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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)**

### **CHANGE IN USE OF THE OVER SUBSCRIPTION PROCEEDS AND PROPOSAL ON UTILIZATION OF THE SURPLUS OVER SUBSCRIPTION PROCEEDS**

References are made to the announcements of Shanghai Haohai Biological Technology Co., Ltd.\* (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 3 January 2019, 30 December 2019, and the circulars of the Company dated 25 February 2019 and 21 January 2020 (the “**Circulars**”), which include, among other things, matters related to the A share offering by the Company (the “**A Share Offering**”) and the use of proceeds from A Share Offering. Unless otherwise defined, capitalized terms used in this announcement shall have the meanings as defined in the Circulars.

#### **OVERVIEW OF USE OF PROCEEDS FROM A SHARE OFFERING**

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 the China Securities Regulatory Commission, 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 RMB1,588.2940 million. After deducting the issuing expenses, the proceeds amounted to approximately RMB1,529.2688 million. 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.

According to the proposed use of proceeds from A Share Offering approved by the Shareholders at the extraordinary general meeting held on 12 March 2019, approximately RMB1,284.13 million of the fundraising is planned for 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), RMB200 million is plan for replenishment of working capital. Accordingly, the over subscription proceeds amounted to approximately 45.1388 million. At the extraordinary general meeting held on 14 February 2020, the Shareholders approved that the Company used RMB13 million of the over subscription proceeds for permanent replenishment of working capital, mainly as the operating expenses of the Company’s principal business. For the details of the use of proceeds from A Share Offering as of 31 December 2019, please refer to the “Report of the Directors - Comparison Table of Use of Share Proceeds for 2019 A Share Offering” in 2019 annual report of the Company.

As of the date of this announcement, the above approved over subscription proceeds for permanent replenishment of working capital is approximately RMB13.1104 million (inclusive of interests) and have not been used, and the surplus over subscription proceeds for A Share Offering is approximately RMB32.4118 million (inclusive of interests) (the “**Surplus Over Subscription Proceeds**”).

## **CHANGE IN USE OF THE OVER SUBSCRIPTION PROCEEDS AND PROPOSAL ON UTILIZATION OF THE SURPLUS OVER SUBSCRIPTION PROCEEDS**

In order to fully improve the use efficiency of the proceeds, 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 requirements of the actual operation and development and working capital demand of the Group, the Company intends to use the Surplus Over Subscription Proceeds and the change of the approved over subscription proceeds for permanent replenishment of working capital, a total of RMB45.5222 million (inclusive of interests), to invest the Fengxian-base Phase I construction project of Shanghai Jianhua Fine Biological Products Company Limited\* (“**Jianhua Biological**”) (the “**Jianhua Biological Fengxian-base Project**”).

The total investment amount of Jianhua Biological Fengxian-base Project is approximately RMB185.0021 million, the implementation entity of which is Jianhua Biological, a wholly-owned subsidiary of the Company. Jianhua Biological Fengxian-base Project is to construct the new plant and production lines of Jianhua Biological, in order to deal with the risk that the existing leased property of Jianhua Biological will be required to be demolished due to the government programs. As of the date of this announcement, the Jianhua Biological Fengxian-base Project is in the process of construction, with the accumulated investment of RMB52.7124 million. Other than the over subscription proceeds to be used, any other required investment fund shall be self-raised by the Group.

Pursuant to relevant laws of the People’s Republic of China and the Articles of Associate, the proposal on change in use of the over subscription proceeds and the utilization of the Surplus Over Subscription Proceeds for investing in Jianhua Biological Fengxian-base Project is subject to the approval by an ordinary resolution of the Shareholders at a general meeting. The Company will consider and approve, among other things, the matter in relation to the proposal on change in use of the over subscription proceeds and the utilization of the Surplus Over Subscription Proceeds for investing in Jianhua Biological Fengxian-base Project at the upcoming annual general meeting. A circular containing, among others, details of the proposal on change in use of the over subscription proceeds and the utilization of the Surplus Over Subscription Proceeds for investing in Jianhua Biological Fengxian-base Project will be dispatched to the Shareholders in due course.

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

Shanghai, the PRC, 14 May 2020

*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