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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)

CONTINUING CONNECTED TRANSACTION

SPRAY PUMP CUSTOMIZATION AGREEMENT

Reference is made to the announcement of the Company dated 26 March 2021 regarding the entering into of the Existing Spray Pump Customization Agreement between the Company and Haohai Changxing and its annual caps. The Existing Spray Pump Customization Agreement expired on 31 December 2023.

The Board announces that on 8 March 2024 (after trading hours) the Company entered into the Spray Pump Customization Agreement with Haohai Changxing, pursuant to which the Company agreed to engage Haohai Changxing to process spray pumps for use in the Company's product packaging until 31 December 2026, setting out the annual caps for each of the three years ending 31 December 2026.

As at the date of this announcement, Haohai Changxing is held indirectly as to 49% by Mr. Jiang Wei, a controlling shareholder of the Company and the spouse of Ms. You Jie, a controlling shareholder and a non-executive Director. Ms. You Jie separately indirectly controls 51% in Haohai Changxing. Haohai Changxing is therefore a connected person of the Company under the Listing Rules and the transactions contemplated under the Spray Pump Customization Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Spray Pump Customization Agreement are more than 0.1% but less than 5%, the transactions contemplated under the Spray Pump Customization Agreement are subject to reporting, announcement and annual review requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 26 March 2021 regarding the entering into of the Existing Spray Pump Customization Agreement between the Company and Haohai Changxing and its annual caps. Due to the expiry of the Existing Spray Pump Customization Agreement on 31 December 2023, the Company entered into the Spray Pump Customization Agreement with Haohai Changxing on 8 March 2024 (after trading hours), pursuant to which the Company agreed to engage Haohai Changxing to process spray pumps for use in the Company's product packaging until 31 December 2026, setting out the annual caps for each of the three years ending 31 December 2026.

SPRAY PUMP CUSTOMIZATION AGREEMENT

Date	8 March 2024 (after trading hours)
Parties	The Company, as purchaser; and Haohai Changxing, as supplier
Transaction	Engagement to process spray pumps
Term	From 1 January 2024 to 31 December 2026
Annual cap	RMB7,600,000 (equivalent to approximately HK\$8,284,000), RMB9,500,000 (equivalent to approximately HK\$10,355,000) and RMB11,400,000 (equivalent to approximately HK\$12,426,000), respectively, for each of the three years ending 31 December 2026
Pricing basis	The product customization price will be determined on an arm's length basis in the ordinary course of business and on normal commercial terms with reference to the Company's demand for the customized spray pumps and the prevailing market prices and will be reviewed by both parties on a regular basis. The agreed prices shall be no less favourable to the Company than the then prevailing prices of comparable products available in the market. For the purpose of ascertaining the market prices, the Company will make reference to the latest prices charged by independent third parties for products of comparable quality, quantity and specifications.
Payment terms	The order price can be settled either by one-off payments or by installments. Unless separately agreed between the Company and Haohai Changxing in the purchase order, the Company will make an upfront payment of 50% of the order price based on the quantity of each purchase order and settle the remaining amount within a period of time upon completing the inspection and receiving the invoice issued by Haohai Changxing.

The historical transaction amounts under the Existing Spray Pump Customization Agreement for the three years ended 31 December 2023 were approximately RMB6,123,816 (equivalent to approximately HK\$6,674,959) for the year ended 31 December 2021, RMB3,790,325 (equivalent to approximately HK\$4,131,454) for the year ended 31 December 2022 and RMB6,959,044 (equivalent to approximately HK\$7,585,358) for the year ended 31 December 2023.

The proposed annual caps for the three years ending 31 December 2026 were determined based on arm's length negotiations between the Company and Haohai Changxing, having considered, amongst others, the following factors and assumptions:

- (i) the historical transaction volume of the Company;
- (ii) the expected growth of sales volume of relevant products which make use of the customized spray pumps; and
- (iii) the prevailing price in the market.

The Spray Pump Customization Agreement is a framework agreement in nature. Both parties may sign a specific contract separately according to their needs and, subject to the terms under the Spray Pump Customization Agreement, agree on the quantity, specifications, unit price, delivery deadline and method of payment for each order.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SPRAY PUMP CUSTOMIZATION AGREEMENT

By entering into the Spray Pump Customization Agreement, the Group is able to secure a stable supply of spray pumps. The Directors (including independent non-executive Directors but excluding the Directors who are required to abstain from voting) consider that the Spray Pump Customization Agreement is entered into during the ordinary and usual course of business of the Group after arm's length negotiations, and that the terms of such agreement are on normal commercial terms or are no less favourable to the Company than the terms offered to independent third parties, and are fair and reasonable and in the interest of the Company and its shareholders as a whole.

INFORMATION ON THE GROUP AND HAOHAI CHANGXING

The Group is principally engaged in the manufacture and sale of biologicals, medical hyaluronate and ophthalmology products, research and development of biological engineering, pharmaceutical and ophthalmology products and the provision of related services.

Haohai Changxing is a company principally engaged in, among other things, the production and sales of plastic products, research and development of biological and plant products, and development of healthcare food products.

IMPLICATIONS OF THE LISTING RULES

As at the date of this announcement, Haohai Changxing is held indirectly as to 49% by Mr. Jiang Wei, a controlling shareholder of the Company and the spouse of Ms. You Jie, also a controlling shareholder of the Company and a non-executive Director. Ms. You Jie separately indirectly controls 51% in Haohai Changxing. Haohai Changxing is therefore a connected person of the Company under the Listing Rules and the transactions contemplated under the Spray Pump Customization Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Ms. You Jie, a non-executive Director, has material interest in the Spray Pump Customization Agreement and the transactions contemplated thereunder and has abstained from voting on the resolutions approving the Spray Pump Customization Agreement and the transactions contemplated thereunder at the relevant Board meeting. Mr. Huang Ming, a non-executive Director, also serves as a director of Haohai Changxing and is a related Director for the transactions contemplated under the Spray Pump Customization Agreement according to the listing rules of The Sci-Tech Innovation Board of the Shanghai Stock Exchange, therefore Mr. Huang Ming has also abstained from voting on the resolutions approving the Spray Pump Customization Agreement and the transactions contemplated thereunder at the relevant Board meeting. Save as mentioned above, none of the other Directors has a material interest in the Spray Pump Customization Agreement or the transactions contemplated thereunder or was otherwise required to abstain from voting on this resolution at the relevant Board meeting.

The Board considers that the applicable percentage ratios (as defined under the Listing Rules) of the transactions between the Company and Haohai Changxing during the period from 1 January 2024 to the date of this announcement are less than 0.1%, and accordingly such transactions are fully exempt from reporting, announcement and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

As the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Spray Pump Customization Agreement are more than 0.1% but less than 5%, the transactions contemplated under the Spray Pump Customization Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, save as the context otherwise requires, the defined terms shall have the following meanings:

“Board”	the board of Directors of the Company
“Company”	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 PRC with limited liability, and its H Shares and A shares are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 6826) and the Sci-Tech Innovation Board of the Shanghai Stock Exchange (Stock Code: 688366), respectively
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director”	a director of the Company
“Existing Spray Pump Customization Agreement”	the spray pump customization agreement dated 26 March 2021 between the Company and Haohai Changxing in relation to the engagement to process spray pumps which expired on 31 December 2023. For further details, please refer to the announcement of the Company dated 26 March 2021
“Group”	the Company and its subsidiaries
“Haohai Changxing”	Haohai Technology (Changxing) Company Limited* (昊海科技(長興)有限公司), a company incorporated in the PRC with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Spray Pump Customization Agreement”	the agreement dated 8 March 2024 entered into between the Company and Haohai Changxing, pursuant to which the Company agreed to engage Haohai Changxing to process spray pumps for use in the Company’s product packaging until 31 December 2026
“%”	per cent.

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

Shanghai, the PRC, 8 March 2024

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 Mr. Shen Hongbo, Mr. Jiang Zhihong, Mr. Su Zhi, Mr. Yang Yushe and Mr. Zhao Lei.

* *For identification purpose only*

** *Unless otherwise specified, the exchange rate of RMB1.00 = HK\$1.09 is adopted in this announcement for illustration purpose only.*