
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Shandong Weigao Group Medical Polymer Company Limited, you should at once hand this circular and the enclosed proxy form to the purchaser or transferee or to the bank or 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) GENERAL MANDATE TO ISSUE H SHARES AND
NON-LISTED SHARES**
- (2) GENERAL MANDATE TO REPURCHASE OF H SHARES**
- (3) MANDATE TO ISSUE DEBT FINANCING INSTRUMENTS**
- (4) PROPOSED FINAL DIVIDEND AND**
- (5) NOTICE OF ANNUAL GENERAL MEETING**

The notice convening the Annual General Meeting of the Company to be held at 2/F, 1 Weigao Road, Torch Hi-tech Science Park, Weihai, Shandong Province, the People's Republic of China (the "PRC") on 9:00 a.m., Monday, 29 May 2023 are set out on pages 25 to 27 of this circular.

Whether or not you are able to attend the meeting, you are strongly urged to complete and sign the enclosed forms of proxy in accordance with the instructions printed thereon and please return it to the Company's H Share registrar, Tricor Standard Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not later than 24 hours before the time appointed for the holding of the relevant meeting or any adjourned meeting (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 meeting or any adjourned meeting should you so wish.

28 April 2023

* *For identification purpose only*

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DEFINITIONS

“Annual General Meeting” or “AGM”	the annual general meeting of the Company for the year ended 31 December 2022 to be held at 2/F, 1 Weigao Road, Torch Hi-tech Science Park, Weihai, Shandong Province, the PRC at 9:00 a.m. on Monday, 29 May 2023
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors 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)
“Directors”	the directors of the Company
“H Shares”	the overseas-listed foreign invested shares in the share capital of the Company, with a nominal value of RMB0.10 each, which are held and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to issue, allot or otherwise deal with additional shares in the capital of the Company up to a maximum of 20% of the aggregate nominal amount of the H Shares and Non-listed Shares respectively in issue as at the date of passing the relevant resolutions at the Annual General Meeting
“Latest Practicable Date”	21 April 2023, being the latest practicable date for ascertaining certain information contained in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-listed Shares”	non-listed shares of RMB0.10 each in the share capital of the Company

DEFINITIONS

“Debt Financing Instruments”	including, but not limited to, corporate bonds, perpetual bonds, asset-backed notes/securities, convertible bonds, or other new types of bonds, and combinations of the foregoing, in both domestic and foreign markets
“PRC”	the People’s Republic of China, excluding, for the purpose of this circular only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Company Law”	the Company Law of the PRC
“Proposed Amendment”	the proposed amendment to the Articles of Association as set out in this circular.
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to repurchase H Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal value of H Shares in issue as at the date of passing the relevant resolution at the Annual General Meeting
“RMB”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC
“Shares”	H Shares and Non-listed Shares
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

LETTER FROM THE BOARD

WEGO威高

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

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

(Stock Code: 1066)

Executive Directors:

Mr. Long Jing (*Chairman*)
Mr. Cong Rinan (*Chief Executive Officer*)
Mr. Lu Junqiang
Mr. Ni Shili

Principal place of business in the PRC:

1 Weigao Road
Torch Hi-tech Science Park
Weihai
Shandong Province
the PRC

Non-executive Directors:

Mr. Tang Zhengpeng (*Vice Chairman*)
Mr. Chen Lin

*Principal place of business
in Hong Kong:*

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

Independent non-executive Directors:

Mr. Li Guohui
Mrs. Meng Hong
Mr. Li Qiang

28 April 2023

To the Shareholders

Dear Sir or Madam,

- (1) GENERAL MANDATE TO ISSUE H SHARES AND
NON-LISTED SHARES**
(2) GENERAL MANDATE TO REPURCHASE OF H SHARES
(3) MANDATE TO ISSUE DEBT FINANCING INSTRUMENTS
(4) PROPOSED FINAL DIVIDEND AND
(5) NOTICE OF ANNUAL GENERAL MEETING

INTRODUCTION

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the Annual General Meeting, including approve, among other matters, (1) general mandates to issue H Shares and Non-listed Shares; (2) general mandate to repurchase of H Shares; (3) mandate to issue debt financing instruments; and (4) proposed final dividend payment.

* For identification purpose only

LETTER FROM THE BOARD

GENERAL MANDATE TO ISSUE H SHARES AND NON-LISTED SHARES

To ensure the flexibility of the Board to issue new Shares at its discretion as and when appropriate, the Board will propose a special resolution at the AGM to grant a general mandate to the Board to issue, allot and deal with additional shares (whether non-listed shares or H shares or securities convertible into such shares, options, warrants or similar rights to subscribe for non-listed shares or H shares of the Company (hereinafter referred to as “**Similar Rights**”). Specific plan for the general mandate to issue the Shares of the Company is as follows:

- (1) subject to paragraph (b) and in accordance with the relevant requirements of the Listing Rules, the Articles of Association and relevant laws and regulations of the PRC, the granting of a general mandate to the Board to issue, allot and deal with, separately or concurrently, additional Non-listed Shares and/or H Shares/ and or securities convertible into Shares, and similar rights to make or grant offers, agreements and options in relation to such Shares and is subject to the following conditions:
 - (a) relevant grant shall not be made during the Relevant Period (as defined below) except that the Board may during the Relevant Period make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers after the expiration of the Relevant Period; and
 - (b) the number of additional Non-listed Shares and/or H Shares/and or securities convertible into Shares, separately or concurrently, allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with (whether pursuant to an option or otherwise) by the Board shall not exceed 20% of each of the total number of Non-listed Shares of the Company in issue and/ or the total number of H Shares of the Company in issue, respectively, as at the date of passing of such resolution;

“**Relevant Period**” means the period from the passing of this resolution until the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the date by which the next annual general meeting of the Company is required to be held by the Articles of Association or any applicable laws of the PRC; or
- (c) the date on which the authorisation set out in this resolution is revoked or varied by a special resolution of the Shareholders at any general meetings of the Company.

LETTER FROM THE BOARD

- (2) Allot, issue and deal with the Shares pursuant to paragraph (1) above, the Board is hereby authorised:
- (a) to approve, execute and do or procure to be executed and done, all such documents, deeds and matters as it may consider necessary in connection with the issue, allotment of and dealing with such Shares including, without limitation, determining the size of the issue, the issue price, the use of proceeds from the issue, the targets of the issue and the place and time of the issue;
 - (b) to make all necessary applications to the relevant authorities, enter into an underwriting agreement or any other agreements, and to make all necessary filings and registrations with the relevant PRC, Hong Kong and other regulatory authorities; and
 - (c) to make necessary amendments to the Articles of Association in order to reflect the new shareholding structure of the Company after authorising the Company to allot or issue Shares pursuant to this resolution.

No class meeting shall be required to be convened by the Company when the Board exercises the general mandate to to issue, allot and deal with additional shares (whether non-listed shares or H shares or securities convertible into such shares, options, warrants or similar rights to subscribe for non-listed shares or H shares of the Company).

As at the Latest Practicable Date, the Company issued 48,300,000 Non-listed Shares and 4,522,332,324 H Shares. Subject to the approval of the resolution in relation to the general mandate, the Company may allot, issue and deal with up to 9,660,000 Non-listed Shares and/or 904,466,464 H Shares (on the basis that the Company will not further issue Non-listed Shares and/or H Share before the AGM).

The resolution on the general mandate to issue the Shares of the Company had been considered and approved by the Board on 30 March 2023, and is hereby submitted to the Shareholders for consideration and approval at the AGM.

LETTER FROM THE BOARD

GENERAL MANDATE TO REPURCHASE H SHARES

The PRC Company Law provides that a joint stock limited liability company incorporated in the PRC shall not repurchase its shares unless such repurchase is effected for the purpose of (a) reducing its registered capital; (b) merging with another entity holding its shares; (c) acquiring its own shares for the employee share ownership scheme or equity incentive scheme; (d) shareholders requesting the company to acquire their shares for the reasons of objecting to the resolutions at the general meetings concerning the merger or demerger of the company; (e) a listed company utilising its shares for the issuance of corporate bonds which are convertible into the company's shares; or (f) a listed company taking necessary measures to preserve the value of the company and the interests of its shareholders. Upon the approval of relevant regulatory authorities and in compliance with the Articles of Association, the Company shall repurchase its Shares for the abovementioned purposes. In accordance with the Listing Rules, the H Shares to be repurchased under this general mandate shall be cancelled and the registered capital of the Company shall be reduced accordingly. The Listing Rules permit shareholders of a joint stock limited liability company incorporated in the PRC to grant a general mandate to its directors to repurchase H shares of such company listed on the Hong Kong Stock Exchange. According to the Articles of Association, such mandate is required to be given by way of special resolutions passed by Shareholders in the shareholders' general meetings. As H Shares are traded on the Hong Kong Stock Exchange in Hong Kong dollars and the price payable by the Company upon any repurchase of H Shares will, therefore, be paid in Hong Kong dollars, the approvals of the State Administration of Foreign Exchange and other relevant authorities are also required. In order to preserve the value of the Company and the interests of its Shareholders, and to allow the Company the flexibility to repurchase H Shares as appropriate, pursuant to the Company Law, the Listing Rules, the Takeovers Code and other laws and regulations and regulatory documents as well as the requirements under the Articles of Association, a special resolution will be proposed at the AGM in relation to the granting of a general mandate to the Board to exercise the general power of the Company to repurchase H Shares. Particulars of the mandate are as follows:

- (1) Subject to paragraph (2) below and in accordance with all applicable laws and regulations (as amended from time to time) of the PRC government or securities regulatory authorities, Hong Kong Stock Exchange or any other government or regulatory authority, the granting of a mandate to the Board to exercise all the powers of the Company to repurchase H Shares issued by the Company during the Relevant Period (as defined below) on the terms that the Board deems appropriate in order to preserve the value of the Company and the interests of its Shareholders;

LETTER FROM THE BOARD

- (2) Subject to obtaining the approval under paragraph (1) above, the total number of H Shares to be repurchased under the general mandate during the Relevant Period shall not exceed 10% of the total issued H Shares on the date the resolution is considered and approved at the 2022 AGM;
- (3) The approval under paragraph (1) above shall be subject to the satisfaction of the following:
 - (a) the special resolution with the same terms as listed herein is passed at the AGM; and
 - (b) all the required approvals from regulatory authorities (if applicable) are obtained according to relevant laws and regulations of the PRC; and
- (4) Based on the actual number of H Shares repurchased, cancelled and reduced in the Company's registered capital, the Board will be authorised to notify the creditors of the Company, issue announcements and convene meetings of bondholders pursuant to the requirements under relevant laws and regulations and the Articles of Association, and register the changes and/or filing and related matters.

The “**Relevant Period**” refers to the period commencing from the date on which the resolution in relation to the granting of a general mandate to repurchase H Shares is considered and approved at the AGM until the earlier of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the date by which the next annual general meeting of the Company is required to be held by the Articles of Association or any applicable laws of the PRC; or
- (c) the date on which the authorisation set out in this resolution is revoked or varied by a special resolution of the Shareholders at any general meetings of the Company.

The “**Repurchase Period**” for the repurchase made under the mandate to repurchase H Shares during the Relevant Period refers to the specific period during which the Board repurchases H Shares pursuant to the general mandate to repurchase H Shares.

An explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the granting of the Repurchase Mandate is set out in Appendix I to this circular.

LETTER FROM THE BOARD

If the special resolution on the general mandate to repurchase H shares is passed at the AGM, the repurchase of H Shares may not be carried out. The repurchase will only be carried out after the Board considers the actual situations of the Company and changes in market, notifies creditors of the Company and issues announcements, convenes meeting of bondholders and obtains relevant approvals in accordance with the Company Law, relevant laws and regulations and the Articles of Association. The Board will only repurchase H Shares when the Board believes that the repurchase of Shares will benefit the Company and its Shareholders.

MANDATE TO ISSUE DEBT FINANCING INSTRUMENTS

In order to meet the production and operation needs of the Company, continuously optimise the debt structure and reduce the financing cost, the Company intends to issue one or several types of debt financing instruments in a batch or in tranches. In order to grasp the favourable market opportunity, it intends to apply for a general mandate to issue the aforementioned debt financing instruments, the details of which are as follows:

(1) Issue Size and Method

The bonds may be issued in one or more tranches, either publicly or non-publicly, in an aggregate principal amount of not more than US\$400 million. The specific issue method will be determined by the Board and the lead underwriter prior to the issuance based on market conditions.

(2) Types of Bond Instruments

These include, but not limited to, corporate bonds, perpetual bonds, asset-backed notes/securities, convertible bonds, or other new types of bonds, and combinations of the foregoing, in both domestic and foreign markets.

(3) Maturity of Bond Instruments

The maturity of the bond financing instruments shall not exceed a maximum of 10 years. The specific maturity is determined by the Board based on market conditions and the Company's capital requirements at the time of issuance.

(4) Interest Rate of the Issue

It will not exceed the rate for the loans during the same maturity in the market at the time of issuance. The effective interest rate is determined by the Board based on market conditions at the time of issuance.

LETTER FROM THE BOARD

(5) Issue Price

The specific issue price shall be determined by the Board or the Chairman and its authorised persons in accordance with the relevant regulations and market conditions.

(6) Use of Proceeds

It is expected that the funds raised from the issuance of bond financing instruments will be used to meet the production and operation needs of the Company, to supplement its liquidity and to invest in projects that are in line with the direction of national industrial development.

(7) The Board of the Company being generally and unconditionally authorised, and being approved to delegate the authority to any two Directors to determine, approve and handle the following matters according to the Company's needs and market conditions:

- a) to determine the specific terms, conditions and related matters of the Debentures to be issued under the general mandate, including but not limited to determination of the appropriate issuer, the category to be issued, total principal amount, interest rate or its methods of determination, terms, credit rating, guarantee, protection measures for repayment, use of proceeds, specific placement arrangements, underwriting arrangements, protection measures for repayment and other matters related to the issue of debt financing instruments;
- b) to make all necessary and incidental arrangements for the issue of Debentures under the general mandate (including but not limited to obtaining approvals, engaging intermediaries, determination of underwriting arrangements, preparation and dissemination of relevant application, filing and registration documents to regulatory authorities and obtaining approvals from such regulatory authorities);
- c) to make all necessary arrangements for the implementation of the issue of Debentures under the general mandate (including but not limited to execution of all requisite documents and disclosures of relevant information in accordance with applicable laws);
- d) in case of any changes in regulatory policies or market conditions, to adjust the specific proposals relating to the issue or other related matters according to the opinion of regulatory authorities; and

LETTER FROM THE BOARD

- e) upon completion of the issue, to determine and approve matters relating to the listing and lockup of exchange rate for the principal and interests of relevant Debentures.

(8) Validity of the resolutions

refers to the period from the passing of this resolution until whichever is the earliest of:

- a) the conclusion of the next Annual General Meeting of the Company; or
- b) the next Annual General Meeting of the Company shall be convened as required under the Articles of Association or applicable laws in China; or
- c) the revocation or variation of the authority under this resolution by passing of a special resolution by the shareholders of the Company in a general meeting.

PROPOSED FINAL DIVIDEND PAYMENT

According to the Company's dividend policy and the relevant provisions of the Articles of Association of the Company, the Board proposed the profit distribution plan of the Company for the year ended 31 December 2022, to propose the payment of a final cash dividend of RMB0.079 per Share (before tax) for the year ended 31 December 2022 (2021: RMB0.065). The profit distribution plan had been considered and approved by the Board on 30 March 2023, and is hereby submitted to Shareholders for consideration and approval at the AGM.

If the abovementioned profit distribution plan is approved by Shareholders at the AGM, the proposed cash dividend shall be paid on or before Friday, 14 July 2023 to the Shareholders whose names appear on the register of the members of the Company on Thursday, 8 June 2023. Dividends shall be paid in RMB for Non-listed Shares whereas dividends shall be denominated in RMB and paid in HKD for H Shares (the exchange rate for RMB to HKD shall be calculated based on the average selling price for conversion for RMB to HKD released by the People's Bank of China for a calendar week before the date of AGM). Specific arrangements for the payment of the final dividends for the year (including the arrangements of withholding and payment of income tax) are as follows:

LETTER FROM THE BOARD

Information to the Shareholders

(1) Non-listed Shareholders

For enterprise Non-listed Shareholders:

The Company will not withhold or pay any income tax for domestic enterprise Shareholders in accordance with the applicable provisions of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and its implementation regulations. They are required to pay their own income tax. The final dividend for Non-listed Shareholders without affirmed ownership will be kept temporarily by the Company and will be distributed once their ownership has been confirmed.

For of individual Non-listed Shareholders:

The Company will pay the final dividend for the year ended 31 December 2022 while withhold and pay the individual income tax at the rate of 20% for Shareholders who are natural persons and whose names appear on the register of members for the Non-listed Shares on Thursday, 8 June 2023 according to the applicable provisions of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》).

(2) H Shareholders

The Company will not process any registration of transfers of H Shares from Saturday, 3 June 2023 to Thursday, 8 June 2023 (both days inclusive). In order to be entitled to the final dividend for the year ended 31 December 2022, H Shareholders shall deliver the share certificates accompanied by the transfer documents to the Company's H Share registrar Tricor Standard Limited not later than 4:30 p.m. on Friday, 2 June 2023.

LETTER FROM THE BOARD

For Enterprise H Shareholders:

According to the Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法) which came into effect on January 1, 2008 and its implementation regulations and other relevant rules, the Company is required to withhold enterprise income tax at the rate of 10% before distributing the final dividend to non-resident enterprise Shareholders as appearing on the register of members for H shares. Any H shares registered in the name of non-individual registered Shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups or organizations will be treated as being held by non-resident enterprise Shareholders, whose dividends entitled shall be subject to the withholding of the enterprise income tax.

For Individual H Shareholders:

According to regulations of the State Administration of Taxation (Guo Shui Han [2011] No. 348) (《國家稅務總局國稅函([2011]348號)》) and the Administrative Measures for Non-Resident Taxpayers to Enjoy Treaty Benefits (Announcement No. 35 [2019] of the State Administration of Taxation) (“**Tax Convention Announcement**”) (《非居民納稅人享受協定待遇管理辦法》) (國家稅務總局公告[2019]35號), the Company is required to withhold and pay individual income tax when distributing dividends to individual H Shareholders. However, the individual H Shareholders may be entitled to relevant tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the individual H Shareholders are domiciled and the tax arrangements between Mainland China and Hong Kong or Macau. In this regard, the Company will implement the following arrangements in relation to the withholding and payment of individual income tax for the individual H Shareholders:

- for individual H Shareholders who are Hong Kong or Macau residents or whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual H Shareholders in the distribution of the final dividend.

LETTER FROM THE BOARD

- for individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of less than 10%, the Company will temporarily withhold and pay individual income tax at the rate of 10% on behalf of the individual H Shareholders in the distribution of final dividend. If relevant individual H Shareholders would like to apply for a refund of the excess amount of tax withheld and paid, they should submit the required written power of attorney and all submission materials to the Company and collect and retain relevant information themselves for future inspection. The Company will handle, on their behalf, the applications for tax preferential treatments under relevant tax treaties according to the Tax Convention Announcement. The Company will then submit the above documents to competent tax authorities and, after their review and approval, the Company will assist in refunding the excess amount of tax withheld and paid.
- for individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the effective tax rate stipulated in the relevant tax treaty in the distribution of final dividend.
- for individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 20%, or a country (region) which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of the individual H Shareholders in the distribution of final dividend.

LETTER FROM THE BOARD

For Hong Kong Stock Connect Shareholders

Pursuant to the relevant requirements under the Notice on the Tax Policies

Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) 《(關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2014]81號)》), which came into effect on 17 November 2014, for dividends received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on their behalf. For dividends received by domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax on dividends for domestic enterprise investors. Those domestic enterprise investors shall file and pay the relevant tax themselves while for the dividend and bonus income received by domestic resident enterprises from holding H shares for 12 consecutive months, enterprise income tax shall be exempted according to law.

Pursuant to the relevant requirements under Notice on Relevant Taxation Policies

Concerning the Pilot Interconnected Mechanism for Trading on the Shenzhen Stock Market and the Hong Kong Stock Market (Cai Shui [2016] No. 127) 《(關於深港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2016]127號)》) promulgated on December 5, 2016, for dividends received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on their behalf. For dividends received by domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors; and for dividends received by domestic enterprise investors from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen Hong Kong Stock Connect, the company of such H shares shall not withhold and pay the income tax on their behalf and the domestic enterprise investors shall file tax returns themselves while for the dividend and bonus income obtained by domestic resident enterprises from holding of H share for 12 consecutive months, enterprise income tax shall be exempted accordingly to law.

LETTER FROM THE BOARD

Pursuant to the Notice on Relevant Taxation Policies Concerning Interim Income

Tax Exemption for Profit Distribution Received and Utilized by Foreign Investors for Direct Investment (Cai Shui [2017] No. 88) (《關於境外投資者以分配利潤直接投資暫不徵收預提所得稅政策問題的通知(財稅[2017]88號)》), which came into effect on 1 January 2017, for profits distributed to foreign investors by domestic resident enterprises, where such profits are utilized to directly invest in qualified encouraging investment projects, deferred tax collection policies shall be applicable and income tax temporarily exempted thereby. Qualified non-resident enterprises Shareholders proposed to apply for the application of this tax policy shall, in accordance with the announcement of [2018] No. 3 of the State Administration of Taxation (《國家稅務總局[2018]3號公告》), deliver relevant information and documents to the Company in advance for early review by and filing with the competent taxation authorities. The Company will not withhold any enterprise income tax upon the completion of such review and filing. The Company will determine the residency status of the individual H Shareholders based on the registered addresses as recorded in the register of members of H Shares on Thursday, 8 June 2023 (the “**Registered Address**”). If the residency status of any individual H Shareholder is not in consistency with that indicated by the Registered Address, such individual H Shareholder shall notify the Company’s H Share registrar Tricolor Standard Limited not later than 4:30 p.m. on Friday, 2 June 2023 and provide relevant supporting documents. Any individual H Shareholder who fails to provide relevant supporting documents within the time period stated above may either personally or through appointing an agent handle the relevant procedures in accordance with the requirements under the tax treaty notice.

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual H Shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual H Shareholders or any disputes over the withholding mechanism or arrangements.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The Annual General Meeting will be held at 9:00 a.m. on Monday, 29 May 2023 at 2/F, 1 Weigao Road, Torch Hi-tech Science Park, Weihai, Shandong, the PRC to approve the following including, but not limited to (1) general mandate to issue H Shares and Non-listed Shares; (2) general mandate to repurchase of H Shares; (3) mandate to issue debt financing instruments; and (4) proposed final dividend payment.

The notice convening the Annual General Meeting at which the resolutions mentioned above will be proposed are set out on pages 25 to 27 to this circular.

LETTER FROM THE BOARD

As at the latest Practicable Date, the grantees who held a total of 48,300,000 Non-listed Shares of the Company and 14,456,000 H Shares under the share award scheme adopted on 17 November 2014 (“**Share Award Scheme**”) by the Company will not exercise the voting rights attached to any Incentive Shares held by them.

The proxy form for use at the Annual General Meeting is enclosed and is also published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.weigaogroup.com>). Whether or not you are able to attend the AGM, you are strongly urged to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon. For holders of H Shares, please return it to the Company’s H Share registrar, Tricor Standard Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not later than 24 hours before the time appointed for the holding of the relevant meeting or any adjourned meeting (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 meeting or any adjourned meeting should you so wish.

The register of members of the Company will be closed from Tuesday, 23 May 2023 to Monday, 29 May 2023 (both days inclusive), for the purpose of determining shareholders’ entitlement to attend the Annual General Meeting, during which period no transfer of shares of the Company will be registered. In order to qualify for attending the Annual General Meeting, shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company’s H share registrar, Tricor Standard Limited at 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong, for registration no later than 4:30 p.m. on Monday, 22 May 2023.

In order to qualify for attending the Annual General Meeting:–

Latest time to lodge in transfer instrument accompanied

by the share certificates for H Shares 4:30 p.m. on Monday, 22 May 2023

Closure of register of members of the Company

for attending and voting in the

Annual General Meeting Tuesday, 23 May 2023 to
Monday, 29 May 2023

Date of the Annual General Meeting. Monday, 29 May 2023

LETTER FROM THE BOARD

The register of members of the Company will be closed from Saturday, 3 June 2023 to Thursday, 8 June 2023 (both days inclusive) for the purpose of determining shareholders' entitlement to final dividend for the year ended 31 December 2022, during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement of final dividend, shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's branch share registrar, Tricor Standard Limited at 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong, for registration no later than 4:30 p.m. on Friday, 2 June 2023.

In order to qualify to entitle the final dividend for the year ended 31 December 2022:–

Latest time to lodge in transfer instrument accompanied
by the share certificates for H Shares
and Non-listed Shares 4:30 p.m. on Friday, 2 June 2023

Closure of register of members of the Company
for entitlement of the final dividend for
the year ended 31 December 2022 Saturday, 3 June 2023 to
Thursday, 8 June 2023

Record date for the entitlement of the final dividend Thursday, 8 June 2023

Expected despatch date of the final dividend Friday, 14 July 2023

The final dividend will be despatched at the risk of those entitled thereto to their respective registered addresses on or before Friday, 14 July 2023.

VOTING BY POLL

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

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the resolutions to be put before the Annual General Meeting are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Shareholders to vote in favour of all the aforesaid resolutions to be proposed at the Annual General Meeting.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular.

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

This explanatory statement contains all the information required to be given to the Shareholders of the Company pursuant to Rule 10.06 of the Listing Rules in connection with the proposed Repurchase Mandate, which is set out as follows:

(i) Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions. Repurchases must be funded out of funds legally available for the purpose and in accordance with the company's constitutional documents and the applicable laws of the jurisdiction in which the company is incorporated or otherwise established. Any premium payable on a repurchase over the par value of the shares may be effected out of book balance of distributable profits of the Company or proceeds of a new issue of shares made for such purpose.

(ii) Reasons for Repurchase of H Shares

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase H Shares in the market. Such repurchase may, depending on the market conditions and funding arrangement at the time, lead to an enhancement of the net assets value and/or earnings per Share of the Company and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

(iii) Registered Capital

As at the Latest Practicable Date, the registered capital of the Company is RMB457,063,232.4.

(iv) Exercise of the Repurchase Mandate

Subject to the passing of the special resolution approving the grant of the Repurchase Mandate at the Annual General Meeting, the Directors will be granted the Repurchase Mandate until the end of the Relevant Period (as defined in the special resolution in the notice of Annual General Meeting).

Additionally, the exercise of the Repurchase Mandate is subject to the approvals of the relevant PRC regulatory authorities as required by the laws, rules and regulations of the PRC being obtained and the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount using internal resource) pursuant to the notification procedure set out in the relevant article of the Articles of Association. The notification to the creditors will not be issued until the Annual General Meeting to be convened have approved the Repurchase Mandate by way of special resolution.

The exercise in full of the Repurchase Mandate (on the basis of 4,522,332,324 H Shares in issue as at the Latest Practicable Date and no H Shares will be allotted and issued or repurchased by the Company on or prior to the date of the Annual General Meeting) would result in a maximum of 452,233,232 H Shares being repurchased by the Company during the Relevant Period, being the maximum of 10% of the total H Shares in issue as at the date of passing the relevant resolution at the Annual General Meeting.

The Repurchase Mandate would expire on the earlier of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the date by which the next annual general meeting of the Company is required to be held by the Articles of Association or any applicable laws of the PRC; or
- (c) the date on which the authorisation set out in this resolution is revoked or varied by a special resolution of the Shareholders at any general meetings of the Company.

(v) Funding of Repurchases

In repurchasing its H Shares, the Company intends to apply funds from the Company's internal resources legally available for such purpose in accordance with the Articles of Association and the applicable laws, rules and regulations of the PRC.

The Company is empowered by the Articles of Association to purchase its H Shares. Any repurchases by the Company may only be made out of either the funds of the Company that would otherwise be available for dividend or distribution or out of the proceeds of a new issue of shares made for such purpose. Under the PRC laws, H Shares so repurchased will be treated as cancelled and the Company's registered capital will be reduced by an amount equivalent to the aggregate nominal value of the H Shares so cancelled. The Company may not purchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Based on the financial position disclosed in the recently published audited accounts for the year ended 31 December 2022, the Directors consider that there will not be any material adverse impact on the working capital or gearing position of the Company in the event that the Repurchase Mandate is to be exercised in full at any time during the proposed repurchase period. The number of H Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then prevailing and in the best interests of the Company.

(vi) Status of Repurchased H Shares

The Listing Rules provide that the listing of all the H Shares repurchased by the Company shall automatically be cancelled and the relevant share certificates shall be cancelled and destroyed. Under the PRC laws, the H Shares repurchased by the Company will be cancelled and the Company's registered capital will be reduced by an amount equivalent to the aggregate nominal value of the H Shares so cancelled.

(vii) H Shares Prices

The highest and lowest prices at which the H Shares have been traded on the Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:

	H Share prices	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2022		
April	8.99	7.59
May	8.80	7.47
June	9.53	7.54
July	9.98	8.93
August	10.72	9.33
September	11.12	8.60
October	12.80	9.91
November	12.28	10.32
December	13.08	10.98
2023		
January	14.36	12.50
February	13.92	12.56
March	13.48	11.36
April (up to the Latest Practicable Date)	13.50	13.10

(viii) Substantial Shareholders

As at the Latest Practicable Date, the interests of substantial shareholders of the Company, as defined under the Listing Rules, were as follows:

Name of substantial shareholder	Class of Shares	Number of Shares held	Approximate percentage of total share capital
Weigao Holding Company Limited	H Shares	2,099,755,676	45.94%

(ix) General Information

- (a) None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates, have any present intention to sell any Shares to the Company or any of its subsidiaries under the Repurchase Mandate if such is approved by the Shareholders of the Company.
- (b) The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to repurchase the H Shares pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of PRC.
- (c) No connected person (as defined in the Listing Rules) of the Company has notified the Company that he has a present intention to sell H Shares to the Company or its subsidiaries, or has undertaken not to do so, if the Repurchase Mandate is granted and is exercised.

(x) Takeovers Code

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of Takeovers Code. As a result, a shareholder or group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

Assuming that the substantial shareholders do not dispose of its Shares, if the Repurchase Mandate was exercised in full, the percentage shareholdings of the substantial shareholders before and after such repurchase would be as follows:

Name of substantial shareholder	Number of shares interested	% of issued share capital
Mr. Chen Xue Li	2,099,755,676 (L)	45.94 (L)
Weihai Weigao International Medical Investment Holding Company Limited [#]	2,099,755,676 (L)	45.94 (L)
Weigao Holding Company Limited [#]	2,099,755,676 (L)	45.94 (L)

Note: (L) – Long Position

*Source: Website of Hong Kong Stock Exchange

[#] For identification purpose only

Such increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

Assuming that there is no issue of Shares between the Latest Practicable Date and the date of a repurchase, an exercise of the Repurchase Mandate whether in whole or in part will not result in less than the relevant prescribed minimum percentage of the Shares of the Company being held by the public as required by the Stock Exchange. The Directors have no intention to exercise the Repurchase Mandate to an extent which may result in a public shareholding of less than such minimum percentage.

The Directors are not aware of any consequences that may arise under the Takeovers Code and/or any similar applicable law of which the Directors are aware, if any, as a result of any repurchases made under the Repurchase Mandate.

(xi) Share Repurchases Made by the Company

The Company had not repurchased any of its H Shares (whether on the Stock Exchange or otherwise) during the six months period preceding the Latest Practicable Date.

NOTICE OF ANNUAL GENERAL MEETING

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 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “AGM”) 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, 1 Weigao Road, Torch Hi-tech Science Park, Weihai, Shandong Province, the PRC at 9:00 a.m. on Monday, 29 May 2023 to consider and, if though fit, pass the following resolutions:

ORDINARY RESOLUTIONS

1. To consider and approve the audited consolidated financial statements of the Group (including the Company and its subsidiaries) for the year ended 31 December 2022.
2. To consider and approve the report of the board of directors of the Company (the “Board”) for the year ended 31 December 2022.
3. To consider and approve the report of the Supervisory Committee of the Company for the year ended 31 December 2022.
4. To declare a final dividend of RMB0.079 per share of RMB0.1 each in the Company for the year ended 31 December 2022.
5. To consider and approve the proposal for the re-appointment of Deloitte Touche Tohmatsu as the auditor of the Company for the year ending 31 December 2023, and to authorise the Board to determine his remuneration.
6. To consider and authorise the Board to approve the remuneration of the directors, of the Company for the year ending 31 December 2023.

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL RESOLUTIONS

7. To consider and approve the general mandate to allot and issue new H shares and Non-listed Shares.
8. To consider and approve the general mandate to repurchase H shares.
9. To consider and approve the mandate to issue debt financing instruments.

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

Weihai, the PRC
28 April 2023

As at the date of this notice, 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

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. For the purpose of determining who may attend the AGM to be held on Monday, 29 May 2023, the register of holders of H Shares of the Company will be closed from Tuesday, 23 May 2023 to Monday, 29 May 2023 (both dates inclusive), during which no transfer of H Shares will be registered. In order to qualify for entitlement to attending and voting in the AGM, all transfers of H Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's H Share registrar, Tricor Standard Limited for registration not later than 4:30 p.m. on Monday, 22 May 2023.

For the purpose of determining who may be entitled to receive the final dividend of the Company (subject to approval by the Shareholders at the AGM), the register of holders of H Shares of the Company will be closed from Saturday, 3 June 2023 to Thursday, 8 June 2023 (both dates inclusive), during which no transfer of H Shares will be registered. In order to qualify for entitlement to the final dividend, all transfers of H Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's H Share Registrar, Tricor Standard Limited for registration not later than 4:30 p.m. on Friday, 2 June 2023.

The address of Tricor Standard Limited is as follows:

17/F
Far East Finance Centre
16 Harcourt Road
Hong Kong
Fax: (852) 2810 8185

2. In accordance with the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. As such, the resolutions set out in the notice of AGM will be voted by poll. Results of the poll voting will be published on the Company's website at www.weigaogroup.com and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk after the AGM.
3. Any shareholder entitled to attend and vote at the AGM convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a shareholder of the Company.
4. In order to be valid, the instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be completed and deposited at the Company's H Share registrar, Tricor Standard Limited (for holders of H Shares), at least 24 hours before the AGM or any adjourned meeting thereof.
5. Completion and return of a proxy form will not preclude you from attending and voting at the AGM or any adjourned meeting thereof if you so wish.
6. In case of joint shareholdings, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint shareholding.
7. The AGM is expected to last for about half a day. Shareholders who attend the meeting in person or by proxy shall bear their own travelling and accommodation expenses. Shareholders or their proxies shall produce their identity documents when attending the AGM.