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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)**

**DISCLOSEABLE TRANSACTION  
PARTICIPATION IN THE ESTABLISHMENT OF A CHINA  
INVESTMENT FUND**

The Board is pleased to announce that on 6 November 2017 (after trading hours), the Company entered into a Limited Partnership Agreement with the General Partner, pursuant to which the Company agreed to make a capital commitment of RMB890,000,000 in the Fund as Limited Partner.

As the applicable percentage ratios as defined under the Listing Rules in relation to the Investment are more than 5% but less than 25%, the Investment constitutes a discloseable transaction on the part of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

**ENTERING INTO THE LIMITED PARTNERSHIP AGREEMENT AND  
ESTABLISHMENT OF THE FUND**

The Board is pleased to announce on 6 November 2017 (after trading hours), the Company entered into a Limited Partnership Agreement with the General Partner, pursuant to which the Company agreed to make a capital commitment of RMB890,000,000 in a newly established Fund as a Limited Partner. A summary of the major terms of the Limited Partnership Agreement is set out below.

**Name of the Fund:** 長興桐睿投資合夥企業(有限合夥) Changxing Tongrui Investment Partnership Enterprise (Limited Partnership)\* (subject to the approval of local authority of Administration of Industry and Commerce)

- Term of the Fund:** The Fund's term ("Term") is three years from the Date of Establishment of the Fund. The partnership term is the same as the Term of the Fund. The Term may be extended for two years upon unanimous decision by the Partners.
- Purpose of the Fund:** The Fund will make investments within the parameters as prescribed in the Limited Partnership Agreement and subject to the requirements of applicable laws and regulations, for the purpose of achieving good return on investment for all Partners.
- Payment of capital contribution:** Subject to the relevant provisions under the Limited Partnership Agreement, the Company shall pay RMB10,000,000 and the General Partner shall pay RMB1,000,000 as the first round of capital contribution to the Fund within fifteen (15) working days from the Date of Establishment, and subsequent capital contributions shall be called by the General Partner when decisions on investment projects have been made. In any case, all outstanding capital contributions shall be paid to the Fund within three (3) years of the Date of Establishment.
- Distributions of investment proceeds:** Distributions will initially be allocated to the Company and the General Partner in proportion to their respective paid-up capital contributions to the Fund. For surplus distributable proceeds in excess of the respective paid-up capital contributions of the Company and the General Partner, such amounts will be distributed according to the ratio of 20% to the Fund Manager and 80% to the Partners. Such 80% of the proceeds obtained by the Partners is distributed in proportion to the amount of the paid-up capital by them.

**Management of the Fund:**

The Fund Manager (the Executive Business Partner) shall (a) have responsibility for the operation of the Fund and the management and conduct of the business and affairs of the Fund subject to the terms of the Limited Partnership Agreement; (b) establish the Investment Committee which has the final decision right to make relevant investment and exit decisions for the Fund in accordance with the Limited Partnership Agreement; and (c) act on behalf of the Fund in external relations and execute partnership business. Details of the management arrangements of the Fund were particularized pursuant to an entrustment management agreement to be entered into between the Fund and the General Partner (i.e. Fund Manager) on a date after the establishment of the Fund.

**Fund Fees:**

Fund Fees include (i) management fees of the Fund Manager, (ii) Fund custodian fees, and (iii) operating expenses of the Fund (including government taxes and fees). The management fees payable are 1.5% of the Fund's aggregate paid-up capital contributions, and is payable by the Fund to the General Partner as the Fund Manager within fifteen (15) working days after the end of each year, and within five (5) working days after the Term. The Fund custodian fees and operating expenses of the Fund are payable by the Fund from time to time pursuant to the terms of the Limited Partnership Agreement.

**Transferability:**

The Company (as the Limited Partner) shall be entitled to transfer all or any part of its interest upon unanimous decision of each and every Partner of the Fund.

**INFORMATION OF THE FUND**

The Fund is a limited partnership enterprise organized under the Partnership Law of the PRC. The Fund would principally invest in areas of medicine, medical health and big data, medical apparatus, high-end medical equipment, smart medical devices, bio-material and related sectors, and seeking investment opportunities with higher investment value in appropriate sectors. As the Fund has not been established yet, no financial information nor past performance of the Fund is available to be set out in this announcement.

The Partners and their respective capital contributions are as follows:

	<b>Capital contribution</b>	
	<b>amount</b>	
	<i>RMB</i>	<i>Attributable</i>
	<i>(million)</i>	<i>percentage</i>
The Company (as the Limited Partner):	890	98.89%
The General Partner:	<u>10</u>	<u>1.11%</u>
Total:	<u><u>900</u></u>	<u><u>100%</u></u>

The total Fund size of RMB900 million is determined based on arms-length negotiation between the Partners. The Company as the Limited Partner intended to make capital contribution to the Fund with the internal resources of the Group.

## **INFORMATION OF THE PARTNERS IN THE LIMITED PARTNERSHIP AGREEMENT**

### **The General Partner**

The General Partner is a private fund manager registered with the Asset Management Association of China. The General Partner (the Fund Manager) and its subordinate Investment Committee will be responsible for the business and ordinary operation and management of the Fund, including responsibility for making management, investment and exit decisions subject to the terms of the Limited Partnership Agreement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the General Partner and its ultimate beneficial owner(s) are third parties independent of the Company and not Connected Persons of the Company.

### **The Company (as the Limited Partner)**

The Company's principal business is the manufacture and sale of biologicals, medical hyaluronate, ophthalmology products, research and development of biological engineering, pharmaceutical and ophthalmology products and the provision of related services.

## REASONS FOR AND BENEFITS OF THE INVESTMENT

The Directors believe that the Investment shall broaden and diversify the investment portfolio of the Company in the medical industry and provide the Group with stable investment income. The Directors wish to leverage the professional experience, credentials and resources of the General Partner in order to maximize the strengths of the Fund to bring more extensive growth opportunities to the Company. The Directors consider that the terms of the Limited Partnership Agreement is fair and reasonable and the Investment is in the interest of the Company and Shareholders as a whole.

## IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios as defined under the Listing Rules in relation to the Investment are more than 5% but less than 25%, the Investment constitutes a discloseable transaction on the part of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

Unless the context requires otherwise, the following terms have the following meanings in this announcement:

- “**Board**” means the board of directors of the Company;
- “**Company**” means 上海昊海生物科技股份有限公司 (Shanghai Haohai Biological Technology Co., Ltd.\*), a joint stock company incorporated in the People’s Republic of China with limited liability, whose H Shares are listed on the Stock Exchange under the Stock Code 6826;
- “**Connected Persons**” has the meaning ascribed thereto in the Listing Rules;
- “**Date of Establishment**” the date on which the local authority of Administration of Industry and Commerce issues a business license to the partnership enterprise;
- “**Director(s)**” means the director(s) of the Company;
- “**Fund**” means 長興桐睿投資合夥企業(有限合夥) Changxing Tongrui Investment Partnership Enterprise (Limited Partnership)\*, a limited partnership enterprise organized under the Partnership Law of the People’s Republic of China;

<b>“Fund Manager”</b>	means the General Partner, who is appointed as the manager of the Fund pursuant to the Limited Partnership Agreement and the entrustment management agreement to be entered into between the Fund and the General Partner.
<b>“General Partner/Executive Business Partner”</b>	means 嘉興桐鑫資產管理有限公司 (JiaXing TongXin Asset Management Co., Ltd.*), a company incorporated in the People’s Republic of China with limited liability, which is registered with the Asset Management Association of China as a private fund manager;
<b>“Investment”</b>	means the proposed investment pursuant to the terms and subject to the conditions set out in the Limited Partnership Agreement;
<b>“Investment Committee”</b>	means the investment committee formed under the Limited Partnership Agreement, the members of which are appointed by the General Partner and the Limited Partner on a 4:1 ratio (of which one member represents the Company, one member represents the Fund Manager, and three specialist members are appointed by the Fund Manager) and makes binding investment and exit decisions for the Fund by way of approval by four-fifths or more of the five Investment Committee members;
<b>“Limited Partnership Agreement”</b>	means the limited partnership agreement dated 6 November 2017 entered into between the Company and the General Partner in relation to the Investment;
<b>“Limited Partner”</b>	means the Company;
<b>“Listing Rules”</b>	means the Rules Governing the Listing of Securities on the Stock Exchange;
<b>“Partners”</b>	means the Company and the General Partner, and each a <b>“Partner”</b> ;
<b>“PRC”</b>	means the People’s Republic of China, which for the purpose of this announcement excludes the Hong Kong Special Administration Region, the Macau Special Administrative Region and Taiwan;
<b>“RMB”</b>	means Renminbi, the lawful currency of the PRC;

“Shareholders” holders of Shares of the Company; and  
“Stock Exchange” The Stock Exchange of Hong Kong Limited.

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

Shanghai, the PRC, 6 November 2017

*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*