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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 TRANSACTIONS**

The Board announces that on 26 March 2018 (after trading hours):

- (1) 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 2020.
- (2) The Company entered into the Plastic Syringe Accessories Customization Agreement with Haohai Changxing, pursuant to which the Company (on behalf of the Group) agreed to engage Haohai Changxing to process plastic syringe accessories for use in the Group's product packaging until 31 December 2020.

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 director of the Company, and held indirectly as to 50% by Mr. Huang Ming, a director of the Company. Thus, Haohai Changxing is a connected person of the Company under the Listing Rules, the transactions contemplated under the Product Customization Agreements constitute continuing connected transactions of the Company.

The annual caps for the amount payable by the Company to Haohai Changxing under the Spray Pump Customization Agreement and the Plastic Syringe Accessories Customization Agreement will be aggregated in accordance with the requirements under Rule 14A.81 of the Listing Rules. As the applicable percentage ratios (other than the profit ratio) of the Product Customization Agreements calculated with reference to the aggregated annual caps are less than 5%, the transactions contemplated under the Product Customization Agreements are subject to annual review, reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempted from the requirement of the circular including independent financial advice, and approval by independent shareholders.

## SPRAY PUMP CUSTOMIZATION AGREEMENT

Date	26 March 2018 (after trading hours)
Parties	The Company, as purchaser and Haohai Changxing, as supplier
Transaction	Engagement to process spray pumps
Term	From 27 March 2018 to 31 December 2020
Annual cap	RMB3,750,000 (equivalent to approximately HK\$4,650,000), RMB5,800,000 (equivalent to approximately HK\$7,192,000) and RMB9,000,000 (equivalent to approximately HK\$11,160,000) respectively for each of the three years ending 31 December 2020
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 prevailing market prices and will be reviewed by both parties on an annual basis. The agreed prices shall be no less favourable than the then prevailing prices of comparable products 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.

The above annual caps are determined according to (i) the historical transaction volume between the Company and other suppliers; (ii) the expected growth of sales volume of relevant products; and (iii) the prevailing price in 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 to agree on the quantity, specifications, unit price, delivery deadline and method of payment for each order.

## PLASTIC SYRINGE ACCESSORIES CUSTOMIZATION AGREEMENT

Date	26 March 2018 (after trading hours)
Parties	The Company, as purchaser and Haohai Changxing, as supplier
Transaction	Engagement to process plastic syringe accessories
Term	From 27 March 2018 to 31 December 2020
Annual cap	RMB2,000,000 (equivalent to approximately HK\$2,480,000), RMB3,600,000 (equivalent to approximately HK\$4,464,000) and RMB7,500,000 (equivalent to approximately HK\$9,300,000) respectively for each of the three years ending 31 December 2020
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 prevailing market prices and will be reviewed by both parties on an annual basis. The agreed prices shall be no less favourable than the then prevailing prices of comparable products in the market. For the purpose of ascertaining the market prices, the Group will make reference to the latest prices charged by independent third parties for products of comparable quality, quantity and specifications.

The above annual caps are determined according to (i) the historical transaction volume between the Group and other suppliers; (ii) the expected growth of sales volume of relevant products; and (iii) the prevailing price in market. The Plastic Syringe Accessories 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 Plastic Syringe Accessories Customization Agreement to agree on the quantity, specifications, unit price, delivery deadline and method of payment for each order.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE PRODUCT CUSTOMIZATION AGREEMENTS**

By entering into the Product Customization Agreements, the Group is able to secure a stable supply of spray pumps and plastic syringe accessories. The directors of the Company (including independent non-executive directors) consider that the Product Customization Agreements are entered into during the ordinary and usual course of business of the Group after arm's length negotiations, and that the terms of such agreements are normal commercial terms or no less favourable 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 research and development, manufacture and sale of biologicals, medical sodium hyaluronate and ophthalmology products.

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, a controlling shareholder and director of the Company, and held indirectly as to 50% by Mr. Huang Ming, a director of the Company. Thus, Haohai Changxing is a connected person of the Company. Therefore, pursuant to Chapter 14A of the Listing Rules, the transactions contemplated under the Product Customization Agreements constitute continuing connected transactions of the Company. As at the date of this announcement, Ms. You Jie is a non-executive director of the Company as well as a controlling shareholder of the Company and, through her controller corporation, indirectly holds 1% in Haohai Changxing, her spouse Mr. Jiang Wei is a controlling shareholder of the Company and indirectly holds 49% interest in Haohai Changxing, while Mr. Huang Ming, an executive director of the Company, indirectly holds 50% interest in Haohai Changxing and he is also a director of Haohai Changxing. Therefore, Ms. You Jie and Mr. Huang Ming have material interest in the Product Customization Agreements and the transaction contemplated thereunder. They had abstained from voting on the resolutions approving the Product Customization Agreements and the transaction contemplated thereunder in the Board meeting. Save as mentioned above, none of the other directors has a material interest in the Product Customization Agreements and the transaction contemplated thereunder or is required to abstain from voting on the relevant Board resolution.

The annual caps for the amount payable by the Company to Haohai Changxing under the Spray Pump Customization Agreement and the Plastic Syringe Accessories Customization Agreement will be aggregated in accordance with the requirements under Rule 14A.81 of the Listing Rules. As the applicable percentage ratio ( other than the profit ratio) of the Product Customization Agreements calculated with reference to the aggregated annual caps are less than 5%, the transactions contemplated under the Products Customization Agreements are subject to annual review, reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempted from the requirement of the circular (including independent financial advice) and approval by independent shareholders.

## DEFINITIONS

Unless otherwise specified in the context, in this announcement the following terms shall have the meaning as follows:

“Board”	the Board of the Company
“director(s)”	the 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, the issued H shares of which are listed on the main board of the Stock Exchange
“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 established in the PRC with limited liability
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto the under the Listing Rules
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Plastic Syringe Accessories Customization Agreement”	the agreement dated 26 March 2018 entered into between the Company and Haohai Changxing, pursuant to which the Company (on behalf of the Group) agreed to engage Haohai Changxing to process plastic syringe accessories for use in the Group’s product packaging until 31 December 2020.

“RMB”	Renminbi, the lawful currency of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Product Customization Agreements”	collectively, the Spray Pump Customization Agreement and the Plastic Syringe Customization Agreement
“Spray Pumps Customization Agreement”	the agreement dated 26 March 2018 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 2020.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
%	per cent.

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

Shanghai, the PRC, 26 March 2018

*As at the date of this announcement, the executive directors of the Company are Dr. Hou Yongtai, Mr. Wu Jianying, Mr. Huang Ming, Ms. Chen Yiyi and Mr. Tang Minjie; the non-executive directors of the Company are Ms. You Jie and Mr. Gan Renbao; and the independent non-executive directors of the Company are Mr. Chen Huabin, Mr. Shen Hongbo, Mr. Li Yuanxu, Mr. Zhu Qin and Mr. Wong Kwan Kit.*

\* *For identification purpose only*

\*\* *Unless otherwise specified, the exchange rate of RMB1.00 = HK\$1.24 is adopted in this announcement for illustration purpose only.*