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山東威高集團醫用高分子製品股份有限公司
Shandong Weigao Group Medical Polymer Company Limited *

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

(Stock Code: 1066)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO RENEWAL OF
EXISTING CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement of Shandong Weigao Group Medical Polymer Company Limited (the “**Company**”, together with its subsidiaries collectively the “**Group**”) dated 30 August 2023 (the “**Announcement**”) in relation to renewal of existing continuing connected transactions of the Company (the “**Renewal**”). Terms used herein shall have the same meanings as defined in the Announcement unless otherwise stated. This announcement is made to provide supplemental information in relation to the Renewal.

ULTIMATE BENEFICIAL OWNERS OF WEIGAO HOLDING, LOGISTIC COMPANY AND LANHAI BANK

Weigao Holding

Weigao Holding is owned as to 89.83% by 威海威高國際醫療投資控股有限公司 (Weihai Weigao International Medical Investment Holding Company Limited*) (“**Weigao International**”), 5.79% by Mr. Chen Xue Li and 0.81% by Mr. Chen Lin. Mr. Chen Lin is a non-executive Director and the son of Mr. Chen Xue Li. Weigao International is an investment holding company incorporated in the PRC and is owned as to 51.7% by Mr. Chen Xue Li, 7.4% by Mr. Chen Lin and 7.5% by 濟南市創鑫股權投資合夥企業(有限合夥)(Jinan City Chuangxin Equity Investment Partnership (Limited Partnership)*, an equity investment fund in the PRC with 山東省財金創業投資有限公司(Shandong Caijin Venture Capital Co., Ltd.) being the asset manager. The remaining 3.57% shareholding interests in Weigao Holding and 33.4% shareholding interests in Weigao International are held by four individuals, who are Mr. Zhang Hua Wei, Mrs. Zhou Shu Hua and Mr. Wang Yi, all of them are directors of Weigao International, and Mr. Miao Yan Guo, who is an independent third party.

* *For identification purpose only*

Logistic Company

Logistic Company is owned as to 90% by 上海固誠醫院管理有限公司 (Shanghai Gucheng Hospital Management Company Limited*) (“**Shanghai Gucheng**”) and 10% by 威海維康醫療科技服務有限公司 (Weihai Weikang Medical Technology Services Company Limited*), a wholly owned subsidiary of Weigao Holding. Shanghai Gucheng is owned as to 70% by Weigao Holding, 20% by Weigao International and 10% by 威海盛熙企業管理諮詢中心(有限合夥)(Weihai Shengxi Corporate Management Consulting Center (Limited Partnership*)) (“**Weihai Shengxi**”). Weihai Shengxi is an equity investment company incorporated in the PRC with 威海威高金融控股有限公司 (Weihai Weigao Financial Holding Company Limited*), which in turn is 98% owned by Weigao International and 2% owned by Weigao Holding, being the executive partner.

Lanhai Bank

Lanhai Bank is owned as to 30% by Weigao Holding and 70% by independent third parties, which include 赤山集團有限公司 (Chishan Group Company Limited*) with shareholding interests of 22.5%, 迪尚集團有限公司 (Dishang Group Company Limited*) with shareholding interests of 12.5%, 青島福瑞馳科技有限公司 (Qingdao Furuichi Technology Company Limited*) with shareholding interests of 9.9%, 興民智通(集團)股份有限公司 (Xingmin Intelligent Transportation Systems (Group) Company Limited) (“**Xing Min Zhi Tong**”) with shareholding interests of 9.5%, 山東安德利集團有限公司 (Shandong Andre Group Company Limited*) with shareholding interests of 8.1% and 煙台振華購物中心有限公司 (Yantai Zhenhua Shopping Center Company Limited*) with shareholding interests of 7.5%. The shares of Xing Min Zhi Tong are listed on the Shenzhen Stock Exchange.

SUPPLEMENTAL INFORMATION IN RELATION TO THE PRICING AND PAYMENT TERMS OF THE SUPPLEMENTAL AGREEMENTS

(1) The Supplemental Purchase Framework Agreement

Pricing policy

Prices and terms of purchase with respect to the Products sold by Weigao Holding Group shall be determined in the ordinary course of business and on normal commercial terms, negotiated on an arm’s length basis and at prices and terms no less favourable to the Group than those available to independent third parties by Weigao Holding Group.

Payment terms

The purchase amount of the Products shall be payable by the Group in advance before delivery or within six months from the date of acceptance of the goods, depending on the types of the Products.

The payment terms for the purchase of the Products by the Group shall be negotiated on arm's length basis between the parties thereto and be determined based on normal commercial terms. The terms shall be no less favourable than those given to independent third parties by Weigao Holding Group.

(2) The Supplemental Logistic Support Services Framework Agreement

Pricing policy

Logistic Company Group is entitled to not more than 3% of the ultimate price paid by hospitals as logistic service fees. Logistic Company Group should settle the remaining at least 97% of the ultimate price paid by hospitals ("**Settlement Amount**") with the Group on a back-to-back basis.

The pricing of the logistic service fee shall be fair and reasonable and shall not be higher than the pricing of similar logistic services provided by independent third parties to the Group prevailing at the time of entering into the Supplemental Logistic Support Services Framework Agreement. The Group shall compare the rates and terms of the services offered by Logistic Company Group to market rates and terms from time to time to ensure the terms (including pricing and payment) contemplated under the Supplemental Logistic Support Services Framework Agreement are on normal commercial terms.

Payment terms

Logistic Company Group should pay the Settlement Amount to the Group within 30 days from the date of receipt of the payment from the hospitals. The payment terms for the logistic services shall be negotiated on arm's length basis between the parties thereto and be determined based on normal commercial terms. The terms shall be no less favourable than those given to independent third parties by Logistic Company Group.

(3) The Supplemental Deposit Services Agreement

Pricing policy

The interest rates for the Group's deposits with Lanhai Bank is determined by adopting the market-oriented pricing principle based on the RMB deposit benchmark rate promulgated by the PRC and mutual agreement among all parties involved in the transaction, and shall not be lower than the interest rate of similar deposits of major domestic commercial banks in PRC for the same period.

Payment terms

The interest payable on the deposits shall be payable by Lanhai Bank on the designated dates as stated in the deposit agreements entered into between Lanhai Bank and the Group. The payment terms for the interests on the deposits shall be negotiated on arm's length basis between the parties thereto and be determined based on normal commercial terms. The terms shall be no less favourable than those given to independent third parties by Lanhai Bank.

(4) The Supplemental Finance Leasing and Factoring Framework Agreement

Pricing policy

Finance Leasing

The interest of the financial leasing services of similar nature offered by the Group shall be no more favourable than those available by other independent financial leasing companies in the PRC. The Group shall collect information about terms and conditions of the relevant transactions and compare the interest rate from independent financial leasing companies in the PRC to ensure terms and conditions are no more favourable than those available by other independent third parties.

Factoring

The comprehensive pricing (including interest and fees) of the commercial factoring services charged by the Group, after due diligence assessment by the Group based on various factors including but not limited to the background, the financial position and credit standing and insurance cover in respect of the relevant account receivable, shall be fair and reasonable and shall not be lower than the comprehensive pricing of the same commercial factoring services provided by independent third parties to the Weigao Holding Group during the same period.

Payment terms

The interest and fee payable shall be payable by Weigao Holding Group on the designated dates as stated in the relevant finance leasing or factoring agreements entered into between Weigao Holding Group and the Group. The payment terms for the interests and fees shall be negotiated on arm's length basis between the parties thereto and be determined based on normal commercial terms. The terms shall be no more favourable than those given to independent third parties by the Group.

(5) The Supplemental Sales Framework Agreement

Pricing policy

Prices and terms of sales with respect to products sold by the Group shall be determined in the ordinary course of business on normal commercial terms, negotiated on an arm's length basis and at prices and terms no more favourable to the Weigao Holding Group or no less favorable terms to the Group, than those available to independent third parties.

Payment terms

The sales amount of the products shall be payable by Weigao Holding Group within three to six months from the date of acceptance of the goods.

The payment terms for the sales of the products by the Group shall be negotiated on arm's length basis between the parties thereto and be determined based on normal commercial terms. The terms shall be no more favourable than those given to independent third parties by the Group.

(6) The Supplemental Services Framework Agreement

Pricing policy

The pricing of the services to be provided by Weigao Holding Group shall be determined with reference to comparable services available in the market and provided by independent third parties.

Payment terms

The amount of the services shall be payable by the Group on monthly or quarterly basis, depends on the types of services.

The payment terms for the services provided by Weigao Holding Group shall be negotiated on arm's length basis between the parties thereto and be determined based on normal commercial terms. The terms shall be no less favourable than those given to independent third parties by Weigao Holding Group.

(7) The Supplemental Tenancy Framework Agreement

Pricing policy

The pricing of the services to be provided by Weigao Holding Group shall be determined with reference to the market comparable in the relevant areas of the subject properties.

Payment terms

The rental payable shall be payable by the Group on quarterly or annual basis, varies among different properties.

The payment terms for the rental of properties by Weigao Holding Group shall be negotiated on arm's length basis between the parties thereto and be determined based on normal commercial terms. The terms shall be no less favourable than those given to independent third parties by Weigao Holding Group.

(8) The Supplemental Services Provision Framework Agreement

Pricing policy

The pricing of the medical related services charged by the Group shall be fair and reasonable and shall not be more favourable than the pricing of similar services provided by the Group to independent third parties during the same period.

Payment terms

The amount of services shall be payable by Weigao Holding Group within one month from the date of confirmation and billing by both parties.

The payment terms for the services provided by the Group shall be negotiated on arm's length basis between the parties thereto and be determined based on normal commercial terms. The terms shall be no more favourable than those given to independent third parties by the Group.

INTERNAL CONTROL MEASURES IN RESPECT OF THE CCT AGREEMENTS

To safeguard the interests of the Company and the Shareholders as a whole, the Company has adopted internal monitoring procedures relating to the transactions under the CCT Agreements (as supplemented by the Supplemental Agreements).

In general, for the purchase of products or services from Weigao Holding Group by the Group, designated staff has been assigned to compare the pricings and terms of the products or services offered by Weigao Holding Group to those charged or quoted by at least two independent suppliers for similar products or services and make sure that the pricings and terms of the products or services charged by Weigao Holding Group are no less favourable than those offered by independent suppliers. The comparison will be submitted to a finance manager of the Company for approval.

For the sale of products or provision of services by the Group to Weigao Holding Group, designated staff has been assigned to compare the pricings and terms of the products or services offered by the Group to Weigao Holding Group to those offered by the Group to independent customers for similar products or services and make sure that the pricings and terms of the products or services offered to Weigao Holding Group are no more favourable than those offered to independent customers. The comparison will be submitted to a finance manager of the Company for approval.

The Group has also assigned designated staff in the finance department to monitor the transaction amounts under each of the CCT Agreements (as supplemented by the Supplemental Agreements) on regular basis. In case the transaction amount is approaching the relevant annual cap of the year, a finance manager will issue reminder to all the relevant departments involved.

The independent non-executive Directors and auditors of the Company will conduct annual review of the transactions under the CCT Agreements (as supplemented by the Supplemental Agreements) and provide annual confirmations in accordance with the Listing Rules that the transactions are conducted in accordance with the terms of the agreements and the Group's pricing policy measures, and to confirm if the prices and terms offered are fair and reasonable and comparable to those offered by independent third parties.

Saved as disclosed above, all other information as set out in the Announcement remains unchanged and shall continue to be valid for all purposes. This announcement is supplemental to and should be read in conjunction with the Announcement.

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

Hong Kong, 6 September 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