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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 CONSTRUCTION CONTRACT IN RELATION TO SHANGHAI HAOHAI BIOTEC INTERNATIONAL MEDICAL RESEARCH AND DEVELOPMENT AND INDUSTRIALIZATION BASE PROJECT (PHASE I)

CONSTRUCTION CONTRACT

The Board is pleased to announce that on 19 November 2019, the Company and Jiangsu Nantong No.2 Construction Engineering (Group) Co., Ltd. (“**NT2C Group**”) entered into a construction contract, pursuant to which, NT2C Group shall be the main contractor for various construction works in relation to the Project, for a total consideration of RMB530 million.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in relation to the Construction Contract are more than 5% but less than 25%, the transaction under the Construction Contract constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but is exempt from the shareholders’ approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to (i) the announcement of the Company dated 3 January 2019 and the circular of the Company dated 25 February 2019 in relation to the extraordinary general meeting, 2019 first domestic shareholders’ class meeting and 2019 first H shareholders’ class meeting which contains, among other things, matters related to the proceeds raised from the A Share Offering by the Company to be mainly invested in the international medical research and development and industrialization project by Shanghai Haohai Biological Technology Co., Ltd., and (ii) the announcement of the Company dated 12 March 2019 in relation to, among other things, the poll results of the said extraordinary general meeting, 2019 first domestic shareholders’ class meeting and 2019 first H shareholders’ class meeting of the Company.

CONSTRUCTION CONTRACT

The Board is pleased to announce that on 19 November 2019, the Company and NT2C Group entered into a construction contract, pursuant to which, NT2C Group shall be the main contractor for various construction works in relation to the Project, for a total consideration of RMB530 million.

Principal Terms of the Construction Contract

Date: 19 November 2019

Parties: the Company (as the principal)

NT2C Group (as the Contractor), a large-scale construction enterprise established in the PRC with special-grade qualification for national building construction project main contracting* (國家房屋建築工程施工總承包特級資質).

The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge, information and belief, the Contractor and its ultimate beneficial owner(s) are third parties independent of the Group and its connected persons (as defined in the Listing Rules).

Name of the Project: Shanghai Haohai Biotec International Medical Research and Development and Industrialization Base Project (Phase I)* (上海昊海生科國際醫藥研發及產業化基地項目(一期))

Place of the Project: Block V-25-1 in Songjiang Industrial Zone, Shanghai, the PRC

Construction Works: Including contracted construction engineering, fire engineering, electric engineering, purification engineering, renovation engineering, environmental protection engineering, power engineering, weak current engineering, landscape engineering, etc. of the Project

Construction Period: Scheduled date of commencement: 28 November 2019

Scheduled date of completion: 27 November 2021

Total Consideration: Total consideration of the Construction Contract is tentatively estimated at RMB530 million, which shall be paid in the following manner:

- (1) within 14 days of the receipt of (i) the invoice for an amount equivalent to the prepayment amount and (ii) the performance guarantee from the Contractor, the Company shall pay the Contractor a prepayment representing 20% of the total consideration of the Construction Contract (the “**Prepaid Amount**”);
- (2) the Company shall pay to the Contractor monthly an amount representing 70% of the approved and actual completed construction work of the previous month (out of which 10% of the approved and actual completed construction work of the previous month shall be deducted from the Prepaid Amount), until the total amount so paid reaches 70% of the total consideration;

- (3) within 28 days after obtaining the formal settlement audit report audited by a construction valuer appointed by the Company, the Company shall pay to the Contractor an additional amount so that the aggregate amount paid to the Contractor reaches 97% of the total settlement price; and
- (4) the remaining 3% of the total settlement price shall be withheld by the Company as retention money which shall be released after two years from the date of signing of the Project acceptance transfer.

The consideration for the Project was arrived at from a tender process whereby invitation to bid for the construction works for the Project was solicited by the Company and the tender submitted by the Contractor was considered the most appropriate after taking into account the tender price and payment terms, as well as the Contractor's background, capacity, qualifications and experiences. Accordingly, the Directors consider that the consideration is fair and reasonable.

Performance Guarantee: Prior to the Construction Contract becoming effective, the Contractor shall produce a demand guarantee issued by a bank listed in the PRC with a guaranteed amount equaling 10% of the total consideration under the Construction Contract. The Company shall return such demand guarantee to the Contractor within 14 days after completion of the construction works.

The Company intends to fund the total consideration of the Construction Contract by the proceeds from its A Share Offering.

REASONS FOR ENTERING INTO THE CONSTRUCTION CONTRACT

The Group is a technological innovation enterprise engaged in research and development (R&D), production and sales of medical devices and pharmaceuticals with applications of bio-medical material technology and genetic engineering technology. In recent years, the Group's main business has maintained sustained growth, but the production capacity of existing products of the main business has been insufficient. The Group intends to construct the relevant plants and ancillary facilities equipped with the corresponding R&D and production equipment in the Project, so as to further strengthen the R&D of new products as well as expand the production capacity of the existing products including medical sodium, medical chitosan and recombinant human epidermal growth factor to meet the increasing market demand. The Board is of the view that entering into the Construction Contract can facilitate the implementation of the Project.

The Directors consider that the terms of the Construction Contract are normal commercial terms, and are fair and reasonable and in the interest of the Group and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in relation to the Construction Contract are more than 5% but less than 25%, the transaction under the Construction Contract constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

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|---------------------------------|---|
| “A Share Offering” | the Company's initial public offering of 17.8 million A Shares and listing on the Sci-Tech Innovation Board of Shanghai Stock Exchange |
| “Board” | the board of Directors of the Company |
| “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 with limited liability incorporated in the PRC and its H shares and A shares are listed on the Stock Exchange (Stock Code: 6826) and the Sci-Tech Innovation Board of Shanghai Stock Exchange (Stock Code: 688366), respectively |
| “Contractor” or “NT2C Group” | Jiangsu Nantong No.2 Construction Engineering (Group) Co., Ltd.* (江蘇南通二建集團有限公司) |
| “Construction Contract” | the contract dated 19 November 2019 entered into between the Company and NT2C Group in respect of various construction works in relation to the Project |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time |
| “PRC” | the People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan |
| “Project” | Shanghai Haohai Biotec International Medical Research and Development and Industrialization Base Project (Phase I)* (上海昊海生科國際醫藥研發及產業化基地項目(一期)) |

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

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

Shanghai, the PRC, 19 November 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*