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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)

(1) UTILISATION OF PART OF THE OVER SUBSCRIPTION PROCEEDS FROM A SHARE OFFERING FOR PERMANENT REPLENISHMENT OF WORKING CAPITAL; (2) PURCHASE LIABILITY INSURANCE FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT; AND (3) PROPOSED GENERAL MANDATE TO REPURCHASE H SHARES

On 30 December 2019, the Board resolved to (i) utilise part of the over subscription proceeds from the A Share Offering for permanent replenishment of working capital; (ii) purchase liability insurance for the Directors, supervisors and senior management of the Company; and (iii) seek approval from the Shareholders to authorize the Board and any of its authorised persons to deal with all matters in connection with the Repurchase Mandate. Such resolutions shall be submitted to the Company's general meeting for consideration and approval.

The Company shall convene the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting for the purpose of, among other things, seeking approval by the Shareholders on the abovementioned proposals.

On 30 December 2019, the Board resolved to (i) utilise part of the over subscription proceeds from the A Share Offering for permanent replenishment of working capital; (ii) purchase liability insurance for the Directors, supervisors and senior management of the Company; and (iii) seek approval from the Shareholders to authorize the Board and any of its authorised persons to deal with all matters in connection with the Repurchase Mandate. Such resolutions shall be submitted to the Company's general meeting for consideration and approval.

UTILISATION OF PART OF THE OVER SUBSCRIPTION PROCEEDS FROM A SHARE OFFERING FOR PERMANENT REPLENISHMENT OF WORKING CAPITAL

Overview of fundraising

As approved by the document “Approval in Relation to Registration of the Initial Public Offering of Shanghai Haohai Biological Technology Co., Ltd” (Zheng Jian Xuke [2019] No.1793) granted by CSRC, the Company was permitted to issue 17,800,000 ordinary shares (A Share) in RMB to the public at an issue price of RMB89.23 per Share. The total amount raised amounted to RMB1,588,294,000. After deducting the issuing expenses, the proceeds amounted to approximately RMB1,529,268,758. The raised funds have been fully received, and have been verified by Ernst & Young Hua Ming LLP (Special General Partnership), which has issued the Capital Verification report (An Yong Hua Ming (2019) Yan Zi No. 60798948_B04). The proceeds are held in dedicated accounts of the Company.

Use of proceeds from the A Share Offering

Details of the use of proceeds from the A Share Offering have been set out in the Company’s overseas regulation announcements published on the Chinese version of the website of the Hong Kong Stock Exchange dated 7 November 2019 and 22 November 2019, respectively.

Plan to utilise part of the over subscription proceeds from the A Share Offering for permanent replenishment of working capital

In order to satisfy the Company’s working capital requirements, for more effective utilisation of the proceeds, to reduce financial cost, to further enhance the Company’s profitability and to safeguard the interest of the Company and the Shareholders, pursuant to relevant regulations such as the “Regulatory Guidance for Listed Companies No. 2 – Regulatory Requirements for the Administration and Use of Proceeds of the Listed Companies” and the “Administrative Measures for Raising Proceeds by Companies Listed on the Shanghai Stock Exchange”, after taking into account the Company’s actual operational needs and its financial conditions, the Company intends to use RMB13,000,000 of the over subscription proceeds from the A Share Offering for permanent replenishment of working capital, mainly as the operating expenses of the Company’s principal business (the “**Utilisation Plan**”).

Undertakings by the Company

The Company undertakes that the amount under the Utilisation Plan will be utilised for the Company’s operating activities relating to the principal business. It will not be used in placing of new shares, share offering or transactions of stocks, derivatives and convertible bonds. The Utilisation Plan does not affect in the intended use of proceeds of the A Share Offering and shall not affect the progress of the projects in which the raised funds are intended to be used (the “**Projects**”).

The Company undertakes that: (i) the amount under the Utilisation Plan will be utilised for the Company’s operating activities relating to the principal business; (ii) the cumulative amount used in every 12 months shall not exceed 30% of the over subscription proceeds; (iii) the Utilisation Plan does not jeopardize the capital requirement of the Projects; and (vi) it will not carry out any high-risk investment or provide financial assistance for third-party entities, within twelve months following the approval of the Utilisation Plan.

The Utilisation Plan is subject to review and approval at the EGM.

PURCHASE LIABILITY INSURANCE FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As provided for in the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules, listed companies should arrange appropriate insurance coverage for potential legal action against its directors.

In order to effectively manage the legal and regulatory risks arising from the performance of the duties by the Directors, supervisors and senior management of the Company, the Company intends to renew liability insurance for its Directors, supervisors and senior management for a period of one year and with an insurance premium of not more than RMB150,000.

It is proposed to the general meeting that the Board shall be authorized to appoint an insurer, determine the insurance clauses and execute the relevant agreements and other specific insurance matters within the aforesaid insurance premium limit and the core insurance coverage. It is further proposed to the general meeting that the Board shall be authorized to determine issues relating to the renewal of liability insurance, including but not limited to appointment of an insurer, determination of the insurance clauses and execution of the relevant agreements and other specific insurance matters, for directors, supervisors and senior management of the Company with annual insurance premium not more than RMB150,000 upon or before expiry of such agreements.

PROPOSED GENERAL MANDATE TO REPURCHASE H SHARES

The Board proposed to seek approval from the Shareholders for the grant of the Repurchase Mandate to the Board to exercise all the powers of the Company to repurchase H Shares with an aggregate amount not exceeding 10% of the total number of H Shares in issue at the time when the relevant resolution is passed at the EGM and the Class Meetings, respectively, in accordance with all applicable laws, regulations, rules and/or requirements of the Hong Kong Stock Exchange or any other relevant governmental or regulatory authorities in the PRC.

The proposed Repurchase Mandate is subject to Shareholders' approval, and a special resolution to consider and approve the proposed Repurchase Mandate will be proposed at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting.

GENERAL

A circular containing further information on the abovementioned proposals, notice of the EGM and notice of the H Shareholders' Class Meeting will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

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

“A Share(s)”	ordinary shares issued under the A Share Offering by the Company, with a par value of RMB1.00 each and listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange and traded in RMB
“A Share Offering”	the Company’s initial public offering of 17.8 million A Shares and listing on the Sci-Tech Innovation Board of the Shanghai Stock Exchange
“A Shareholder(s)”	holder(s) of A Shares
“A Shareholders’ Class Meeting”	the 2020 first A Shareholders’ class meeting of the Company to be held on Friday, 14 February 2020 immediately following the conclusion or adjournment of the EGM
“Articles of Association”	the Articles of Association of the Company, as amended, revised or supplemented from time to time
“Board”	the board of Directors of the Company
“Class Meeting”	the A 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 incorporated in the PRC with limited liability and its H Shares and A shares are listed on the Hong Kong Stock Exchange (Stock Code: 6826) and the Sci-Tech Innovation Board of the Shanghai Stock Exchange (Stock Code: 688366), respectively
“CSRC”	China Securities Regulatory Commission
“Directors”	directors of the Company
“EGM”	the 2020 first extraordinary general meeting of the Company to be held on Friday, 14 February 2020 at 2:00 p.m.
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas-listed foreign share(s) in the share capital of the Company with a par value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange and traded in Hong Kong dollars
“H Shareholder(s)”	holder(s) of H Shares

“H Shareholders’ Class Meeting”	the 2020 first H Shareholders’ class meeting of the Company to be held on Friday, 14 February 2020 immediately following the conclusion or adjournment of the A Shareholders’ Class Meeting
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Repurchase Mandate”	the general mandate to be granted to the Board at the EGM, the A Shareholders’ Class Meeting and the H Shareholders’ Class Meeting to exercise all the power of the Company to repurchase H Shares with an aggregate amount not exceeding 10% of the total number of the H Shares in issue at the time when the relevant resolution proposed for granting such mandate for repurchasing H Shares is passed at the EGM, the A Shareholders’ Class Meeting and the H Shareholders’ Class Meeting, respectively
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	A Share(s) and/or H Share(s)
“Shareholder(s)”	A Shareholder(s) and/or H Shareholder(s)

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

Shanghai, the PRC, 30 December 2019

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. Chen Huabin, Mr. Shen Hongbo, Mr. Zhu Qin and Mr. Wong Kwan Kit.

* For identification purpose only