointment of Mr. Chen and Mr. Tang.

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 appointment of Mr. Chen and Mr. Tang as non-executive directors.

#### **(4) PROPOSED AMENDMENT OF ARTICLES**

To facilitate the issue of the Award Shares, the Company proposes to amend the Articles (the “**Proposed Amendments**”). Details of the Proposed Amendments are set out in Appendix 3 of 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 Shareholder with a material interest and his/her/its associate(s) is (are) required to abstain from voting at the Extraordinary General Meeting 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.

#### **(5) EXTRAORDINARY GENERAL MEETING AND PROXY ARRANGEMENT**

The notice of the Extraordinary General Meeting is set out on pages 40 to 49 of this circular.

Pursuant to the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll. An announcement on the poll vote results will be published by the Company after the Extraordinary General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

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## LETTER FROM THE BOARD

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A form of proxy for use at the Extraordinary General Meeting is enclosed with this circular and is also published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.weigaogroup.com](http://www.weigaogroup.com)). Whether or not you are able to attend the Extraordinary General Meeting, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority at the Company's H Share registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 24 hours before the time appointed for holding the Extraordinary General Meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the Extraordinary General Meeting if you so wish.

Any Shareholder with a material interest and his/her/its associate(s) is (are) required to abstain from voting at the Extraordinary General Meeting.

As at the Latest Practicable Date, no Grantee is a Shareholder. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, no Shareholder would be required to abstain from voting on any resolutions to be proposed at the Extraordinary General Meeting.

### **(6) CLOSURE OF THE SHAREHOLDERS' REGISTER**

For the purpose of determining the list of Shareholders who are entitled to attend and vote at the Extraordinary General Meeting, the Company's H Share register will be closed from 2 March 2021 to 8 March 2021. No transfer of H Shares of the Company will be registered during that period. In order to qualify to attend and vote at the Extraordinary General Meeting, all instruments of transfer together with the relevant share certificate(s) must be lodged with the office of 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 1 March 2021.

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## LETTER FROM THE BOARD

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### (7) RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that each of (1) the Share Awards to the Grantees; (2) the proposed amendments to the Articles; and (3) the proposed appointment of Mr. Chen and Mr. Tang, is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions at the Extraordinary General Meeting.

Your attention is also drawn to the letter from the Independent Financial Adviser set out on pages 20 to 31 of this circular, which contains its advice to the Independent Shareholders in relation to the Share Awards and reasons considered by it in arriving at its opinion.

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

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of the letter of recommendations, prepared for the purpose of incorporation in the circular, from the Independent Board Committee to the Independent Shareholders regarding the Share Awards to the Grantees.*

# **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)**

10 February 2021

*To the Independent Shareholders*

Dear Sir or Madam,

### **PROPOSED GRANT OF SHARE AWARDS**

We refer to the circular of the Company to the Shareholders dated 10 February 2021 (the “**Circular**”), in which this letter forms a part. Unless the context requires otherwise, capitalized terms used in this letter will have the same meanings given to them in the section headed “Definitions” of the Circular.

We have been authorised by the Board to form the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Share Awards to the Grantees are fair and reasonable so far as the Independent Shareholders are concerned.

We wish to draw your attention to the letter of advice from the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the grant of the Share Awards as set out on pages 20 to 31 of the Circular and the letter from the Board as set out on pages 4 to 17 of the Circular.

\* *For identification purpose only*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered, among other matters, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as stated in its letter of advice, we consider that the terms for the grant of the Share Awards to the Grantees are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions proposed at the Extraordinary General Meeting to approve the grant of the Share Awards to the Grantees.

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 Ming Zhong**

**Mrs. Wang Jin Xia**

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter of advice from Halcyon Capital Limited to the Independent Board Committee and the Independent Shareholders which has been prepared for the purpose of the inclusion in this circular.*



11/F, 8 Wyndham Street  
Central  
Hong Kong

10 February 2021

*To: the Independent Board Committee and  
the Independent Shareholders*

Dear Sirs,

### **PROPOSED GRANT OF SHARE AWARDS**

#### **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 proposed grant of the Award Shares to the Connected Grantees pursuant to the terms of the Share Award Scheme adopted by the Company in 2014 (the “**Share Awards**”) and as announced by the Company on 14 December 2020. Details of the Share Awards are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 10 February 2021 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalized terms used in this letter shall have the same meaning as those defined in the Circular.

As the Grantees included an executive Director, a supervisor of the Company and 17 other directors and/or supervisors of the Group’s principal subsidiaries, being connected persons of the Company, the granting of Award Shares to Connected Grantees will therefore constitute connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement and Independent Shareholders’ approval requirement.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Lo Wai Hung, Mrs. Fu Ming Zhong and Mrs. Wang Jin Xia has been established to advise the Independent Shareholders as to whether the Share Awards are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole and how to vote on the relevant resolution(s) in the extraordinary general meeting. We have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regards.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Except for being appointed as the independent financial adviser to the then independent board committee and independent shareholders of the Company for three other engagements (details of which have been set out in the letters from Halcyon Capital Limited in the circulars of the Company dated 27 September 2019, 22 September 2020 and 16 November 2020), we have no other relationships with or interests in the Company and any other parties in the past two years that could reasonably be regarded as relevant to our independence. Apart from the normal professional fees paid/payable to us in connection with our appointments, no arrangements exists whereby we have received or will receive any fees or benefits from the Company or any party to the transactions, and therefore we consider such relationship would not affect our independence. We are hence 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 granting of Share Awards to the Connected Grantees.

### **BASIS OF OUR OPINION**

In formulating our opinion and recommendation, we have relied on the information, financial information and facts included in the Circular and supplied to us, and the representations expressed by the Directors and/or management of the Group, and have assumed that all such information, financial information, facts and any representations made to us, or referred to in the Circular, for which they are fully responsible, in all material aspects, were true, accurate and complete as at the time they were made and as at the date hereof, have been properly extracted from the relevant underlying accounting records (in the case of financial information) and made after due and careful inquiry by the Directors and/or the management of the Group. The Directors and/or the management of the Group have confirmed that, having made all reasonable enquiries and to the best of their knowledge and belief, all relevant information has been supplied to us and that no material facts have been omitted from the information supplied and representations expressed to us. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable. We have no reason to doubt the completeness, truth or accuracy of the information and representations provided and we are not aware of any facts or circumstances which would render such information provided and representations made to us untrue, inaccurate or misleading.

Our review and analyses were based upon, among others, the information provided by the Group including the Circular, the Share Award Scheme, the interim report of the Company for the six months ended 30 June 2020 (the “**2020 Interim Report**”), the annual reports of the Company for the years ended 31 December 2018 and 2019 (respectively as the “**2018 Annual Report**” and “**2019 Annual Report**”) and certain published information from the public domain. We have also discussed with the Directors and/or the management of the Group with respect to the terms of and the reasons for the Share Awards, 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 of the Group nor have we conducted any form of in-depth investigation into the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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businesses, affairs, financial position, internal control, the works of the Remuneration Committee, profitability or prospects of the Group, the Connected Grantees, and each of their respective associates, and the parties (including the Grantees and employees of the Group) involved in the Share Awards.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendations in respect of the Share Awards, we have considered the following principal factors and reasons:

#### 1. Background to and reasons for the Share Awards

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 covers eight principle business lines of clinical care, wound management, blood management, pharma packaging, medical testing, anesthesia and surgery, orthopedic products and interventional products.

Prior to the listing of the Company's shares in February 2004, it had only limited number of product offerings. The key products were infusion sets, syringes and blood bags. Following the listing of the Company, the Directors have strived and contributed to the continuous development of the Company. The Directors had the foresight in identifying industry potential in various product segments, such as, orthopedic. The Group has now become one of the leading players in orthopedic industry generating over RMB1,555.6 million sales in 2019, which accounted for about 15% of the Group's sales.

Total sales of the Group was amounted to approximately RMB407.8 million and net profit after tax was approximately RMB65.9 million for tor the year ended 31 December 2004, the year when the Company was listed. Sales increased by approximately 25.4 times while after tax profit increased by approximately 29.1 times from approximately RMB65.9 million to approximately RMB1,920.0 million for the year ended 31 December 2019. With product upgrade and launching of new high value added products, the Group was able to increase the gross profit margin from 40% for the year ended 31 December 2004 to 62.8% for the year ended 31 December 2019 despite increasing costs over the years.

The Connected Grantees who are Director and supervisor to the Company, namely Mr. Long Jin and Mr. Yue Chunliang (as the case maybe), are instrumental to the Group's development and growth as mentioned above.

In respect of the Connected Grantees who are Connected Employees, the Connected Employees have been with the Group ranged from 7 to 31 years. The 17 Connected Employees work in various departments of the Group including operation, production, supply chain management, quality control, marketing and sales, research and development, and finance.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Over the years, with the contribution of the Connected Employees, the Group outperformed in various areas and has strengthened the overall competitiveness and capabilities of the Group. Several Connected Employees are working in the finance department including the Chief Financial Controller of the Company. They have been essential for the Group's improvement in financing management, devising risk management tools, tax planning, inventory management, internal control and managing currency risks.

Certain Connected Employees are working in the production department, their commitment in quality control and continuous effort in streamlining the production process, energy saving, automation to improve the quality and efficiency, resulted in lowering costs and margin improvements.

The Directors considered that in order to enhance the Company's capability to motivate and retain the key management, and to further align the interests of the Connected Grantees with the interests of the Company and the Shareholders, it is important that the Company provides the Connected Grantees with further incentives by offering them an opportunity to obtain further ownership interest in the Company. The Share Awards serve to provide incentive to the Grantees for their loyal contribution to the Group and to retain the Grantees that are considered to be valuable to the Group.

The Group did not have any option scheme or share incentive scheme since the listing of the Company's shares on the Stock Exchange in February 2004 until the adoption of the Share Award Scheme in 2014. The Share Award Scheme is allowed to issue a maximum of 5% of the then issued Share Capital for the purpose of motivating the Grantees. This 5% threshold is below the 10% maximum criteria for shares to be issued under any share options scheme in accordance with Chapter 17 of the Listing Rules. The Board is of the view that it is important to retain and incentivize the Connected Grantees to continue leading the Group and to set and execute the strategies, so as to enhance the competitiveness of the Group and to maintain the Group's leading position in the medical device industry. In view of the above, the Board considers that the grant of the Share Awards to the Connected Grantees is in the interests of the Company and the Shareholders as a whole.

In order to enhance the Group's shareholding structure and retain key existing staff by rewarding them with listed and tradable Shares, on 7 August 2018, the Company completed the H Share Full Circulation to convert and list 2,638,600,000 unlisted or domestic shares into H shares. Upon the H Share Full Circulation, the Company no longer had any outstanding unlisted or domestic Shares. Since the Award Shares to be issued would be domestic shares of the Company, the Company will seek the CSRC's approval for conversion of all the Award Shares into H Shares. Subject to obtaining the CSRC's approval for conversion of the Award Shares into H Shares, application will also be made to the Stock Exchange in due course for the listing of and the permission to deal in 48,300,000 converted H Shares. Given one of the purposes for the Company to participate in the H Share Full Circulation was to retain key existing staff, the Directors are of the view and we concur, given the Share Awards would retain and incentivise employees of the Group, the issue of domestic shares under the Share Award Scheme is in line with the purpose of the H Share Full Circulation in 2018.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We have discussed with the management of the Group regarding the Share Awards as an incentive to the Connected Grantees. According to the management of the Group, they have considered several methods of providing incentives to the Connected Grantees. We understand from the Company that as the Company has been investing in various research and development projects, the Company needs to maintain a stable and sufficient cash flow to support the expansion of the Group's business. Therefore, after careful consideration of the various alternatives, the Company considers the Share Awards to be appropriate under the circumstances. As opposed to the other alternatives, it will enable the Company to prevent cash outflow while allowing added incentives to the Connected Grantees. In addition, the economic benefits of the Share Awards are dependent on the improvement in the performances of the Group and hence the executive Directors and senior management will only benefit when all the other Shareholders also benefit. As such, the Directors are of the view that the Share Awards will further align the interests of the executive Director and senior management of the Connected Grantees with the Company together with the Shareholders. In view of the foregoing reasons and possible benefits of the Share Awards to the Connected Grantees, we are of the opinion that the Share Awards to the Connected Grantees are in the interests of the Company and the Shareholders as a whole.

### **2. Backgrounds of the Connected Grantees**

The Connected Guarantees are executive Director, supervisor of the Company, directors and/or supervisors of principal subsidiaries of the Company. Further details of them are set out below:

#### ***Long Jin***

Mr. Long joined the Group in July 2005 and was subsequently appointed as an executive Director in December 2018. He has been in charge of executing the Group's sales strategy amid changing regulatory and competitive environments, expanding the Group's sales team and sales network. Over the years, Mr. Long was able to build up new hospital customers and significantly increased sales in existing customers. With his strategy to continue to devise sales and to expand customer base, deeper penetration of sales in existing customers and rollout of new products to maintain and increase competitiveness of the Group, the Group's sales had continued to grow. Under Mr. Long's leadership, the Group developed a network of key opinion leaders and the largest direct sales network covering the top tier hospitals in China. With in-house training provided to sales team and also continuous professional trainings provided to healthcare professionals, the Group has been able to maintain a strong team of professional sales personnel and customer base. With a dedicated and professional sales team, the Group has been able to take leading position in certain key products which are the growth drivers, such as specialised infusion sets, IV catheters, pre-filled syringes and pre-filled flush syringes.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In order to retain and incentivise Mr. Long and to encourage Mr. Long to continue to lead the Group and to set and execute the strategies, the Company awarded Mr. Long with 6,000,000 Award Shares.

### ***Yue Chunliang***

Mr. Yue joined the Group in July 2005 and has served the Company for more than 15 years and has been appointed as a Supervisor of the Company since June 2016. He worked in the R&D department and was promoted as the deputy general manager of the infusion division in January 2013. Since January 2018, he was the manager of manufacturing department of the Group and he has been responsible for logistics management of the Group since January 2019. With increase in sales and an ever expanding customer base throughout China, an efficient logistics management is crucial not only in satisfying customer demand on a timely manner but also cost saving.

In order to retain and incentivise Mr. Yue, the Company awarded Mr. Yue with 300,000 Award Shares.

### ***Connected Employees***

In respect of the 17 Connected Employees, they have been with the Group ranged from 7 to 31 years. The 17 Connected Employees work in various departments of the Group including operation, production, supply chain management, quality control, marketing and sales, research and development, and finance. Over the years, with the contribution of the Connected Employees, the Group has strengthened the overall competitiveness and capabilities of the Group. Set out below is the position of each of the Connected Employees and their respective number of Award Shares:

<b>Name of Grantee</b>	<b>Position</b>	<b>Number of Award Shares</b>
1. Wu Xuefeng	Chief Financial Officer of the Company and Supervisor of a principal subsidiary of the Company	1,200,000
2. Ma Shuhang	Director of principal subsidiaries of the Company, core management person	1,000,000
3. Xia Xinrui	Director of a principal subsidiary of the Company, core management person	800,000
4. Lv Suyun	Director and supervisor of principal subsidiaries of the Company, core management person	1,000,000

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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<b>Name of Grantee</b>	<b>Position</b>	<b>Number of Award Shares</b>
5. Wang Xuqiang	Supervisor of principal subsidiaries of the Company, core management person	500,000
6. Qu Yun	Director and supervisor of principal subsidiaries of the Company, core management person	300,000
7. Cong Rinan	Director of principal subsidiaries of the Company, core management person	2,000,000
8. Zou Lisheng	Director of a principal subsidiary of the Company, core management person	1,200,000
9. Meng Linghong	Director of a principal subsidiary of the Company, core management person	500,000
10. Lv Jun	Director of principal subsidiaries of the Company, core management person	800,000
11. Ju Hongfeng	Director and supervisor of principal subsidiaries of the Company	2,000,000
12. Wang Yongchang	Director of a principal subsidiary of the Company, core management person	400,000
13. Yu Chunchi	Director of principal subsidiaries of the Company, core management person	500,000
14. Zhang Dehai	Director of a principal subsidiary of the Company, core management person	1,200,000
15. Lv Yonggui	Director of a principal subsidiary of the Company, core person	800,000
16. Oiu Xiwen	Supervisor of a principal subsidiary of the Company, core person	200,000
17. Yu Jinghua	Supervisor of a principal subsidiary of the Company, core person	300,000
		<hr/>
Total		<u><u>14,700,000</u></u>

### **3. Principal Terms of the Share Awards**

In view of the experience of the Connected Grantees as stated above in the section headed “2. Backgrounds of the Connected Grantees”, all of the Connected Grantees have extensive experience in various industries and are instrumental to the Group’s operation and they could contribute to the development of the Group in the best interests of the Company and the Shareholders. In particular, a number of Connected Grantees possess industry specialty, investment, management and accounting expertise which will be able to facilitate the Group to develop its business further.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Award Shares will be granted under the following terms pursuant to the Share Award Scheme adopted by the Company on 17 November 2014 and are Non-listed Domestic Shares:

- Number of Award Shares (Non-listed Domestic Shares) : 48,300,000 Non-listed Domestic Shares of which 21,000,000 Non-listed Domestic Shares will be granted to the Connected Grantees
- Issue price of the Award Shares : RMB3.58, which is equivalent to the net asset value per H Share as set out in the audited consolidated financial statements of the Company in the last financial year immediately preceding the Date of Grant
- Market price of the Company's H Shares : the closing price of the H Shares on the Date of Grant was HK\$14.36 per H Share. The average closing price of the H Shares for the five consecutive trading days immediately preceding the Date of Grant was approximately HK\$14.32 per H Share
- Vesting period and performance targets : 20% of the Award Shares will be vested on each anniversary from the Date of Grant subject to satisfaction of certain performance targets. In addition, the Award Shares are subject to a 36 month lock-up period from the date of allotment
- The performance targets for each Grantee include overall performance targets and personal performance targets. The overall performance targets include the Company recording year-on-year growth in net profit (excluding extraordinary items). The personal performance targets include reaching a number of KPI points as set by the Remuneration Committee annually
- Fund raising activities in the past 12 months : The Company has not engaged in any other fund raising activities by any issue of new H Shares in the 12 months immediately preceding the Date of Grant

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Conditions*

The issue and allotment of the Award Shares to the Grantees shall be subject to the following conditions:

- (i) the approval by the Independent Shareholders at the Extraordinary General Meeting in respect of the issue and allotment of the Award Shares; and
- (ii) the approval by the CSRC in respect of the Company's plan for the issue of the Award Shares.

As at the Latest Practicable Date, none of the conditions have been satisfied.

As advised by the PRC legal advisor of the Company, the Company's plan for the allotment and issue of the Share Awards is subject to the approval of the CSRC. In the submission to the CSRC, the Company is required to demonstrate that the allotment and issue of the Share Awards has been approved by the Board and the Shareholders respectively. As such, the allotment and issue of the Share Awards (regardless of whether the Grantee is or is not a connected person) is subject to the approval of the Independent Shareholders. As advised by the PRC legal advisor of the Company, apart from the CSRC's approval, the issuance of Award Shares will not be subject to other PRC prepositive approval, as such upon obtaining the CSRC's approval and subject to the registration and filing procedures after the issuance of Award Shares as required under the PRC laws and regulations being completed, the issuance of Award Shares will be deemed compliant with the relevant PRC laws.

### *Proposed conversion of the Award Shares to H Shares*

Under the Share Award Scheme, the Award Shares are Non-listed Domestic Shares. Following implementation of the H Share Full Circulation and as at the Latest Practicable Date, the Company does not have any Non-listed Domestic Shares in issue. The Company will seek the CSRC's approval for conversion of all the Award Shares into H Shares. Subject to obtaining the CSRC's approval for conversion of the Award Shares into H Shares, application will also be made to the Stock Exchange in due course for the listing of and the permission to deal in 48,300,000 converted H Shares.

The proposed grant of the Award Shares is not conditional upon satisfaction of the conditions for conversion of the Award Shares to H shares. It is expected that the conversion will not take place until after the third anniversary of the Date of Grant.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Market price of the Award Shares*

Based on the closing price of HK\$14.88 per H Share as quoted on the Stock Exchange on the Latest Practicable Date, the implied market value of the Award Shares granted to the Connected Grantees and other employees who are not connected persons of the Company were amounts to approximately HK\$312.5 million and HK\$406.2 million respectively.

#### **4. Assessment of fairness and reasonableness of the principal terms**

To assess the fairness and reasonableness of the vesting period of the issue and allotment of the Award Shares, we have, to our best effort basis and knowledge, identified 20 precedent awards in relation to the grant of shares under various share award schemes to their respective employees and directors involving awarding shares to connected persons (the “**Precedent Awards**”) as noted in the relevant announcements from 1 May 2020 up to the Date of Grant (the “**Review Period**”) with disclosure of vesting years. We considered the Review Period provides a general market norm of granting the award shares to both connected and independent grantees in recent times which reflected the current market practice in respect of the allotment of award shares. Set out below is a list of Precedent Awards during the Review Period:

<b>Company Name (Stock Code)</b>	<b>Date of announcement</b>	<b>Awardee(s)</b>	<b>Vesting Years</b>
Razer Inc. (1337)	4 May 2020	Unknown	4 years
EEKA Fashion Holdings Limited (3709)	20 May 2020	1	5 years
China Mengniu Dairy Company Limited (2319)	22 May 2020	1	2 years
Freetech Road Recycling Technology (Holdings) Limited (6888)	8 June 2020	2	4 years
China ZhengTong Auto Services Holdings Limited (1728)	12 June 2020	3	1 to 5 years
Altus Holdings Limited (8149)	26 June 2020	1	1 to 2 years
Hao Tian International Construction Investment Group Limited (1341)	29 June 2020	4	3 years
S-Enjoy Service Group Co., Limited (1755)	30 June 2020	3	3 years
Wuxi Apptec Co., Ltd. (2359)	21 July 2020	12	4 years
Link Real Estate Investment Trust (823)	29 July 2020	12	2 years
IGG Inc (799)	20 August 2020	5	1 to 4 years
Fosun Tourism Group (1992)	25 August 2020	3	1 to 4 years

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Company Name (Stock Code)	Date of announcement	Awardee(s)	Vesting Years
Razer Inc. (1337)	1 September 2020	3	4 years
3SBio Inc. (1530)	8 September 2020	1	Immediately
Powerlong Commercial Management Holdings Limited (9909)	10 September 2020	1	5 years
Goldstream Investment Limited (1328)	21 September 2020	2	2 to 4 years
Shanghai Kindly Medical Instruments Co., Ltd. (1501) <sup>#</sup>	21 September 2020	2	3 years
Home Control International Limited (1747)	5 October 2020	4	3 years
Shangri-La Asia Limited (69)	21 October 2020	1	Immediately
Times Neighborhood Holdings Limited (9928)	13 November 2020	24	3.25 years
		Minimum	Immediately vested
		Maximum	5 years
		Average*	3.263 years
		Median	3.625 years

\* Calculation based on the longer vesting period per Precedent Awards

# Involve issue of domestic shares

Out of the 20 Precedent Awards, only one precedent case involves the issue of domestic shares. Since the Company will seek relevant approval to convert the Award Shares into H Shares, we consider the above Precedent Awards, including awarding shares trading on Stock Exchange as well as domestic shares, to be justifiable.

The vesting periods of the Precedent Awards ranged from immediate vesting up to 5 years. The vesting period of the Award Shares proposed to be issued has a vesting period of 5 years, which falls into the range of the Precedent Awards and is longer than the average and median vesting period of the Precedent Awards.

### 5. Effective cost of the Share Award

Upon the issue of the Share Awards to the Connected Grantees pursuant to the Share Award Scheme, the value of such Award Shares would be allocated and charged as expenses in the Group's consolidated statement of profit and loss. There will be no material effect on the cash flow of the Group other than expenses relating to the allotment and issue of the Award Shares.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Taking into consideration the issue price of RMB3.58 per Award Share, the Group will raise approximately RMB172.9 million (equivalent to approximately HK\$204.22 million) and the funds will be utilized as general working capital of the Group.

### **6. Potential dilution of the shareholding interests of the existing public Shareholders**

The Award Shares to be issued would be domestic shares of the Company. The Company will seek the CSRC's approval for conversion of all the Award Shares into H Shares. Subject to obtaining the CSRC's approval for conversion of the Award Shares into H Shares, application will also be made to the Stock Exchange in due course for the listing of and the permission to deal in 48,300,000 converted H Shares.

The number of Award Shares granted to the Connected Grantees was determined by the Board. Assuming the Grantees become fully entitled to all Award Shares after the vesting period and the Award Shares would be converted into H Shares, the number of Award Shares to be issued would be 48,300,000, or approximately 1.07% of the existing issued share capital of the Company as at the Date of Grant and approximately 1.06% of issued share capital of the Company as enlarged by the issue of the Award Shares.

Since the potential dilution effect of the grant of Award Shares is insignificant to the Independent Shareholders' and there will be no substantial cash outflow by the Company under the grant of Award Shares to Connected Grantees, we consider that the grant of Award Shares to the Connected Grantees is acceptable in view of the potential benefits to be brought by Connected Grantees to the Group.

### **RECOMMENDATION**

Having considered the above principal factors and reasons, we consider that although the grant of Award Shares to Connected Grantees is not in the ordinary and usual course of business of the Group, the terms of the Share Awards are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Shareholders, and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) in respect of the grant of Award Shares to Connected Grantees and the transactions contemplated thereunder at the Extraordinary General Meeting.

Yours faithfully,  
For and on behalf of  
**Halcyon Capital Limited**  
**Terry Chu**  
*Managing Director*

*Mr. Terry Chu is a person licensed under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and regarded as a responsible officer of Halcyon Capital Limited and has over 20 years of experience in corporate finance industry.*

## 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 Company. 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

### 1. Interests and short positions of the Directors and the chief executive in the share capital and associated corporations of the Company

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executive 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. Zhang Hua Wei	Beneficial interest	31,404,000	0.69
Mr. Wang Yi	Beneficial interest	18,392,000	0.41
Mrs. Zhou Shu Hua	Beneficial interest	15,300,000	0.34

Notes:

- (1) Mr. Chen Lin, a son of Mr. Chen Xue Li, an ultimate de facto controller of Weigao Holding Company Limited is holder of the Company’s 196,000 H Shares, representing 0.004% of the issue share capital of the Company.

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

Director	Nature of interest (long position)	Number of Shares	Approximate percentage of Shareholding (%)
Mr. Zhang Hua Wei	Beneficial interest	21,960,000	1.83
Mr. Wang Yi	Beneficial interest	4,880,000	0.41
Mrs. Zhou Shu Hua	Beneficial interest	12,200,000	1.02

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).

## 2. Interests and short positions of substantial Shareholders and other parties in the Shares and underlying Shares of the Company

As at the Latest Practicable Date, other than the interests and short positions of certain directors and chief executive 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 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 executive 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.

## 3. SERVICE 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.

**4. QUALIFICATION AND CONSENT OF EXPERT**

The following is the qualifications of the experts or professional advisers who have given opinion or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
Halcyon Capital Limited	A corporation licensed to carry out Type 6 (advising on corporate finance) of the regulated activities under the SFO

Halcyon Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears. The letter and recommendation given by Halcyon Capital Limited is given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, Halcyon Capital Limited did not have any shareholding in any member of the Group or any right (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, Halcyon Capital Limited did not have any interest, direct or indirect, in any assets since 31 December 2019, being the date to which the latest published audited accounts of the Company were made up, which have been acquired or disposed of by or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by or leased to the Company or any of its subsidiaries.

**5. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited financial statements of the Company were made up.

**6. COMPETING INTEREST**

As at the Latest Practicable Date, none of the Directors and their associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

**7. INTEREST OF DIRECTORS**

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 2019, 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.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) at 29/F, Two Chinachem Central, 26 Des Voeux Road Central, Hong Kong from the date of this circular up to and including the date which is 14 days from the date of this circular:

- (a) a copy of the Share Award Scheme;
- (b) the letter from the Independent Financial Adviser, the text of which is set out on pages 20 to 31 of this circular;
- (c) the written consent from the expert referred to in paragraph headed “Qualification and consent of expert” in this appendix;
- (d) the memorandum and articles of association of the Company; and
- (e) this circular.

**9. MISCELLANEOUS**

In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

**MR. CHEN**

Mr. Chen, aged 45, majoring in economics and management and graduated from University of Weihai in 1996 and completed a course of Master of business administration in Renmin University of China in 2004. Mr. Chen joined Weigao Holding Company Limited (“**Weigao Holding**”) in 2000 and served as assistant general manager from 2000 to 2002 and general manager from 2002 to 2019 of Weigao Holding. Mr. Chen has over 10 years of operation and management experience in the industry.

Mr. Chen is a director of Weigao Holding and Weihai Weigao International Medical Investment Holding Company Limited\*. Save as disclosed above, as the Latest Practicable Date, Mr. Chen has not held any other directorship in the Group or other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. Mr. Chen is a son of Mr. Chen Xue Li, who is the controller of Weigao Holding, which is the controlling Shareholder of the Company and save as disclosed above, Mr. Chen does not have any relationship with any director or senior management of the Company. A service contract will be entered into between Mr. Chen and the Company for a term of three years commencing on the effective date of his appointment for his services to the Company subject to the approval of the shareholders of the Company at the upcoming extraordinary general meeting or any adjournment thereof. The service contract may be terminated by either party by giving to other party not less than three month’s written notice without payment of compensation (other than statutory compensation). Mr. Chen will waive his director emolument pursuant to the service contract.

As at the Latest Practicable Date, Mr. Chen has direct holding of 196,000 shares, equivalent to about 0.004% and indirect holding of 3.46% of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Save as disclosed above, as far as the Board aware, there are no other matters which need to be brought to the attention of the Shareholders regarding the appointment of Mr. Chen or any other information that needs to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

**MR. TANG**

Mr. Tang, aged 50, is also a director of Weigao Holding and Weihai Weigao Finance Holding Company Limited\* and he graduated from Shandong University of China, majoring in business administration and completed an EMBA course in China Europe International Business School in 2019. Prior to joining the Company, Mr. Tang has been served as an assistant general manager in Bank of Communications (Weihai), a general manager in Minsheng Bank (Weihai) and an assistant general manger of Minsheng Bank (Qingdao). Mr. Tang joined Weigao Holding in 2017 and now served as a director of Weigao Holding and Weihai Weigao Finance Holding Company Limited. Mr. Tang has over 20 years of experience in banking industry.

Mr. Tang is also a director of Weihai Huadong Automation Company Limited 威海華東數控股份有限公司 (stock code 002248) listed on Shenzhen Stock Exchange. Save as disclosed above, as the Latest Practicable Date, Mr. Tang has not held any other directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years and does not have any relationship with any director or senior management of the Company or with any substantial or controlling shareholder of the Company.

A service contract will be entered into between Mr. Tang and the Company for a term of three years commencing on the effective date of his appointment for his services to the Company subject to the approval of the shareholders of the Company at the upcoming extraordinary general meeting or any adjournment thereof. The service contract may be terminated by either party by giving to other party not less than three month's written notice without payment of compensation (other than statutory compensation). Mr. Tang will waive his director emolument pursuant to the service contract. As at the Latest Practicable Date, Mr. Tang does not have any shareholding in the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Save as disclosed above, as far as the Board aware, there are no other matters which need to be brought to the attention of the Shareholders regarding the appointment of Mr. Tang or any other information that needs to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

**1. ARTICLE 20**

Article 20 of the Articles be deleted in its entirety and replaced by the following:

“Subject to the review and approval by the regulatory authorities authorized by the State Council, the total number of ordinary shares issued by the Company is 4,570,632,324 shares.

At the time of establishment of the Company, an aggregate of 60,000,000 shares were issued to the promoters (as approved by the China Securities Regulatory Commission, the shares of RMB 1 per share were subdivided into RMB 0.1 per share when the Company was listed on the Growth Enterprise Market of the Hong Kong Stock Exchange in 2004 and the number of shares was subsequently changed to 600,000,000), representing approximately 13.13% of the total number of ordinary shares that may be issued by the Company.

After its establishment, the Company issued 3,970,632,324 ordinary shares, of which 3,922,332,324 ordinary shares were overseas listed shares (including overseas listed foreign invested shares issued pursuant to the exercise of the over-allotment option), representing approximately 85.81% of the total number of ordinary shares issued by the Company and 48,300,000 shares were domestic shares, representing 1.06% of the total number of ordinary shares issued by the Company.

The share capital structure of the Company is as follows: The total number of issued ordinary shares is 4,570,632,324 shares. Among such shares, 4,522,332,324 ordinary shares are overseas listed shares, representing 98.94% of the total ordinary shares issued by the Company, and 48,300,000 ordinary shares are domestic shares, representing 1.06% of the total ordinary shares issued by the Company.”

**2. ARTICLE 24**

Article 24 of the Articles be deleted in its entirety and replaced by the following:

“The registered capital of the Company is RMB 457,063,232.40.”

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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 the extraordinary general meeting (the “**Extraordinary General Meeting**”) of the shareholders of 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) (the “**Company**”) will be held at 2/F, 18 Xingshan Road, Weihai Torch Hi-tech Science Park, Weihai, Shandong, the PRC at 10:00 a.m. on Monday, 8 March 2021 for the purpose of considering and, if thought fit, passing the following resolution of the Company.

Unless otherwise indicated, capitalised terms used in this notice shall have the same meanings as those defined in the circular (the “**Circular**”) of the Company dated 10 February 2021, of which this notice forms part.

### SPECIAL RESOLUTIONS

1. (i) “**THAT** the grant of the Non-listed Domestic Shares to the following Grantees be and are hereby approved and confirmed.

Name of Grantee		Position	Number of Award Shares
<b>Grantees who are connected persons at the issuer level</b>			
1.	Long Jing	Director and General Manager	6,000,000
2.	Yue Chunliang	Supervisor of the Company	300,000
<b>Sub-total</b>			6,300,000

\* For identification purpose only

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**NOTICE OF EXTRAORDINARY GENERAL MEETING**

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<b>Name of Grantee</b>		<b>Position</b>	<b>Number of Award Shares</b>
<b>Grantees who are connected persons at the subsidiary level (the “Connected Employees”)</b>			
1.	Wu Xuefeng	Chief Financial Officer of the Company and Supervisor of a principal subsidiary of the Company	1,200,000
2.	Ma Shuhang	Director of principal subsidiaries of the Company, core management person	1,000,000
3.	Xia Xinrui	Director of a principal subsidiary of the Company, core management person	800,000
4.	Lv Suyun	Director and supervisor of principal subsidiaries of the Company, core management person	1,000,000
5.	Wang Xuqiang	Supervisor of principal subsidiaries of the Company, core management person	500,000
6.	Qu Yun	Director and supervisor of principal subsidiaries of the Company, core management person	300,000
7.	Cong Rinan	Director of principal subsidiaries of the Company, core management person	2,000,000
8.	Zou Lisheng	Director of a principal subsidiary of the Company, core management person	1,200,000
9.	Meng Linghong	Director of a principal subsidiary of the Company, core management person	500,000
10.	Lv Jun	Director of principal subsidiaries of the Company, core management person	800,000
11.	Ju Hongfeng	Director and supervisor of principal subsidiaries of the Company	2,000,000
12.	Wang Yongchang	Director of a principal subsidiary of the Company, core management person	400,000
13.	Yu Chunchi	Director of principal subsidiaries of the Company, core management person	500,000

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**NOTICE OF EXTRAORDINARY GENERAL MEETING**

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<b>Name of Grantee</b>		<b>Position</b>	<b>Number of Award Shares</b>
14.	Zhang Dehai	Director of a principal subsidiary of the Company, core management person	1,200,000
15.	Lv Yonggui	Director of a principal subsidiary of the Company, core person	800,000
16.	Oiu Xiwen	Supervisor of a principal subsidiary of the Company, core person	200,000
17.	Yu Jinghua	Supervisor of a principal subsidiary of the Company, core person	300,000
<b>Sub-total</b>			14,700,000
<b>Other employees</b>			
1.	Wang Chong	Core person	1,000,000
2.	Zhao Hengkun	Core person	800,000
3.	Zhang Song	Core person	500,000
4.	Sun Qingliang	Core person	300,000
5.	Hou Yuanye	Core person	300,000
6.	Ma Wenfeng	Core person	300,000
7.	Wang Shengyun	Core person	500,000
8.	Ma Cai	Core person	400,000
9.	Wang Jianwei	Core person	300,000
10.	Zhang Zhuangqiu	Core person	600,000
11.	Liang Suyang	Core person	400,000
12.	Zhao Yun	Core person	300,000
13.	Qin Mingliang	Core person	800,000
14.	Zhang Zhipeng	Core person	800,000
15.	Li Xiaoyan	Core person	800,000
16.	Yu Peibao	Core person	300,000
17.	Ni Shili	Core person	2,400,000

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**NOTICE OF EXTRAORDINARY GENERAL MEETING**

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<b>Name of Grantee</b>		<b>Position</b>	<b>Number of Award Shares</b>
18.	Li Wenzheng	Core person	500,000
19.	Wu Yujuan	Core person	300,000
20.	Wang Daoming	Core person	500,000
21.	Wang Gang	Core person	400,000
22.	Wang Weijia	Core person	400,000
23.	Xue Ruipeng	Core person	300,000
24.	Zhou Dejun	Core person	1,500,000
25.	Li Xueke	Core person	600,000
26.	Yu Hao	Core person	250,000
27.	Jiang Chunpu	Core person	400,000
28.	Zhu Jiang	Core person	200,000
29.	Zhang Yong	Core person	1,200,000
30.	Ding Zhiwen	Core person	400,000
31.	Hu Xiaoguo	Core person	400,000
32.	Cheng Yunliang	Core person	300,000
33.	Liu Ningguo	Core person	400,000
34.	Tian Xuefei	Core person	400,000
35.	Jiang Limin	Core person	300,000
36.	Yu Hongchun	Core person	200,000
37.	Wang Bingyang	Core person	200,000
38.	Sun Bentao	Core person	150,000
39.	Yang Wei	Core person	100,000
40.	Zhang Yanhong	Core person	300,000
41.	Jiang Shan	Core person	300,000
42.	Shao Pengjun	Core person	200,000
43.	Jiang Dezhong	Core person	200,000
44.	Chi Baojin	Core person	100,000
45.	Rong Yanzhi	Core person	400,000

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**NOTICE OF EXTRAORDINARY GENERAL MEETING**

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<b>Name of Grantee</b>		<b>Position</b>	<b>Number of Award Shares</b>
46.	Ding Jiali	Core person	500,000
47.	Yu Jianguo	Core person	500,000
48.	Sun Jiyue	Core person	400,000
49.	Jiang Tao	Core person	300,000
50.	Zhao Weiwei	Core person	300,000
51.	Dong Guojun	Core person	300,000
52.	Hou Yankui	Core person	300,000
53.	Zhang Hualin	Core person	300,000
54.	Chen Zhiyong	Core person	250,000
55.	Zhai Renchao	Core person	250,000
56.	Song Xiuhui	Core person	250,000
57.	Zhang Linzheng	Core person	250,000
58.	Zhu Mengfei	Core person	200,000
59.	Sun Jie	Core person	200,000
60.	Liu Dongxiao	Core person	200,000
61.	Sun Qingdong	Core person	400,000
62.	Hu Tengfei	Core person	200,000
63.	Yu Yanning	Core person	200,000
64.	Zhang Lukun	Core person	300,000
Subtotal			27,300,000
<b>Total</b>			<b>48,300,000</b>

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (ii) the allotment and issue of the 48,300,000 Non-listed Domestic Shares under the terms of the Share Award Scheme as approved in the extraordinary general meeting of the Company held on 17 November 2014, which is effective from 17 November 2014 till its 10th anniversary), be and is hereby confirmed and approved. Details of the allotment and issue of the Non-listed Domestic Shares are set out below.
- (1) **Class of shares and its par value:** The class of shares to be allotted and issued to and subscribed by the PRC onshore domestic investor(s) are domestic shares of par value RMB0.10 each in the capital of the Company.
- (2) **Number of Non-listed Domestic Shares to be allotted and issued:** the number of Non-listed Domestic Shares to be allotted and issued shall not exceed 48,300,000.
- (3) **Allottees and pre-emption rights:** The non-listed shares will be allotted and issued to 9 limited partnerships, namely Tianjin Yangfan No. 1 Enterprise Management Consulting Partnership (Limited Partnership)\* (天津揚帆一號企業管理諮詢合夥企業(有限合夥)), Tianjin Yangfan No. 2 Enterprise Management Consulting Partnership (Limited Partnership)\* 天津揚帆二號企業管理諮詢合夥企業(有限合夥), Tianjin Yangfan No. 3 Enterprise Management Consulting Partnership (Limited Partnership)\* 天津揚帆三號企業管理諮詢合夥企業(有限合夥), Tianjin Yangfan No. 4 Enterprise Management Consulting Partnership (Limited Partnership)\* 天津揚帆四號企業管理諮詢合夥企業(有限合夥), Tianjin Yangfan No. 5 Enterprise Management Consulting Partnership(Limited Partnership)\* 天津揚帆五號企業管理諮詢合夥企業(有限合夥), Tianjin Yangfan No. 6 Enterprise Management Consulting Partnership (Limited Partnership)\* 天津揚帆六號企業管理諮詢合夥企業(有限合夥), Tianjin Yangfan No. 7 Enterprise Management Consulting Partnership (Limited Partnership)\* 天津揚帆七號企業管理諮詢合夥企業(有限合夥), Tianjin Yangfan No. 8 Enterprise Management Consulting Partnership (Limited Partnership)\* 天津揚帆八號企業管理諮詢合夥企業(有限合夥); and Tianjin Yangfan No. 9 Enterprise Management Consulting Partnership (Limited Partnership)\* 天津揚帆九號企業管理諮詢合夥企業(有限合夥). The partners of the limited partnerships comprise directors, supervisor, senior management and core management of the Company. Members of the core management have been selected by the Board, presented to all employees for opinions and approved by the employee representative committee and the supervisor committee. The domestic shares will only be issued to the abovementioned eligible participants. There are no pre-emption rights for the other shareholders of the Company.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (4) **Basis of the issue price:** the issue price was determined in accordance with the terms of the Share Award Scheme, which is the net asset value per share as set out in the audited consolidated financial statements of the Company in the last financial year immediately preceding the Date of Grant (RMB3.58 per share).
- (5) **Method of allotment:** allotment will be made to the specific grantees.
- (6) **Lock-up:** the non-listed domestic shares allotted and issued to the Grantees will be subject to a 36-month lock-up commencing from date of the issue, which shall be the date of which the domestic shares are registered with China Securities Depository and Clearing Corporation Limited. Each of the director, supervisor, senior management and core management shall achieve the performance targets, and the domestic shares held by them through the limited partnerships may not be transferred before achieving the performance targets. Furthermore, the domestic shares held by the allottees shall comply with the Company Law of the PRC, and all rights or restrictions or prohibitive provisions set out by the CSRC or its agents with respect to the transfer of shares, and the Articles. Except for the aforementioned lock-up, the Company has not set any other transfer restrictions on the allottees.
- (7) **Use of proceeds:** as general working capital of the Company.
- (8) **Distribution:** upon completion of the issuance of the domestic shares, any accumulated undistributed profits of the Company prior to the issuance may be shared by all the existing shareholders of the Company and the allottees in accordance to their respective shareholding.
- (9) **Validity period of the resolution:** This resolution shall be valid for a period of 12 months commencing from the date of passing of this resolution.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (iii) Each of the Board and the chairman of the Board is hereby authorised, either acting singly or collectively, to approve and handle all matters in connection with the allotment of the domestic shares, including but not limited to the following.
- (1) subject to and within the authority given by the shareholders for the allotment of the domestic shares, and also subject to the requirements of the onshore and offshore regulatory authorities including the Stock Exchange, the market environment and the actual position of the Company, to affirm and refine the terms of issuance. including the number of domestic shares to be issued, the issue price, the basis of the issue price, the allottees, the time of the allotment, the use of proceeds, the lock-up, and other related matters. Should there be changes in the relevant laws, regulations or regulatory documents or changes in regulatory policies or changes in market conditions, to amend the terms of the issuance (including suspension or termination of the allotment) except for those amendments that are required to be subject to the approval by shareholders of the Company under the applicable laws, regulations, regulatory documents and Articles.
  - (2) Subject to the framework of allotment under this resolution, to determine, sign, execute and complete the relevant employees' shareholding plan, management method and other documents and related matters in relation to the allotment and issue of the domestic shares.
  - (3) To obtain approvals, complete registrations and filing, to obtain consents and carry out all other necessary procedures with the onshore and offshore regulatory authorities (including but not limited to the CSRC and Administration for Industry and Commerce) and the Stock Exchange. To sign, execute, amend and complete all relevant filings (including but not limited to the shareholders' resolutions approving the issuance, the board resolutions approving the issuance, the application documents, the private placing manual\* (定向發行說明書), the recommended work report by the placing agent in relation to the allotment\* (主辦券商定向發行推薦工作報告) and legal opinions) in connection with the issuance, and to do all such acts necessary or appropriate in connection with the issuance.
  - (4) To draft, amend, sign, file, publish, disclose, execute, suspend or terminate any agreement, contract, announcement, circular or other relation legal documents in connection with the issuance; to engage, decide and settle the fees incurred by any financial adviser, securities house, legal advisors, auditing firms, assets valuers and other agents in connection with the issuance.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (5) To make corresponding amendments to the Articles in relation to the registered capital, shareholding structure and to file and register all such amendments with the relevant registration authorities and other governmental authorities upon completion of the issuance of the domestic shares.
  - (6) Upon completion of the issuance, to increase the registered capital of the domestic shares of the Company according to the allotment and to carry out all relevant approval procedures with the regulatory authorities and to make relevant registrations and filings with the Administration for Industry and Commerce (including but not limited to application for change of particulars of the company and the application for the exchange and issuance of business registration).
  - (7) To carry out all registration procedures with CSDC in relation to the issuance of the domestic shares.
  - (8) To carry out all necessary actions in relation to the issuance of the domestic shares subject to the relevant laws and regulations.
2. “**THAT** subject to the fulfilment of all the relevant conditions and/or all necessary approvals and/or consents from the relevant PRC authorities and bodies being obtained and/or the procedures as required under the laws and regulations of the PRC being completed, the Proposed Amendments as set out in the Circular be and are hereby confirmed and approved and that any one director of the Company is hereby authorized to do all such acts and/or execute all such documents as may be necessary or expedient in order to give full effect to such resolution.”

### ORDINARY RESOLUTIONS

1. “**THAT** the appointment of Mr. Chen Lin as a non-executive director of the Company be and is hereby approved and confirmed.”
2. “**THAT** the appointment of Mr. Tang Zheng Peng as a non-executive director of the Company be and is hereby approved and confirmed.”

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

Weihai, Shandong, the PRC  
10 February 2021

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

- (1) Any shareholder of the Company (the “**Shareholder(s)**”) who has the right to attend and vote at the Extraordinary General Meeting is entitled to appoint one proxy (or more) in writing to attend the Extraordinary General Meeting 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 Extraordinary General Meeting. Any Shareholder who wishes to appoint a proxy should first review the form of proxy for use in the Extraordinary General Meeting. 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 Extraordinary General Meeting 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 Extraordinary General Meeting 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 Extraordinary General Meeting, the register of members will be closed from 2 March 2021 to 8 March 2021 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for attending at the Extraordinary General Meeting, 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, Hong Kong not later than 4:30 p.m. on 1 March 2021.
- (5) The Extraordinary General Meeting is expected not to exceed half a day, and all shareholders and proxies shall be responsible for their own traveling and accommodation expenses.
- (6) All votes of the Shareholders at the general meetings must be taken by poll.
- (7) Any enquiries about this notice and the Extraordinary General Meeting 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 Des Voeux Road Central, Hong Kong (Tel: (852) 28381490).
- (8) The Chinese translation of this notice is for reference only, and in case of any inconsistency, the English version shall prevail.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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

*Executive Directors*

Mr. Zhang Hua Wei

Mr. Long Jing

Mr. Wang Yi

*Independent non-executive Directors*

Mr. Lo Wai Hung

Mrs. Fu Ming Zhong

Mrs. Wang Jin Xia

\* *for identification purposes only*