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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
PROPOSED A SHARE OFFERING**

PROPOSED A SHARE OFFERING

On January 3, 2019, the Board resolved to submit at the EGM and the Class Meetings resolutions for approval, relating to, amongst other things, the proposed submission of applications for the A Share Offering to the relevant securities regulatory authorities pursuant to the Company Law, the Securities Law of the PRC and other relevant laws, regulations and regulatory documents.

The A Share Offering is subject to the Shareholders' approval at the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, as well as the approvals of the relevant securities regulatory authorities.

OTHER RESOLUTIONS RELATING TO THE A SHARE OFFERING

Other resolutions relating to the A Share Offering were passed at the meeting of the Board on January 3, 2019, including, amongst other things, (1) the proposal on the use of the proceeds to be raised by the A Share Offering and the feasibility analysis; (2) the proposal on granting authorization to the Board to handle the Company's application for the A Share Offering and related matters; (3) the proposal on the distribution of the accumulated undistributed profits before the A Share Offering; (4) the proposal on the dividend distribution plan within the three years after the A Share Offering; (5) the proposal on stabilizing the price of the A Shares of the Company after the A Share Offering; (6) the proposal on

commitments in relation to the A Share Offering and the introduction of corresponding restraining measures; (7) the proposal on the dilution of immediate returns and the remedial measures on the A Share Offering; (8) the proposal on amending the Articles of Association of the Company and the rules of procedure of the general meeting, the Board of Directors and the board of supervisory of the Company for the purpose of the A Share Offering; (9) the proposal on the relevant internal control rules of the Company for the purpose of the A Share Offering; (10) the proposal on the appointments of the relevant intermediary agencies of the A Share Offering; and (11) the proposal on the validity period of the resolutions on the A Share Offering. Details of the other resolutions relating to the A Shares Offering that were approved at the meeting of the Board on January 3, 2019 and that are subject to approvals by the Shareholders in the EGM and the Class Meetings, together with the impact of the A Share Offering on the shareholding structure of the Company, will be set out in the circular to be dispatched to the Shareholders in due course.

The A Share Offering may or may not proceed to completion. Shareholders and potential investors are advised to exercise caution in dealing in the H Shares. The Company will disclose further details and development with respect to the A Share Offering as necessary in due course. This announcement appears for information purposes only and does not constitute an invitation or an offer to acquire, purchase or subscribe for the securities of the Company.

1. PROPOSED A SHARE OFFERING

On January 3, 2019, the Board resolved to submit at the EGM and the Class Meetings resolutions for approval, relating to, amongst other things, the proposed submission of applications for the A Share Offering to the relevant securities regulatory authorities pursuant to the Company Law, the Securities Law of the PRC and other relevant laws, regulations and regulatory documents. Details of the plan for the A Share Offering are as follows:

1.1 Type of the proposed issuance

RMB ordinary shares (A Shares).

1.2 Par value of the proposed issuance

The par value of the shares proposed to be issued is RMB1.00 each.

1.3 Offering size

The total number of A Shares for the A Share Offering will be no more than 17.80 million shares (such number will be adjusted accordingly if ex-rights events such as stock dividend and transfer of capital reserve into capital occur prior to the A Share Offering), accounting for 10.01 % of the Company's total issued share capital after the A Share Offering. The Company and the lead underwriter may use the over-allotment option, and the over-allotment quantity shall not exceed 15% of the size of the A Share Offering. The A Shares are all new shares, not involving the transfer of old shares. The actual number of A Shares available and the specific plan of the over-allotment option under the A Share Offering will be determined by the sponsor(s) and the Board as authorized by the EGM and Class Meetings and upon approvals of the relevant securities regulatory authorities and with reference to market situation.

1.4 Pricing methodology

The issue price will be determined by the sponsor(s) and the Board as authorized by the EGM and Class Meetings through preliminary enquiries or other means approved by the relevant securities regulatory authorities and the listed local stock exchanges of the PRC.

1.5 Place of listing

Shanghai Stock Exchange or Shenzhen Stock Exchange, determined by the Board as authorized by the EGM and Class Meetings of the Company and upon approvals of the relevant securities regulatory authorities and with reference to market situation.

1.6 Target subscribers

The target subscribers of the A Share Offering are qualified individuals, legal persons and other institutional investors (except those prohibited by the PRC laws and regulations).

In the event that any subscriber of the A Shares is a connected person of the Company, the Company will take every reasonable step to comply with the relevant requirements under the listing rules of the listing place.

1.7 Method of issuance

The Company will adopt a combination of off-line book building and placement to the inquiring subscribers and on-line application or other offering methods approved by the relevant securities regulatory authorities.

1.8 Method of underwriting

The underwriting syndicate organized by the lead underwriter(s) will underwrite the A Shares Offering by way of standby commitment.

1.9 Use of proceeds to be raised

The proceeds raised from the A Share Offering, after deducting relevant expenses, will be used in the development of the Company's main business. According to the Company's development goals, the proceeds raised by the issuance will be prioritised to be used for the following projects:

No.	Project Name	Total Project Proceeds to be	
		Investment (RMB '000)	invested (RMB '000)
1	International Medical Research and Development and Industrialization Project by Shanghai Haohai Biological Technology Co., Ltd.* in Shanghai(上海昊海生科國際醫藥研發及產業化項目)	2,165,200	1,284,130
2	Replenishment of working capital	<u>200,000</u>	<u>200,000</u>
	Total		<u>1,484,130</u>

If the actual proceeds raised from the A Share Offering are more than the amount required for the above projects, the excess portion will be used in the development of the Company's main business, after having completed the necessary procedures required by the relevant regulations. If the actual proceeds raised from the A Share Offering are less than the amount required for the above projects, the shortfall will be funded by the Company separately.

Before the proceeds of the A Share Offering are made available, the Company will fund the above projects in accordance with the progress of these projects. When the proceeds of the A Share Offering subsequently become available, the Company will substitute the previous funds used by it with the funds raised from the A Share Offering, and then use the remaining proceeds to fund the projects.

1.10 Validity period of the resolution

The valid period of the resolutions on the A Share Offering is 12 months from the date when the resolutions are considered and approved by the Shareholders at the EGM and the Class Meetings.

The A Share Offering is subject to the Shareholders' approval at the EGM and the Class Meetings, as well as the approvals of the relevant securities regulatory authorities. Under the Listing Rules, no Shareholders are required to abstain from voting at the EGM and the Class Meetings.

1.11 Form of the Company

The Company shall be converted into a joint stock company with limited liability which has offered and listed shares domestically in the PRC and overseas.

1.12 Rights of the holders of the A Shares

Except as otherwise stipulated in laws, regulations and other normative documents and the Articles of Association, the holders of A Shares to be issued will rank *pari passu* in all respects with the existing Domestic Shareholders, and H Shareholders.

2. OTHER RESOLUTIONS RELATING TO THE A SHARE OFFERING

Other resolutions relating to the A Share Offering were passed at the meeting of the Board on January 3, 2019, including, amongst other things, (1) the proposal on the use of the proceeds to be raised by the A Share Offering and the feasibility analysis; (2) the proposal on granting authorization to the Board to handle the Company's application for the A Share Offering and related matters; (3) the proposal on the distribution of the accumulated undistributed profits before the A Share Offering; (4) the proposal on the dividend distribution plan within the three years after the A Share Offering; (5) the proposal on stabilizing the price of the A Shares of the Company after the A Share Offering; (6) the proposal on commitments in relation to the A Share Offering and the introduction of corresponding restraining measures; (7) the proposal on the dilution of immediate returns and the remedial measures on the A Share Offering; (8) the proposal on amending the Articles of Association and the rules of procedure of

the general meeting, the Board of Directors and the board of supervisory of the Company for the purpose of the A Share Offering; (9) the proposal on the relevant internal control rules of the Company for the purpose of the A Share Offering; (10) the proposal on the appointments of the relevant intermediary agencies of the A Share Offering; and (11) the proposal on the validity period of the resolutions on the A Share Offering. Details of the other resolutions relating to the A Shares Offering that were approved at the meeting of the Board on January 3, 2019 and that are subject to approvals by the Shareholders in the EGM and the Class Meetings, together with the impact of the A Share Offering on the shareholding structure of the Company, will be set out in the circular to be dispatched to the Shareholders in due course.

3. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION FOR THE PURPOSE OF THE PROPOSED A SHARE OFFERING

The proposed amendments to the Articles of Association are intended to improve and enhance the corporate governance of the Company and to ensure compliance by the Company with the relevant laws and regulations of the PRC and the listing rules of the listing places. The main proposed amendments to the Articles of Association to be effective from the date when the A Shares Offering and the listing thereunder are completed include, inter alia, provisions to reflect the change in the shareholding structure as a result of the proposed A Share Offering and provisions which are mandatory for or relevant to the listing of the A Shares. Upon completion of the A Share Offering, the actual number of A Shares issued will be ascertained and the shareholding structure of the Company will change as a result of the A Shares issued under the A Share Offering. Such changes will have to be reflected in the Articles of Association, and cannot be ascertained unless and until the A Share Offering has been completed. The Board will, pursuant to the authorization granted by the Shareholders at the general meetings, fill in the relevant information in the Articles of Association after the completion of the A Share Offering.

4. BENEFITS OF AND REASONS FOR THE PROPOSED A SHARE OFFERING

Through issuing shares and listing domestically in the PRC, the Company expands diversified financing channels to enrich the company's financing choices. Distribution networks, marketing activities and business partnerships of the Company are primarily focused on the domestic market. The Company will further enhance its brand awareness and influence in the domestic market through its issuance of shares and public listing.

Furthermore, the sustained attention from domestic investment institutions and the media also helps gaining understanding, confidence and support for the Company from the relevant parties.

The Directors consider that the A Share Offering is in the best interests of the Company and the Shareholders as a whole. Each of the above resolutions is necessary for the proposed A Share Offering.

5. FUND RAISING ACTIVITIES

As of the date of this announcement, the Company has not conducted any fund raising activities in relation to the issue of equity securities of the Company in the 12 months immediately preceding the date of this announcement.

6. THE EGM, THE DOMESTIC SHAREHOLDERS' CLASS MEETING AND THE H SHAREHOLDERS' CLASS MEETING

The proposed A Share Offering is to be made pursuant to the specific mandate to be obtained from the Shareholders at the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting and is subject to the approvals from the relevant securities regulatory authorities.

A circular containing, amongst other things, details of the aforesaid proposal for the A Share Offering and other relevant resolutions will be dispatched to the Shareholders in accordance with the Listing Rules and the Articles of Association in due course.

The A Share Offering may or may not proceed to completion. Shareholders and potential investors are advised to exercise caution in dealing in the H Shares. The Company will disclose further details and development with respect to the A Share Offering in due course. This announcement is for information purposes only and does not constitute an invitation or an offer to acquire, purchase or subscribe for the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“A Share(s)”	ordinary share(s) that are proposed to be issued under the A Share Offering by the Company, with a nominal value of RMB1.00 each, which will be listed on the Shanghai Stock Exchange or Shenzhen Stock Exchange and traded in RMB
“A Share Offering”	the Company’s proposed initial public offering of not more than 17.80 million A Shares which are to be listed on the Shanghai Stock Exchange or Shenzhen Stock Exchange, and to issue A Shares upon the exercise of the over allotment option (if any)
“Articles of Association”	the Articles of Association of the Company, as amended, revised or supplemented from time to time
“Board” or “Board of Directors”	the board of directors of the Company
“Class Meetings”	the Domestic Shareholders’ Class Meeting and the H Shareholders’ Class Meeting
“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 established in the PRC with limited liability and the H Shares of which are listed on the Hong Kong Stock Exchange (Stock Code: 06826)
“Company Law”	the Company Law of the PRC (中華人民共和國公司法), as enacted and adopted by the Standing Committee of the Eighth National People’s Congress on 29 December 1993 and effective on 1 July 1994, as the same may be amended, supplemented and otherwise modified from time to time
“Director(s)”	the director(s) of the Company

“Domestic Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and are unlisted Shares which are currently not listed or traded in any stock exchange
“Domestic Shareholders”	holders of the Domestic Shares
“Domestic Shareholders’ Class Meeting”	the 2019 first domestic shareholders’ class meeting of the Company to be held at 24/F, WenGuang Plaza, No. 1386 Hongqiao Road, Changning District, Shanghai, PRC at 10:30 a.m. on Monday, February 18, 2019 (or immediately after the conclusion or adjournment of EGM) or any adjournment thereof
“EGM”	the extraordinary general meeting of the Company to be held at 24/F, WenGuang Plaza, No. 1386 Hongqiao Road, Changning District, Shanghai, PRC at 9:30 a.m. on Monday, February 18, 2019 or any adjournment thereof
“H Share(s)”	overseas-listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars
“H Shareholders”	holders of the H Shares
“H Shareholders’ Class Meeting”	the 2019 first H Shareholders’ class meeting of the Company to be held at 24/F, WenGuang Plaza, No. 1386 Hongqiao Road, Changning District, Shanghai, PRC at 11:30 a.m. on Monday, February 18, 2019 (or immediate after the conclusion or adjournment of the Domestic Shareholders’ Class Meeting) or any adjournment thereof
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Shanghai, PRC

January 3, 2019

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*