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Shanghai Haohai Biological Technology Co., Ltd.*

上海昊海生物科技股份有限公司

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

(Stock code: 6826)

**SUPPLEMENTAL ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
ACQUISITION OF EQUITY INTERESTS AND CAPITAL INJECTION IN
TARGET COMPANY
AND
GRANT OF PUT OPTION**

Reference is made to the announcement (the “**Announcement**”) of Shanghai Haohai Biological Technology Co., Ltd.* (the “**Company**”) dated 21 February 2021 in relation to the transactions contemplated under the Share Purchase Agreements and the Capital Injection Agreement. Terms used herein shall have the same meanings as defined in the Announcement unless otherwise stated.

The Board wishes to provide further information in relation to the Transaction.

FURTHER INFORMATION ON BASIS OF DETERMINING THE ACQUISITION CONSIDERATION AND THE AMOUNT OF CAPITAL INJECTION

As disclosed in the Announcement, the Acquisition Consideration for 38.23% of the equity interest in the Target Company was RMB135 million. The Board wishes to clarify that such Acquisition Consideration was determined after arm's length negotiation among the parties to the Share Purchase Agreements with reference to (i) the unaudited net asset value of the Target Group as at 31 December 2019 attributable to the equity interests to be acquired of (being approximately RMB92.1 million, based on the unaudited net asset value of the Target Group as at 31 December 2019 of approximately RMB241 million and 38.23% of equity interest to be acquired); and (ii) the Vendor Shareholders' total investment cost of approximately RMB180 million of their acquiring and holding the equity interest in the Target Company which is higher than the Acquisition Consideration.

Further, as disclosed in the Announcement, the amount of Capital Injection was RMB70 million. The Board wishes to clarify that the amount of Capital injection was determined after arm's length negotiation among the parties to the Capital Injection Agreement with reference to (i) the unaudited net asset value of the Target Group as at 31 December 2019 of approximately RMB241 million; (ii) the post-capital-injection net asset value of the Target Group attributable to the equity interests to be acquired of; and (iii) the additional 25.41% equity interest in the Target Company to be acquired from the Capital Injection.

Having considered the above, the Board takes the view that the Acquisition Consideration and the amount of Capital Injection are fair and reasonable and in the interest of the Company and its shareholders.

FURTHER INFORMATION ON BASIS OF DETERMINING THE EXERCISE PRICE OF THE PUT OPTION

As disclosed in the Announcement, the exercise price of the Put Option shall be calculated using the formula below and shall be capped at RMB750 million:

The audited net profit attributable to owners of the parent of the Target Company for 2023 (less net profit/loss attributable to non-controlling shareholders in non-wholly-owned subsidiaries) x not less than 15 x 30%

The minimum multiplier of 15 was determined after arm's length negotiation among the parties to the Capital Injection Agreement with reference to the the price-to-earnings ratios of comparable companies in the medical equipment industry and listed in Hong Kong or in the PRC.

The maximum exercise price of the Put Option was determined after considering the growth potential of the profitability of the Target Company considered attainable by the Founding Shareholders in 2023. The Company will not pay more than RMB750 million as the exercise price of the Put Option even if the amount calculated with the above formula is higher than RMB750 million. The maximum exercise price of the Put Option do not reflect the actual profitability of the Target Company and do not constitute a profit forecast under Rule 14.61 of the Hong Kong Listing Rules.

Having considered the above, the Board takes the view that the formula of and the maximum exercise price of the Put Option are fair and reasonable and in the interest of the Company and its shareholders.

The completion of the Acquisition and the Capital Injection is subject to the satisfaction and/or waiver (where applicable) of conditions precedent under the Share Purchase Agreements and the Capital Injection Agreement respectively, which may or may not be fulfilled. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the shares of the Company.

By order of the Board
Shanghai Haohai Biological Technology Co., Ltd.*
Chairman
Hou Yongtai

Shanghai, the PRC, 26 February, 2021

As at the date of this announcement, the executive directors of the Company are Dr. Hou Yongtai, Mr. Wu Jianying, Ms. Chen Yiyi and Mr. Tang Minjie; the non-executive directors of the Company are Ms. You Jie and Mr. Huang Ming; and the independent non-executive directors of the Company are Ms. Li Yingqi, Mr. Jiang Zhihong, Mr. Su Zhi, Mr. Yang Yushe and Mr. Zhao Lei.

* For identification purpose only