

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



山東威高集團醫用高分子製品股份有限公司

Shandong Weigao Group Medical Polymer Company Limited *

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1066)

**CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF EXISTING CONTINUING CONNECTED
TRANSACTIONS**

**RENEWAL OF EXISTING CONTINUING CONNECTED
TRANSACTIONS**

Reference is made to the announcements of the Company dated 5 December 2018, 27 September 2019, 18 December 2019, 20 December 2019, 26 August 2020, 28 October 2020, 2 November 2020, 27 August 2021 and 16 November 2021 and the circulars of the Company dated 27 September 2019, 22 September 2020, 16 November 2020, 1 September 2021 and 8 December 2021 in relation to, among others, the CCT Agreements.

On 30 August 2023, the Company and/or its subsidiaries entered into the Supplemental Agreements with Weigao Holding and/or its subsidiaries and associates principally to, among others, (i) extend the agreement terms of the CCT Agreements for two years to 31 December 2025; and (ii) propose new annual caps for the financial years ending 31 December 2024 and 2025 (wherever applicable). Save as specified, all other terms as stipulated in the CCT Agreements remain unchanged.

* For identification purpose only

LISTING RULES IMPLICATION

As at the date of this announcement, Weigao Holding is the controlling shareholder of the Company and holds approximately 45.94% of the issued share capital of the Company. Accordingly, Weigao Holding and its subsidiaries and associates are connected persons of the Company pursuant to Chapter 14A of the Listing Rules. Thus, the transactions contemplated under the Supplemental Agreements constitute continuing connected transactions of the Company.

As all the applicable percentage ratios (other than the profit ratio) in respect of the Supplemental Agreements (other than the Supplemental Purchase Framework Agreement and the Supplemental Logistic Support Services Framework Agreement) are less than 5.0%, the above agreements are subject to the reporting, announcement and annual review requirements, but is exempt from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

EGM

The Independent Board Committee has been formed to consider whether the terms of the Purchase Framework Agreement (as supplemented by the Supplemental Purchase Framework Agreement) and the Logistic Support Services Framework Agreement (as supplemented by the Supplemental Logistic Support Services Framework Agreement) and the transactions contemplated thereunder, and the corresponding Proposed Annual Caps are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to voting at the EGM. The Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in these regards.

A circular containing (i) further details of the transactions contemplated under the Purchase Framework Agreement (as supplemented by the Supplemental Purchase Framework Agreement) and the Logistic Support Services Framework Agreement (as supplemented by the Supplemental Logistic Support Services Framework Agreement); (ii) the recommendation of the Independent Board Committee; (iii) the advice of the Independent Financial Adviser; and (iv) a notice convening the EGM will be despatched to the Shareholders on or before 18 September 2023.

THE SUPPLEMENTAL AGREEMENTS

Reference is made to the announcements of the Company dated 5 December 2018, 27 September 2019, 18 December 2019, 20 December 2019, 26 August 2020, 28 October 2020, 2 November 2020, 27 August 2021 and 16 November 2021 and the circulars of the Company dated 27 September 2019, 22 September 2020, 16 November 2020, 1 September 2021 and 8 December 2021 in relation to, among others, the CCT Agreements.

On 30 August 2023, the Company and/or its subsidiaries entered into the Supplemental Agreements with Weigao Holding and/or its subsidiaries and associates principally to, among others, (i) extend the agreement terms of the CCT Agreements for two years to 31 December 2025; and (ii) propose new annual caps for the financial years ending 31 December 2024 and 2025 (wherever applicable). Save as specified, all other terms as stipulated in the CCT Agreements remain unchanged. For details of the terms of the CCT Agreements, please refer to the 2018 Announcement, 2019 Announcement and 2021 Announcement.

A. Supplemental Agreements which are subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules

(1) The Supplemental Purchase Framework Agreement

Under the Purchase Framework Agreement, the Company agrees to purchase or procure its subsidiaries to purchase, and Weigao Holding agrees to sell or procure its subsidiaries or associates to sell medical based products, including but not limited to, medical equipment, medical raw materials, medical packaging materials, pharmaceutical and medical devices.

On 30 August 2023, the Company entered into the Supplemental Purchase Framework Agreement with Weigao Holding to (i) extend the agreement term for two years to 31 December 2025; and (ii) propose new annual caps of RMB1,500 million for each of the financial years ending 31 December 2024 and 2025. Except for the extension of the duration of the agreement and the proposition of the new annual caps for the years ending 31 December 2024 and 2025, all other terms of the Purchase Framework Agreement remain unchanged.

Historical Transaction Amounts

The actual transaction amounts for the purchases by the Group from Weigao Holding Group for the year ended 31 December 2022 and the six months ended 30 June 2023 are set out below.

	Year ended 31 December 2022	Six months ended 30 June 2023
	<i>Approximately RMB</i>	<i>Approximately RMB</i>
Actual transaction amount	1,249.9 million	738.1 million

Proposed Annual Caps

The existing annual cap for the year ending 31 December 2023 and the Proposed Annual Caps in respect of the transactions contemplated under the Purchase Framework Agreement (as supplemented by the Supplemental Purchase Framework Agreement) for the two years ending 31 December 2025 are set out below.

	Year ending 31 December		
	2023	2024	2025
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing annual cap	1,500.0 million	N/A	N/A
Proposed Annual Caps	N/A	1,500.0 million	1,500.0 million

The Proposed Annual Caps for the purchases by the Group from Weigao Holding Group are determined with reference to factors including, (i) the historical transaction amount of approximately RMB1,249.9 million and RMB738.1 million under the Purchase Framework Agreement for the year ended 31 December 2022 and the six months ended 30 June 2023, respectively; and (ii) the anticipated demand for products provided by Weigao Holding Group for the years ending 31 December 2024 and 2025 after taking into account the nature of the products, the market development trend as well as the expected business development of the Group; and (iii) the pricing of the products to be provided by Weigao Holding Group.

(2) *The Supplemental Logistic Support Services Framework Agreement*

Under the Logistic Support Services Framework Agreement, the Company agrees to purchase or procure its subsidiaries to purchase, and Logistic Company agrees to provide or procure its subsidiaries or associates to provide integrated medical device supply chain logistic services.

On 30 August 2023, the Company entered into the Supplemental Logistic Support Services Framework Agreement with Logistic Company to (i) extend the agreement term for two years to 31 December 2025; (ii) propose new annual caps of RMB4,400 million and RMB5,200 million for the financial years ending 31 December 2024 and 2025, respectively; and (iii) adjust the pricing of the logistic service fee from 3% of the total amount settled by Logistic Company Group for the Group's sales to hospitals through Logistic Company Group to not more than 3%. Except for the extension of the duration of the agreement, the proposition of the new annual caps for the years ending 31 December 2024 and 2025 and the adjustment of the pricing of the logistic service fee, all other terms of the Logistic Support Services Framework Agreement remain unchanged.

Historical Transaction Amounts

The actual amounts settled by Logistic Company Group for the Group's sales to hospitals through Logistic Company Group (i.e. the net amount after deducting not more than 3% logistic service fee from the gross amount paid by hospitals) for the year ended 31 December 2022 and the six months ended 30 June 2023 are set out below.

	Year ended 31 December 2022	Six months ended 30 June 2023
	<i>Approximately RMB</i>	<i>Approximately RMB</i>
Actual amount settled by Logistic Company Group for the Group's sales to hospitals through Logistic Company Group	3,346.9 million	1,844.9 million
Actual logistic service fee	78.2 million	54.4 million

Proposed Annual Caps

The existing annual cap for the year ending 31 December 2023 and the Proposed Annual Caps in respect of the transactions contemplated under the Logistic Support Services Framework Agreement (as supplemented by the Supplemental Logistic Support Services Framework Agreement) for the two years ending 31 December 2025 are set out below.

	Year ending 31 December		
	2023	2024	2025
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing annual cap			
Total amount settled by Logistic Company Group for the Group's sales to hospitals through Logistic Company Group	6,000.0 million	N/A	N/A
Actual logistic service fee	186.0 million	N/A	N/A

Proposed Annual Caps

Total amount settled by Logistic Company Group for the Group's sales to hospitals through Logistic Company Group	N/A	4,400.0 million	5,200.0 million
Logistic service fee	N/A	132.0 million	156.0 million

The Proposed Annual Caps for the transactions contemplated under the Logistics Support Services Framework Agreement are determined with reference to factors including, (i) the historical amounts of approximately RMB3,346.9 million and RMB1,844.9 million settled by Logistic Company Group for the Group's sales to hospitals through Logistic Company Group for the year ended 31 December 2022 and the six months ended 30 June 2023, respectively; (ii) the expected sales of products to hospitals using the logistic services provided by Logistic Company Group during the next two years; (iii) the prospects and overview of the PRC medical device industry; (iv) the expected business development of the Group; (v) the number of PRC customers which the Group has sold the products to using the logistic support services provided by Logistic Company Group; and (vi) the pricing of the logistic support services to be provided by Logistic Company Group.

B. Supplemental Agreements which are subject to the reporting, announcement, annual review but exempt from Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules

(3) The Supplemental Deposit Services Agreement

Under the Deposit Services Agreement, Lanhai Bank agrees to provide deposit services to the Group and the Group agrees to utilize such deposit services.

On 30 August 2023, the Company entered into the Supplemental Deposit Services Agreement with Lanhai Bank to (i) extend the agreement term for two years to 31 December 2025; and (ii) propose new annual caps of RMB200.0 million for each of the financial years ending 31 December 2024 and 2025. Except for the extension of the duration of the agreement and the proposition of the new annual caps for the years ending 31 December 2024 and 2025, all other terms of the Deposit Services Agreement remain unchanged.

Historical Transaction Amounts

The actual maximum daily balance of deposits (including the interests accrued thereon) placed with Lanhai Bank by the Group for the year ended 31 December 2022 and the six months ended 30 June 2023 are set out below.

	Year ended 31 December 2022	Six months ended 30 June 2023
	<i>Approximately RMB</i>	<i>Approximately RMB</i>
Actual maximum daily balance of deposits (including the interests accrued thereon)	162.6 million	162.6 million

Proposed Annual Caps

The existing annual cap for the year ending 31 December 2023 and the Proposed Annual Caps in respect of the transactions contemplated under the Deposit Services Agreement (as supplemented by the Supplemental Deposit Services Agreement) for the two years ending 31 December 2025 is set out below.

	Year ending 31 December		
	2023	2024	2025
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing annual cap (maximum daily balance of deposits (including the interests accrued thereon))	300.0 million	N/A	N/A
Proposed Annual Caps (maximum daily balance of deposits (including the interests accrued thereon))	N/A	200.0 million	200.0 million

The above proposed annual caps for each of the two years ending 31 December 2025 represented approximately 2.5% of the Group's total deposits placed with all financial institutions as of 30 June 2023. In determining the Proposed Annual Caps, the Company had taken into account the historical deposit amount with Lanhai Bank, the cash flow position of the Group, the treasury policy of the Group and the prevailing deposit interest rate.

(4) *The Supplemental Finance Leasing and Factoring Framework Agreement*

Under the Finance Leasing and Factoring Framework Agreement, the Group agrees to provide finance leasing and recourse and non-recourse factoring and other commercial factoring services to Weigao Holding Group.

On 30 August 2023, 山東威高融資租賃有限公司 (Shandong Weigao Financial Leasing Co., Ltd.) and 上海威高融資租賃有限公司 (Shanghai Weigao Financing Lease Co., Ltd.), both are subsidiaries of the Company, entered into the Supplemental Finance Leasing and Factoring Framework Agreement with Weigao Holding to (i) extend the agreement term for two years to 31 December 2025; and (ii) propose new annual caps of RMB600.0 million for each of the financial years ending 31 December 2024 and 2025. Except for the extension of the duration of the agreement and the proposition of the new annual caps for the years ending 31 December 2024 and 2025, all other terms of the Finance Leasing and Factoring Framework Agreement remain unchanged.

Historical Transaction Amounts

The actual aggregate value of finance leasing and factoring amount provided by the Group to Weigao Holding Group for the financial year ended 31 December 2022 and the six months ended 30 June 2023 are set out below.

	Year ended	Six months
	31 December	ended
	2022	30 June
	<i>Approximately</i>	<i>Approximately</i>
	<i>RMB</i>	<i>RMB</i>
Actual aggregate value of finance leasing and factoring amount	347.4 million	130.6 million

Proposed Annual Caps

The existing annual cap for the year ending 31 December 2023 and the Proposed Annual Caps in respect of the finance leasing and factoring business contemplated under the Finance Leasing and Factoring Framework Agreement (as supplemented by the Supplemental Finance Leasing and Factoring Framework Agreement) for the two years ending 31 December 2025 are set out below.

	Year ending 31 December		
	2023	2024	2025
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing annual cap	500.0 million	N/A	N/A
Proposed Annual Caps	N/A	600.0 million	600.0 million

The Proposed Annual Caps for the finance leasing and factoring amount provided by the Group to Weigao Holding Group are determined with reference to factors including, (i) the actual aggregate value of finance leasing and factoring amounts for the year ended 31 December 2022 and the six months ended 30 June 2023; (ii) the expected demand for finance leasing and factoring services by Weigao Holding Group; and (iii) the pricing of the finance leasing and factoring services to be provided by the Group.

(5) *The Supplemental Sales Framework Agreement*

Under the Sales Framework Agreement, the Company agrees to sell or procure its subsidiaries to sell, and Weigao Holding agrees to purchase or procure its subsidiaries or associates to purchase products including but not limited to, medical devices, carton box and moulding.

On 30 August 2023, the Company entered into the Supplemental Sales Framework Agreement with Weigao Holding to (i) extend the agreement term for two years to 31 December 2025; and (ii) propose new annual caps of RMB600.0 million for each of the financial years ending 31 December 2024 and 2025. Except for the extension of the duration of the agreement and the proposition of the new annual caps for the years ending 31 December 2024 and 2025, all other terms of the Sales Framework Agreement remain unchanged.

Historical Transaction Amounts

The actual transaction amounts of sales by the Group to Weigao Holding Group for the year ended 31 December 2022 and the six months ended 30 June 2023 are set out below.

	Year ended 31 December 2022	Six months ended 30 June 2023
	<i>Approximately</i>	<i>Approximately</i>
	<i>RMB</i>	<i>RMB</i>
Actual transaction amount	444.8 million	248.1 million

Proposed Annual Caps

The existing annual cap for the year ending 31 December 2023 and the Proposed Annual Caps in respect of the transactions contemplated under the Sales Framework Agreement (as supplemented by the Supplemental Sales Framework Agreement) for the two years ending 31 December 2025 are set out below.

	Year ending 31 December		
	2023	2024	2025
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing annual cap	500.0 million	N/A	N/A
Proposed Annual Caps	N/A	600.0 million	600.0 million

The Proposed Annual Caps for sales by the Group to Weigao Holding Group are determined with reference to factors including, (i) the actual transaction amounts for the year ended 31 December 2022 and the six months ended 30 June 2023; (ii) the prospects and overview of the PRC medical device industry; (iii) the expected business growth and accordingly the increasing product demand from Weigao Holding Group; and (iv) the pricing of the products to be provided by the Group.

(6) The Supplemental Services Framework Agreement

Under the Services Framework Agreement, the Company agrees to purchase or procure its subsidiaries to purchase, and Weigao Holding agrees to provide or procure its subsidiaries or associates to provide services including but not limited to, transportation, dormitory, premises, security, catering services and hotel services.

On 30 August 2023, the Company entered into the Supplemental Services Framework Agreement with Weigao Holding to (i) extend the agreement term for two years to 31 December 2025; and (ii) propose new annual caps of RMB65.0 million for each of the financial years ending 31 December 2024 and 2025, respectively. Except for the extension of the duration of the agreement and the proposition of the new annual caps for the years ending 31 December 2024 and 2025, all other terms of the Services Framework Agreement remain unchanged.

Historical Transaction Amounts

The actual transaction amounts for the services provided by Weigao Holding Group to the Group for the year ended 31 December 2022 and the six months ended 30 June 2023 are set out below.

	Year ended	Six months
	31 December	ended
	2022	30 June
	<i>Approximately</i>	<i>Approximately</i>
	<i>RMB</i>	<i>RMB</i>
Actual transaction amount	19.7 million	22.1 million

Proposed Annual Caps

The existing annual cap for the year ending 31 December 2023 and the Proposed Annual Caps in respect of the transactions contemplated under the Services Framework Agreement (as supplemented by the Supplemental Services Framework Agreement) for the two years ending 31 December 2025 are set out below.

	Year ending 31 December		
	2023	2024	2025
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing annual cap	50.0 million	N/A	N/A
Proposed Annual Caps	N/A	65.0 million	65.0 million

The Proposed Annual Caps for the provision of services by Weigao Holding Group to the Group are determined with reference to factors including, (i) the actual transaction amounts for the year ended 31 December 2022 and the six months ended 30 June 2023; (ii) the number of employees expected to use the catering services; (iii) the number of guests, including investors, customers, business partners expected to use the catering services and hotel services in Weihai, Shandong Province; (iv) the area of Group's office buildings, factories, dormitories, and public areas; (v) the expected number of employees and visitors of the Group for the two years ending 31 December 2025; and (vi) the pricing of services to be provided by Weigao Holding Group.

(7) *The Supplemental Tenancy Framework Agreement*

Under the Tenancy Framework Agreement, the Group agrees to lease its premises located at industrial zone at Chucun in Weihai in Shandong Province, the PRC and sublease its leased premises in various sales market areas to Weigao Holding Group and receive rentals therefrom.

On 30 August 2023, the Company entered into the Supplemental Tenancy Framework Agreement with Weigao Holding to (i) extend the agreement term for two years to 31 December 2025; and (ii) propose new annual caps of RMB38.0 million for each of the financial years ending 31 December 2024 and 2025. Except for the extension of the duration of the agreement and the proposition of the new annual caps for the years ending 31 December 2024 and 2025, all other terms of the Tenancy Framework Agreement remain unchanged.

Historical Transaction Amounts

The actual transaction amounts for the rental received by the Group from Weigao Holding Group for the year ended 31 December 2022 and the six months ended 30 June 2023 are set out below.

	Year ended 31 December 2022	Six months ended 30 June 2023
	<i>Approximately RMB</i>	<i>Approximately RMB</i>
Actual transaction amount	9.4 million	6.5 million

Proposed Annual Caps

The existing annual cap for the year ending 31 December 2023 and the Proposed Annual Caps in respect of the transactions contemplated under the Tenancy Framework Agreement (as supplemented by the Supplemental Tenancy Framework Agreement) for the two years ending 31 December 2025 are set out below.

	Year ending 31 December		
	2023	2024	2025
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing annual cap	25.0 million	N/A	N/A
Proposed Annual Caps	N/A	38.0 million	38.0 million

The Proposed Annual Caps for the rental received by the Group from Weigao Holding Group are determined with reference to factors including, (i) the quotation of prevailing market rental rates of premises in proximity to production plant at Chucun in Weihai, Shandong Province; (ii) market rent levels of leased premises in various sales markets; and (iii) the property market development trend at Weihai in Shandong Province and other regions.

(8) *The Supplemental Services Provision Framework Agreement*

Under the Services Provision Framework Agreement, the Company agrees to provide or procure its subsidiaries to provide, and Weigao Holding agrees to purchase or procure its subsidiaries or associates to purchase medical related services including but not limited to, sterilization, examination, radiation validation, market management and maintenance services.

On 30 August 2023, the Company entered into the Supplemental Services Provision Framework Agreement with Weigao Holding to (i) extend the agreement term for two years to 31 December 2025; and (ii) propose new annual caps of RMB60.0 million and RMB65.0 million for the financial years ending 31 December 2024 and 2025. Except for the extension of the duration of the agreement and the proposition of the new annual caps for the years ending 31 December 2024 and 2025, all other terms of the Services Provision Framework Agreement remain unchanged.

Historical Transaction Amounts

The actual transaction amounts for the medical related services provided by the Group to Weigao Holding Group for the year ended 31 December 2022 and the six months ended 30 June 2023 are set out below.

	Year ended 31 December 2022	Six months ended 30 June 2023
	<i>Approximately</i> <i>RMB</i>	<i>Approximately</i> <i>RMB</i>
Actual transaction amount	23.6 million	7.5 million

Proposed Annual Caps

The existing annual cap for the year ending 31 December 2023 and the Proposed Annual Caps in respect of the transactions contemplated under the Services Provision Framework Agreement (as supplemented by the Supplemental Services Provision Framework Agreement) for the two years ending 31 December 2025 are set out below.

	Year ending 31 December		
	2023	2024	2025
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing annual cap	40.0 million	N/A	N/A
Proposed Annual Caps	N/A	60.0 million	65.0 million

The Proposed Annual Caps for the medical related services provided by the Group to Weigao Holding Group are determined with reference to factors including, (i) the expected demand for the relevant services by Weigao Holding Group; (ii) the pricing of the services to be provided by the Group; and (iii) the expected business growth of Weigao Holding Group.

Reasons for and Benefits of Entering into the Supplemental Agreements

The Company has been conducting business with Weigao Holding and its subsidiaries and associates since the listing of the Company on the Stock Exchange in 2004. Weigao Holding is a conglomerate corporate and a reliable supplier as a long term and reputable business associate with profound experiences in sectors, including but not limited to the production of medical equipment, sanitary products, medical packaging materials and pharmaceuticals, hotel business, construction, and provision of catering services and logistic services. Upon recent review of the Group's business development and its anticipation of the continuous usage/provision of the products/services by the Group and given that the CCT Agreements will expire on 31 December 2023, the Directors proposed to renew all the CCT Agreements to 31 December 2025 by entering into the Supplemental Agreements.

The transactions contemplated under the Supplemental Agreements are expected to be of a recurrent nature and will occur on a regular and a continuing basis in the ordinary and usual course of business of the Group and Weigao Holding Group. The products and services contemplated under the Supplemental Agreements will be negotiated on an arm's length basis and comparable with terms available from or to independent third parties.

DIRECTORS' VIEW ON ENTERING INTO THE SUPPLEMENTAL AGREEMENTS

Mr. Long Jing, Mr. Tang Zhengpeng, and Mr. Chen Lin, who are also directors of Weigao Holding, have abstained from voting in the relevant resolutions of the board meeting of the Company in respect of the Supplemental Agreements dated 30 August 2023.

The executive Directors, namely Mr. Cong Rinan, Mr. Lu Junqiang, Mr. Ni Shili and all the independent non-executive Directors consider that the Supplemental Agreements (except for the Supplemental Purchase Framework Agreement and the Supplemental Logistic Support Services Framework Agreement) were entered into in the ordinary and usual course of business of the Group, are conducted on an arm's length basis and on normal commercial terms (including the Proposed Annual Caps), and are fair and reasonable and in the interests of the Company and Shareholders as a whole.

The independent non-executive Directors will give their view on whether the Purchase Framework Agreement (as supplemented by the Supplemental Purchase Framework Agreement) and the Logistic Support Services Framework Agreement (as supplemented by the Supplemental Logistic Support Services Framework Agreement) were entered into in the ordinary and usual course of business of the Group, are conducted on an arm's length basis and on normal commercial terms (including the Proposed Annual Caps), and are fair and reasonable and in the interests of the Company and Shareholders as a whole after taking the advice from the Independent Financial Adviser.

INFORMATION REGARDING THE GROUP, WEIGAO HOLDING, LOGISTIC COMPANY AND LANHAI BANK

The Group

The Group is principally engaged in the research and development, production and sale of medical device products, orthopaedic products, interventional products, pharma packaging products, blood management products, and operates financing business.

Weigao Holding

Weigao Holding was established under the laws of the PRC with limited liability in August 1998 with registered capital of RMB1.2 billion. Weigao Holding is a conglomerate group, which is engaged in different business sectors, including production and sales of pharmaceutical and medical equipment, property development, hotel business, and food and beverage services and logistic business in the PRC.

Logistic Company

Logistic Company is a company incorporated under the laws of the PRC with limited liability in May 2006 with registered capital of RMB99.0 million and it is a subsidiary of Weigao Holding. Logistic Company is principally engaged in medical device logistic support services in the PRC.

Lanhai Bank

Lanhai Bank is a registered privately owned bank in the PRC and is principally engaged in provision of deposit services, settlement services, credit services and other financial services.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Weigao Holding is the controlling shareholder of the Company and holds approximately 45.94% of the issued share capital of the Company and Logistic Company is a subsidiary of Weigao Holding. Accordingly, Weigao Holding and Logistic Company are connected persons of the Company pursuant to Chapter 14A of the Listing Rules. As Lanhai Bank is a 30% controlled company of Weigao Holding, it is also a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Thus, the transactions contemplated under the Supplemental Agreements constitute continuing connected transactions of the Company.

As all the applicable percentage ratios (other than the profit ratio) in respect of the Supplemental Agreements (other than the Supplemental Purchase Framework Agreement and the Supplemental Logistic Support Services Framework Agreement) are less than 5.0%, the above agreements are subject to the reporting, announcement and annual review requirements, but is exempt from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

EGM

The Independent Board Committee has been formed to consider whether the terms of the Purchase Framework Agreement (as supplemented by the Supplemental Purchase Framework Agreement) and the Logistic Support Services Framework Agreement (as supplemented by the Supplemental Logistic Support Services Framework Agreement) and the transactions contemplated thereunder, and the corresponding Proposed Annual Caps are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to voting at the EGM. The Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in these regards.

A circular containing (i) further details of the transactions contemplated under the Purchase Framework Agreement (as supplemented by the Supplemental Purchase Framework Agreement) and the Logistic Support Services Framework Agreement (as supplemented the Supplemental Logistic Support Services Framework Agreement); (ii) the recommendation of the Independent Board Committee; (iii) the advice of the Independent Financial Adviser; and (iv) a notice convening the EGM will be despatched to the Shareholders on or before 18 September 2023.

DEFINITIONS

“2018 Announcement”	the announcement of the Company dated 5 December 2018 in relation to, among others, the CCT Agreements other than the Deposit Services Agreement, the Services Provision Framework Agreement and the Logistic Support Services Framework Agreement;
“2019 Announcement”	the announcement of the Company dated 20 December 2019 in relation to, among others, the Deposit Services Agreement;
“2021 Announcement”	the announcement of the Company dated 16 November 2021 in relation to among others, the CCT Agreements;
“Board”	the board of Directors;
“CCT Agreements”	the Bank Deposit Services Agreement, the Finance Leasing and Factoring Framework Agreement, the Logistic Support Services Framework Agreement, the Purchase Framework Agreement, the Sales Framework Agreement, the Services Framework Agreement, the Services Provision Framework Agreement and the Tenancy Framework Agreement;
“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 PRC with limited liability and the Shares of which are listed on the Stock Exchange;

“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Deposit Services Agreement”	the agreement dated 23 August 2017 entered into between the Company and Lanhai Bank (as supplemented by the supplemental agreements dated 20 December 2019 and 16 November 2021);
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and to consider and, if thought fit, approve, the Purchase Framework Agreement (as supplemented by the Supplemental Purchase Framework Agreement), the Logistic Support Services Framework Agreement (as supplemented by the Supplemental Logistic Support Services Framework Agreement) and the transactions contemplated thereunder (including the corresponding Proposed Annual Caps);
“Finance Leasing and Factoring Framework Agreement”	the agreement dated 5 December 2018 entered into between the Group and Weigao Holding (as supplemented by the supplemental agreements dated 27 September 2019, 2 November 2020 and 16 November 2021) in relation to the provision of finance leasing and factoring services to Weigao Holding Group;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an committee of the Board comprising all the independent non-executive Directors;
“Independent Financial Adviser”	China Galaxy International Securities (Hong Kong) Co., Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities;

“Independent Shareholders”	the Shareholders, other than Weigao Holding, Mr. Long Jing, Mr. Tang Zhengpeng and Mr. Chen Lin and their respective associates (as defined in the Listing Rules);
“Lanhai Bank”	威海藍海銀行股份有限公司 (Weihai Lanhai Banking Corporation*), a registered privately-owned bank incorporated in May 2017 in the PRC, which is a connected person of the Company as it is an associate of Weigao Holding;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Logistic Company”	山東威高醫藥有限公司 (Shandong Weigao Medical Company Limited*), a company incorporated under the laws of the PRC with limited liability and a subsidiary of Weigao Holding;
“Logistic Company Group”	Logistic Company and its subsidiaries, the subsidiaries of Weigao Holding;
“Logistic Support Services Framework Agreement”	the agreement dated 16 November 2021 entered into between the Company and Logistic Company in relation to the provision of logistic support services by Logistic Company Group;
“PRC”	the People’s Republic of China and for the purpose of this announcement excluding Taiwan, Hong Kong and the Macau Special Administrative Region;
“Proposed Annual Caps”	the proposed annual caps for the financial years ending 31 December 2024 and 2025 for the transactions contemplated under the Supplemental Agreements;

“Purchase Framework Agreement”	the agreement dated 5 December 2018 entered into between the Company and Weigao Holding (as supplemented by the supplemental agreements dated 27 September 2019, 18 December 2019, 26 August 2020, 28 October 2020 and 16 November 2021) in relation to the purchase of medical based products from Weigao Holding Group;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sales Framework Agreement”	the agreement dated 5 December 2018 entered into between the Company and Weigao Holding (as supplemented by the supplemental agreements dated 18 December 2019, 2 November 2020 and 16 November 2021) in relation to the sale of products to Weigao Holding Group;
“Services Framework Agreement”	the agreement dated 5 December 2018 entered into between the Company and Weigao Holding (as supplemented by the supplemental agreements dated 2 November 2020 and 16 November 2021) in relation to the provision of services by Weigao Holding Group to the Group;
“Services Provision Framework Agreement”	the agreement dated 16 November 2021 entered into between the Company and Weigao Holding in relation to the provision of medical related services by the Group to Weigao Holding Group;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time;
“Share(s)”	H share(s) of RMB0.1 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Supplemental Agreements”	the Supplemental Deposit Services Agreement, the Supplemental Finance Leasing and Factoring Framework Agreement, the Supplemental Logistic Support Services Framework Agreement, the Supplemental Purchase Framework Agreement, the Supplemental Sales Framework Agreement, the Supplemental Services Framework Agreement, the Supplemental Services Provision Framework Agreement and the Supplemental Tenancy Framework Agreement;
“Supplemental Deposit Services Agreement”	the agreement dated 30 August 2023 entered into between parties to the Deposit Services Agreement to extend the duration of the Deposit Services Agreement and propose annual caps for the financial years ending 31 December 2024 and 2025;
“Supplemental Finance Leasing and Factoring Framework Agreement”	the agreement dated 30 August 2023 entered into between parties to the Finance Leasing and Factoring Framework Agreement to extend the duration of the Finance Leasing and Factoring Framework Agreement and propose annual caps for the financial years ending 31 December 2024 and 2025;
“Supplemental Logistic Support Services Framework Agreement”	the agreement dated 30 August 2023 entered into between parties to the Logistic Support Services Framework Agreement to extend the duration of the Logistic Support Services Framework Agreement, propose annual caps for the financial years ending 31 December 2024 and 2025 and adjust the pricing of the logistic service fee;
“Supplemental Purchase Framework Agreement”	the agreement dated 30 August 2023 entered into between parties to the Purchase Framework Agreement to extend the duration of the Purchase Framework Agreement and propose annual caps for the financial years ending 31 December 2024 and 2025;
“Supplemental Sales Framework Agreement”	the agreement dated 30 August 2023 entered into between parties to the Sales Framework Agreement to extend the duration of the Sales Framework Agreement and propose annual caps for the financial years ending 31 December 2024 and 2025;

“Supplemental Services Framework Agreement”	the agreement dated 30 August 2023 entered into between parties to the Services Framework Agreement to extend the duration of the Services Framework Agreement and propose annual caps for the financial years ending 31 December 2024 and 2025;
“Supplemental Services Provision Framework Agreement”	the agreement dated 30 August 2023 entered into between parties to the Services Provision Framework Agreement to extend the duration of the Services Provision Framework Agreement and propose annual caps for the financial years ending 31 December 2024 and 2025;
“Supplemental Tenancy Framework Agreement”	the agreement dated 30 August 2023 entered into between parties to the Tenancy Framework Agreement to extend the duration of the Tenancy Framework Agreement and propose annual caps for the financial years ending 31 December 2024 and 2025;
“Tenancy Framework Agreement”	the agreement dated 5 December 2018 entered into between the Company and Weigao Holding (as supplemented by the supplemental agreements dated 2 November 2020 and 16 November 2021) in relation to the leasing of premises to Weigao Holding Group;
“Weigao Holding”	Weigao Holding Company Limited* (威高集團有限公司), a company established under the laws of the PRC with limited liability and a controlling shareholder of the Company, holding approximately 45.94% of the issued share capital of the Company as at the date of this announcement;
“Weigao Holding Group”	Weigao Holding and its subsidiaries (other than the Group); and
“%”	per cent.

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

Hong Kong, 30 August 2023

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

Executive Directors

Mr. Long Jing (*Chairman*)

Mr. Cong Rinan (*Chief Executive Officer*)

Mr. Lu Junqiang

Mr. Ni Shili

Non-executive Directors

Mr. Tang Zhengpeng (*Vice Chairman*)

Mr. Chen Lin

Independent non-executive Directors

Mr. Li Guohui

Mrs. Meng Hong

Mr. Li Qiang