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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)

PRELIMINARY PRICE CONSULTATION PERIOD OF A SHARE OFFERING AND SUMMARY OF PRINCIPAL PROVISIONS OF THE A SHARE PROSPECTUS

This announcement is made by Shanghai Haohai Biological Technology Co., Ltd.* (the “**Company**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 3 January 2019, 18 April 2019, 16 May 2019, 28 May 2019, 4 June 2019, 4 July 2019, 15 July 2019, 18 July 2019, 23 July 2019 and 29 September 2019, respectively, and the circular of the Company dated 25 February 2019, which include, among other things, matters related to the proposed A Share offering by the Company (the “**A Share Offering**”). Unless otherwise defined, capitalized terms used in this announcement shall have the meanings as defined in the above announcements and the circular.

I. PRELIMINARY PRICE CONSULTATION PERIOD FOR THE A SHARE OFFERING

As disclosed in the announcement of the Company dated 29 September 2019, the CSRC has approved the application for the registration of the A Share Offering of the Company on 27 September 2019. As required by the applicable PRC laws and regulations, the Company and the sponsor (lead underwriter) will conduct preliminary price consultations among inquiry targets who meet the requirements of the PRC laws and regulations on the preliminary price consultation day, being 16 October 2019 (from 9:30 to 15:00), in the PRC to determine the issue price. The Company will make further announcement(s) once the final offering size and issue price of the A Share Offering are determined.

II. PRINCIPAL PROVISIONS OF THE A SHARE PROSPECTUS

The full text of the prospectus in relation to the A Share Offering (the “**A Share Prospectus**”) and the relevant appendices were published by the Company in Chinese only on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.3healthcare.com) on 11 October 2019.

A summary of the principal provisions of the A Share Prospectus is as follows:

1. Summary of the A Share Offering

- (i) Type of shares: RMB ordinary shares (A Shares)
- (ii) Par value per share: RMB1.00
- (iii) Number of shares to be issued: 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 A Shares are all new shares, not involving the transfer of old Shares.
- (iv) Issue price per share: RMB[•••]
- (v) Price earnings ratio of the issue: [•••] times (dividing the issue price by earnings per Share; earnings per share is calculated by dividing the net profit attributable to shareholders of the parent company in 2018 before or after the deduction of the non-recurring profit or loss (whichever is lower) by the total share capital after the A Share Offering)
- (vi) Net asset per Share before the issue: RMB22.33 (calculated by dividing the equity attributable to shareholders of the parent company audited by the accounting firm in accordance with the PRC Accounting Standards as at 30 June 2019 by the total share capital before the A Share Offering)
- (vii) Net asset per Share after the issue: RMB [•••] (calculated by dividing the sum of the equity attributable to shareholders of the parent company and the net proceeds from the A Share Offering audited by the accounting firm in accordance with the PRC Accounting Standards as at 30 June 2019 by the total share capital after the A Share Offering)
- (viii) Price-to-book ratio: [•••] times (calculated by dividing the issue price by the net asset per Share after the A Share Offering)
- (ix) Method of issuance: The shares will be issued in 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
- (x) 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).
- (xi) Underwriting method: Standby underwriting
- (xii) Total proceeds raised: RMB[•••]

(xiii) Net proceeds raised: RMB[•••]

(xiv) Estimated issue expenses: The total issue expenses consist of: underwriting and sponsor fees not expected to exceed 4% of proceeds, audit and paid up capital verification fees of RMB4,780,000, legal fees of RMB2,700,000, fee of information disclosure of RMB3,950,000 and other expenses such as commission fees and printing expenses of RMB375,000

Note : The amounts of issue expenses above do not include value-added tax, and are subject to adjustments in accordance with the issue results.

(xv) The stock exchange for application for listing: The Shanghai Stock Exchange

2. Use of proceeds

Upon the approval at the EGM and the Class Meetings held on Tuesday, 12 March 2019, 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 A Share Offering will be prioritized to be used for the following projects:

No. Project Name	Total Project Investment (RMB'000)	Amount of proceeds to be 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	200,000	200,000
Total		<u>1,484,130</u>

Before the proceeds of the A Share Offering are made available, the Company may 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. If the actual proceeds raised by the A Share Offerings exceed the total investment for these projects, the Company will apply the surplus of the proceeds for the Company's main business upon completion of the required procedures under relevant requirements. If the actual proceeds of the A Share Offering become less than expected, the Company will cover the shortfall with its own fund.

3. Share capital before and after the A Share Offering

Prior to the A Share Offering, the total share capital of the Company is 160,045,300 Shares. The number of A Shares proposed to be issued in respect of the A Share Offering will be up to 17,800,000 A Shares (assuming that the over-allotment option is not exercised), which are all new Shares. Assuming 17,800,000 A Shares are issued under the A Share Offering, the newly issued A Shares under the Offering will represent 10.01% of the total share capital of the Company after the Offering. The following is the shareholding structure of the Company before and after the A Share Offering:

Shareholders	Before the completion of the A Share Offering		After the completion of the A Share Offering	
	Number of Shares	Approximate percentage of the Company's issued share capital	Number of Shares	Approximate percentage of the Company's issued share capital
Domestic Shares ^(Note1)				
Jiang Wei ^(Note2)	44,449,000	27.77%	44,449,000	24.99%
Shanghai Zhanze Corporate Management Partnership Enterprise (Limited Partnership)	6,471,000	4.04%	6,471,000	3.64%
You Jie ^(Note3)	28,800,000	17.99%	28,800,000	16.19%
Lou Guoliang	9,500,000	5.94%	9,500,000	5.34%
Other 19 Domestic Shareholders ^(Note4)	30,780,000	19.24%	30,780,000	17.31%
H Shares	40,045,300	25.02%	40,045,300	22.52%
A Shares to be newly issued pursuant to the A Share Offering	–	–	17,800,000	10.01%
Total	160,045,300	100%	177,845,300	100%

Notes:

- (1) Such Domestic Shares in issue will be converted into domestically listed Shares (A Shares) upon completion of the A Share Offering.
- (2) Before the completion of the A Share Offering, Mr. Jiang Wei is a substantial shareholder (as defined under the Listing Rules) of the Company. Mr. Jiang Wei directly holds 44,449,000 domestic shares in the Company. He is the spouse of Ms. You Jie, the non-executive Director, and therefore he is deemed under the SFO to be interested in the 28,800,000 domestic shares held by Ms. You Jie in the Company. He holds 6,471,000 domestic shares in the Company through his interest in controlling Shanghai Zhanze Corporate Management Partnership Enterprise (Limited Partnership) and Shanghai Zhanxi Corporate Management Co., Ltd., its managing partner.
- (3) Before the completion of the A Share Offering, Ms. You Jie directly holds 28,800,000 domestic shares in the Company. She is the spouse of Mr. Jiang Wei and therefore she is deemed under the SFO to be interested in the 50,920,000 domestic shares held by Mr. Jiang Wei in the Company.
- (4) Other 19 Domestic Shareholders include: Wu Jianying, Hou Yongtai, Peng Jinhua, Huang Ming, Shen Rongyuan, Tao Weidong, Liu Yuanzhong, Wang Wenbin, Fan Jipeng, Wu Ming, Gan Renbao, Chen Yiyi, Zhao Meilan, Shi Xiaoli, Zhong Jingjing, Wu Yazhen, Lu Rujuan, Ling Ting and Changxing Tonghao Investment Partnership Enterprise (Limited Partnership). The other 19 Domestic Shareholders will not hold more than 5% of the total share capital of the Company before and after the A Share Offering respectively.

The above English version of the summary of the principal provisions of the A Share Prospectus is an unofficial translation of its Chinese version. In case of any discrepancies, the Chinese version shall prevail.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company. The Company will keep the Shareholders and potential investors informed of any further development in relation to the A Share Offering in accordance with the Listing Rules and applicable laws and regulations.

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

Shanghai, the PRC
11 October 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 director of the Company is Ms. You Jie; 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*