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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)

**ANNOUNCEMENT IN RELATION TO
THE GRANT OF THE RESERVED PORTION OF
THE RESTRICTED SHARES TO PARTICIPANTS UNDER
THE 2021 RESTRICTED A SHARE INCENTIVE SCHEME**

References are made to the announcements dated 29 December 2021 and 11 March 2022 of Shanghai Haohai Biological Technology Co., Ltd.* (the “**Company**”) as well as the circular of the Company dated 15 February 2022 (the “**Circular**”) in relation to, among others, the adoption of 2021 Restricted A Share Incentive Scheme of the Company, which became effective on 7 March 2022. Unless otherwise defined in this announcement, capitalized terms used herein shall have the same meaning as those defined in the Circular.

The implementation of the Incentive Scheme by the Company has been approved by the Shareholders at the EGM and the Class Meetings held on 7 March 2022, and the Board is authorized to determine the Grant Date, grant the Restricted Shares to the Participants after the relevant conditions having been satisfied and handle all matters necessary for the grant of the Restricted Shares.

As the conditions for grant of the Restricted Shares under the Reserved Grant as set out in the Incentive Scheme have been satisfied, pursuant to the authorization granted by the Shareholders at the EGM and the Class Meetings, the Board and the Board of Supervisors have resolved at the Board meeting and the Board of Supervisors meeting held on 16 November 2022 to grant 360,000 Restricted Shares to 93 Participants at the Grant Price of RMB94.30 per A Share on the Grant Date, being 16 November 2022, under the Reserved Grant.

A. Explanation by the Board on the satisfaction of conditions for grant of Restricted Shares and the opinions of the independent non-executive Directors and the Board of Supervisors

Explanation by the Board as to whether the conditions for the Reserved Grant have been satisfied

Under the requirements on the granting conditions for the Restricted Shares in the Incentive Scheme, all of the following granting conditions must be satisfied in order for the Participants to be granted the Restricted Shares:

1. None of the following has occurred on the part of the Company:
 - (a) An audit report on the financial and accounting report for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
 - (b) An audit report on internal control over financial reporting for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
 - (c) In the most recent 36 months upon listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles of Association and public commitments;
 - (d) Laws and regulations stipulate that equity incentives shall not be implemented; or
 - (e) Other circumstances as determined by the CSRC.
2. None of the following has occurred on the part of the Participants:
 - (a) The Participant has been determined as an inappropriate candidate by the SSE within the most recent 12 months;
 - (b) The Participant has been identified as an inappropriate candidate by the CSRC and its delegated institutions within the most recent 12 months;
 - (c) The Participant has been subject to administrative punishment or market ban measures by the CSRC and its delegated institutions due to major breach of laws and regulations in the most recent 12 months;
 - (d) The Participant has the circumstances stipulated in the PRC Company Law that he/she shall not act as a director or member of the senior management of any Company;
 - (e) Laws and regulations stipulate that the Participant shall not participate in the equity incentives of listed companies; or
 - (f) Other circumstances as determined by the CSRC.

After careful verification, the Board is of the view there is no occurrence of any of the abovementioned circumstances on the part of the Company and the Participants, and the conditions for grant of the Restricted Shares under the Reserved Grant as stipulated in the Incentive Scheme have been satisfied, and approved that the Grant Date of the Reserved Grant shall be set on 16 November 2022, on which 360,000 Restricted Shares shall be granted to 93 Participants at the Grant Price of RMB94.30 per A Share under the Reserved Grant.

Explanation by the independent non-executive Directors as to whether the conditions for the Reserved Grant have been satisfied

1. Pursuant to the authorization granted at the EGM and the Class Meetings, the Board confirmed that the Grant Date for the Reserved Grant of the Incentive Scheme shall be set on 16 November 2022, which complies with the laws and regulations including the Management Measures and the relevant requirements regarding the Grant Date under the Incentive Scheme.
2. There exists no circumstances where the Company will be prohibited to implement the Incentive Scheme as prescribed in the Management Measures and other laws, regulations and regulatory documents. The Company is therefore qualified to implement an incentive scheme.
3. The Company confirmed that all the Participants to be granted the Restricted Share under the Reserved Grant comply with the incentive participant conditions stipulated in the Management Measures and STAR Market Listing Rules, and are consistent with the scope of Participants under the Incentive Scheme. Their qualifications for being a Participant under the Incentive Scheme are legal and effective.
4. The implementation of the Incentive Scheme by the Company can further perfect the Company's corporate governance structure, establish and improve the Company's long-term incentive mechanism, attract and retain the Company's core management personnel, core technical or operational personnel, fully mobilize their enthusiasm and creativity, effectively strengthen the cohesion of the core team and the competitiveness of the Company, align the interests of the shareholders, the Company and the core staff members, bring their attention to the long-term development of the Company and ensure that the Company's development strategy and business goals shall be realized. There exists no circumstances that are harmful to the interests of the Company or Shareholders.

Having considered the above, the independent non-executive Directors are of the view that the conditions for grant of the Restricted Shares under the Reserved Grant as stipulated in the Incentive Scheme have been satisfied, and has agreed that the Grant Date of the Reserved Grant under the Incentive Scheme shall be set on 16 November 2022, and that 360,000 Restricted Shares would be granted to 93 Participants at the Grant Price of RMB94.30 per A Share under the Reserved Grant.

Explanation by the Board of Supervisors as to whether the conditions for the Reserved Grant have been satisfied

1. Each of the Participants under the Reserved Grant of the Incentive Scheme complies with the incentive participant conditions required under the Management Measures and the STAR Market Listing Rules, and the scope of Participants stipulated in the Incentive Scheme. The eligibility of such Participants to be a Participant under the Incentive Scheme is legal and effective.
2. There exists no circumstances on the part of the Company and the Participants under the Reserved Grant whereby the Restricted Shares shall not be granted, the conditions for grant of the Restricted Shares to the Participants as set out in the Incentive Scheme have been satisfied.
3. The determination of the Grant Date of the Reserved Grant by the Company complies with the relevant requirements regarding Grant Date under the Management Measures and the Incentive Scheme.

In view of the above, the Board of Supervisors has agreed that the Grant Date of the Reserved Grant under the Incentive Scheme shall be set on 16 November 2022, and that 360,000 Restricted Shares are to be granted to 93 Participants at the Grant Price of RMB94.30 per A Share under the Reserved Grant.

B. Reserved Grant of the Restricted Shares under the Incentive Scheme

Particulars of the Reserved Grant of the Restricted Shares under the Incentive Scheme are as follows:

1. Grant Date of the Reserved Grant: 16 November 2022
2. Number of Restricted Shares to be granted under the Reserved Grant: 360,000 Restricted Shares (approximately 0.21% of the total share capital of the Company as at the date of this announcement)
3. Number of Participants under the Reserved Grant: 93 Participants
4. Grant Price of the Reserved Grant (after adjustment): RMB94.30 per A Share
5. Source of the Restricted Shares: New ordinary A Shares to be issued by the Company to the Participants

6. Validity period and attribution arrangements under the Incentive Scheme

- (a) The Incentive Scheme has become effective upon the Grant Date, and shall be valid until the date on which all Restricted Shares have been attributed or lapsed, such period shall not exceed 36 months.
- (b) Subject to the attribution conditions having been fulfilled, the Restricted Shares may be attributed to the Participants in tranches 12 months after the Grant Date. An attribution date must be a trading day within the validity period of the Incentive Scheme, and shall not fall within any of the periods during which the listing rules of the place where the Company’s securities are listed prohibit the attribution. Within the validity period of the Incentive Scheme, if the relevant provisions of the listing rules of the place where the Company’s securities are listed on the attribution period change, the attribution date for the Participants shall conform to the provisions of the revised relevant laws, regulations and normative documents.

Attribution arrangements of the Reserved Grant under the Incentive Scheme are as follows:

Tranche	Attribution Period	Attribution Percentage
First tranche	From the first trading day after the expiry of 12 months following the Grant Date of the Reserved Grant until the last trading day within the 24 months following the Grant Date of the Reserved Grant	50%
Second tranche	From the first trading day after the expiry of 24 months following the Grant Date of the Reserved Grant until the last trading day within the 36 months following the Grant Date of the Reserved Grant	50%

Those Restricted Shares which have not been attributed during the period of their respective tranches as a result of failure to fulfil the attribution conditions are not allowed to be deferred to be attributed in the next attribution period(s) and shall lapse. After the attribution conditions of the Restricted Shares are met, the Company shall handle the matters in relation to the attribution of the Restricted Shares which have met the conditions.

7. List of Participants and the grant situation

Name of Participants	Position	Total number of the Restricted Shares to be granted	Approximate proportion to the total number of the Restricted Shares	Approximate proportion to the total share capital of the Company as at the date of this announcement
Mr. Du Peng	Core technical staff	3,000	0.17%	0.00%
Other persons considered required to be incentivized by the Board (92 Participants in total)		<u>357,000</u>	<u>19.83%</u>	<u>0.21%</u>
Total Restricted Shares under the Reserved Grant		<u>360,000</u>	<u>20.00%</u>	<u>0.21%</u>

Notes:

1. The total number of Shares to be granted to any one of the above Participants under all the fully effective equity incentive schemes of the Company shall not exceed 1.00% of the total share capital of the Company. The cumulative total number of underlying Shares involved under the fully effective equity incentive schemes of the Company shall not exceed 20.00% of the Company's total share capital.
2. The Participants do not include independent non-executive Directors, Supervisors, Shareholders individually or in aggregate holding 5% or more of the total share capital of the Company or the de facto controllers of the Company and their spouses, parents or children. None of the Participants under the Reserved Grant is a connected person of the Company. Accordingly, the Reserved Grant does not constitute a connected transaction.
3. Any discrepancies in this table between the total shown and the sum of the amounts listed are due to rounding.

C. Verification of the list of Participants of the Reserved Grant by the Board of Supervisors

Pursuant to the requirements under the relevant laws, regulations and regulatory documents including the PRC Company Law, the PRC Securities Law, the Management Measures, the STAR Market Listing Rules, and the Articles of Association, the Board of Supervisors verified the list of Participants of the Reserved Grant and issued the following verification opinion:

1. There does not exist the following circumstances set out in Article 8 of the Management Measures that a person shall not be an incentive target in the list of Participants of the Reserved Grant under the Incentive Scheme:
 - (a) The person has been determined as an inappropriate candidate by the SSE within the most recent 12 months;
 - (b) The person has been identified as an inappropriate candidate by the CSRC and its delegated institutions within the most recent 12 months;

- (c) The person has been subject to administrative punishment or market ban measures by the CSRC and its delegated institutions due to major breach of laws and regulations in the most recent 12 months;
 - (d) The person has the circumstances stipulated in the PRC Company Law that he/she shall not act as a director or member of the senior management of a company;
 - (e) Laws and regulations stipulate that the Participant shall not participate in the equity incentives of listed companies; or
 - (f) Other circumstances as determined by the CSRC.
2. The Participants of the Reserved Grant under the Incentive Scheme are core technical staff and other employees of the Group considered by the Board to be required to be incentivized (excluding the independent non-executive Directors, Supervisors, Shareholders individually or in aggregate holding 5% or more of the total share capital of the Company or the de facto controllers of the Company and their spouses, parents or children), and in accordance with the purposes of implementing the Incentive Scheme.
3. Each of the Participants of the Reserved Grant under the Incentive Scheme is consistent with the incentive participant conditions required under the Management Measures and the STAR Market Listing Rules, and the scope of Participants prescribed in the Incentive Scheme. Their eligibility for being a Participant under the Incentive Scheme is legal and effective.

In light of the above, the Board of Supervisors approved the list of Participants of the Reserved Grant under the Incentive Scheme, and agreed that the Grant Date of the Reserved Grant under the Incentive Scheme shall be 16 November 2022, and that 360,000 Restricted Shares are to be granted to 93 Participants at the Grant Price of RMB94.30 per A Share under the Reserved Grant.

D. Accounting treatment and impact on the operating performance

1. Fair value of the Restricted Shares and the determination method

In accordance with the relevant requirements of the Accounting Standards for Business Enterprise No. 11-Share-based Payments (《企業會計準則第 11 號 – 股份支付》), Accounting Standards for Business Enterprise No. 22 – Recognition and Measurement of Financial Instruments (《企業會計準則第 22 號 – 金融工具確認和計量》), and the Application Case of Share-Based Payments Standards – Grant of Restricted Shares, the Company uses the Black-Scholes Model as the pricing model to predict the fair value of the Restricted Shares under the Reserved Grant of 16 November 2022. The specific parameters are as follows:

- i. underlying stock price: RMB82.70 (being the closing price of the A Shares on the Grant Date of the Reserved Grant);
- ii. the validity period is 1 year and 2 years respectively (being the period commencing from the Grant Date of the Reserved Grant and ending on the first attribution date of each attribution tranche);

- iii. historical volatility: 20.35%, 18.38% respectively (being the annualized volatility of Wind A Share Index (index code: 881001.WI) in recent one year and two years); and
 - iv. risk free interest rate: 1.50% and 2.10% respectively (being the benchmark interest rates for 1-year and 2-year deposits of financial institutions formulated by the People's Bank of China).
2. Estimated impact on the operating performance in each accounting period due to the grant of the Restricted Shares

In accordance with abovementioned accounting standards, the Company recognized the fair value of the Restricted Shares on the applicable Grant Date, and subsequently recognized the share-based payments of the Incentive Scheme. The total amount of the payments as the incentive cost of the Incentive Scheme of the Company will be recognized over the course of the Incentive Scheme in attribution proportion in installments and will be charged to operating profit or loss. According to the PRC Accounting Standards, the impact of the Restricted Shares of the Reserved Grant under the Incentive Scheme on the costs of each period is shown in the table below:

Unit: RMB

Amortization cost of the Restricted Shares	Year 2022	Year 2023	Year 2024
1,575,600	89,200	1,023,500	463,000

The cost of the Incentive Scheme will be charged to cost expenses. Without considering the positive effect of the Incentive Scheme on the Company's performance, the Company estimates, based on the information currently available to the Company, that the amortization of cost expenses of the Incentive Scheme will have certain but not substantial impact on net profit of each year within the validity period. Taking into consideration the positive effect of the Incentive Scheme on the Company's operation and development, such as motivating the management and business team, improving the operational efficiency and reducing the operating costs, the Incentive Scheme will play a positive role in the Company's long-term performance.

The final effect of the above projected amortization expenses on the Company's operating results is subject to the audit report issued by the accountants.

E. Conclusive View of the Legal Opinion

Allbright Law Offices, the Company's legal advisor as to PRC laws, considers that as of the issuing date of the PRC legal opinion, the Company has obtained the necessary approval and authorization in respect of the Reserved Grant at the current stage, conforming to the relevant requirements under the laws, regulations and regulatory documents including the PRC Company Law, the PRC Securities Law, the Management Measures, the STAR Market Listing Rules and the Incentive Scheme. The Participants, the number of Restricted Shares granted, the Grant Price and the Grant Date determined for the Reserved Grant comply with the relevant requirements under the Management Measures and the Incentive Scheme. The

conditions for grant under the Reserved Grant have been fulfilled. The Company has fulfilled the necessary information disclosure obligation at the current stage in accordance with the Management Measures, the STAR Market Listing Rules, the Self-regulatory Guide of Companies Listed on the STAR Market No. 4 – Information Disclosure on Equity Incentives (《科創板上市公司自律監管指南第 4 號 – 股權激勵信息披露》) (the “**Self-regulatory Guide**”) and the Incentive Scheme, and is still required to meet the subsequent information disclosure obligation in accordance with laws, regulations and regulatory documents with the implementation of the Incentive Scheme.

F. Opinion of the PRC independent financial advisor

Shanghai Xingong Yihe Enterprise Management Consulting Co., Ltd., the PRC independent financial advisor of the Company, considers that the Company has obtained the necessary approval and authorization in respect of the Incentive Scheme. The determination of the Grant Date, the Grant Price, the Participants and the number of Restricted Shares to be granted under the Reserved Grant, the adjustment to and the authorization relating to the Incentive Scheme comply with the relevant laws, regulations and regulatory documents under the PRC Company Law, the PRC Securities Law, the Management Measures, the STAR Market Listing Rules and the Self-regulatory Guide, and the Articles of Association. There exists no circumstances that fail to meet the conditions for grant set out in the Incentive Schemes.

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

Shanghai, the PRC, 16 November 2022

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

* *For identification purpose only*