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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)

ANNOUNCEMENT IN RELATION TO THE PLAN ON REPURCHASE OF A SHARES THROUGH CENTRALIZED BIDDING TRADING

This announcement is made by Shanghai Haohai Biological Technology Co., Ltd. (the “**Company**”) pursuant to Rules 13.09 and 13.10B of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

I. PROPOSAL FOR REPURCHASE OF A SHARES

On 17 August 2023, the board (the “**Board**”) of directors (the “**Directors**”) of the Company received a letter from Dr. Hou Yongtai, an executive Director and the chairman of the Board, in relation to a proposal for the repurchase (the “**Share Repurchase**”) of A shares of the Company (the “**A Shares**”), pursuant to which, Dr. Hou Yongtai proposed the Company to repurchase a portion of issued A Shares by using the Company’s internal funds through centralized bidding trading on the trading system of the Shanghai Stock Exchange (the “**SSE**”).

II. MAIN CONTENTS OF THE REPURCHASE PLAN

Pursuant to the Company Law of the People’s Republic of China (the “**Company Law**”), Securities Law of the People’s Republic of China (the “**Securities Law**”), the Rules on Repurchase of Shares by Listed Companies (《上市公司股份回購規則》), the Self-Regulatory Guidelines No. 7 for Listed Companies on the Shanghai Stock Exchange – Share Repurchases promulgated by the Shanghai Stock Exchange (《上海證券交易所上市公司自律監管指引第7號－回購股份》) and other laws and regulations and the Articles of Association of the Company (the “**Articles of Association**”), the Company held the 14th meeting of the 5th Session of the Board on 24 August 2023, considered and approved the “Plan on the Repurchase of A Shares through Centralized Bidding Trading” (the “**Repurchase Plan**”). The Repurchase Plan is subject to the approval of the shareholders of the Company (the “**Shareholders**”) at a general meeting and class meetings of the Shareholders (the “**General Meeting**” and the “**Class Meetings**” respectively).

A summary of the Repurchase Plan is set out below.

Purpose of the Share Repurchase

Based on the confidence in the Company's development prospects and the recognition of the Company's value, with an aim at enhancing investors' confidence in the Company, promoting the stable and healthy development of the Company, effectively aligning the interests of Shareholders, the Company and employees, the Company intends to repurchase a portion of issued A Shares through centralized bidding trading for use in future employee stock ownership plans or equity incentive schemes to be adopted in due course.

Type of the Shares to be Repurchased

The type of shares to be repurchased is the issued RMB-denominated ordinary A Shares, i.e. the ordinary shares in the share capital of the Company with a par value of RMB1.00 each and listed on the Sci-Tech Innovation Board of the SSE and traded in RMB.

Method of the Share Repurchase

The Company intends to repurchase A Shares on the SSE through centralized bidding trading.

Period of the Share Repurchase

The Company may conduct the Share Repurchase within 12 months from the date of approval of the Repurchase Plan by the Shareholders in the General Meeting and the Class Meetings.

During the implementation period of the Repurchase Plan (the "**Repurchase Period**"), if the trading of the A Shares is suspended for more than 10 consecutive trading days due to the planning of material events, the implementation of the Repurchase Plan shall be postponed and disclosed promptly upon the resumption of trading of A Shares.

The Repurchase Period shall expire early where:

- (i) the funds used for the Share Repurchase reach the upper limit (i.e. RMB200 million) during the Repurchase Period; in such case, the implementation of the Repurchase Plan shall be completed and the Repurchase Period shall expire on such date;
- (ii) the funds used for the Share Repurchase reach the lower limit (i.e. RMB100 million) during the Repurchase Period, and the management of the Company decides to terminate the Repurchase Plan; in such case, the Repurchase Period shall expire on the date when the management of the Company resolves to terminate the Repurchase Plan; or
- (iii) the Board decides to terminate the Repurchase Plan; in such case, the Repurchase Period shall expire on the date when the Board resolves to terminate the Repurchase Plan.

The Company shall not repurchase any A Shares during the following periods:

- (i) within 10 trading days before the publication of the annual report, interim report and quarterly report of the Company. In the circumstance that the date of publication is delayed due to certain reasons, such period shall be calculated from 10 trading days before the original date scheduled to the date before publication;
- (ii) within 10 trading days before the publication of results forecast or preliminary results of the Company;
- (iii) from the date of occurrence of a significant event that may have a relatively significant impact on the trading price of the shares (or during the decision-making process of such events) to the ending of the day following the disclosure of the aforesaid events; and
- (iv) other circumstances as stipulated by the China Securities Regulatory Commission (the “CSRC”) and the SSE.

Use and Quantity of the Shares to be Repurchased, Proportion to the Total Share Capital of the Company

The repurchased A Shares will be fully used for future employee stock ownership plans or equity incentive schemes, and transferred within three years upon the publication of the announcement on the results of the Share Repurchase and the shareholding changes. In the event that the Company fails to fully complete the transfers of such A Shares within three years upon the publication of the announcement on the results of the Share Repurchase and the shareholding changes, the A Shares that have not yet been transferred will be cancelled through relevant legal procedures.

Based on the calculation with reference to the total amount of funds to be used for the Share Repurchase, and the maximum repurchase price of RMB130.00 per A Share, the total number of A Shares expected to be repurchased by the Company is 769,230 A Shares to 1,538,461 A Shares, representing approximately 0.45% to 0.90% of the total share capital of the Company as of the date of this announcement. The ultimate number of A Shares to be repurchased shall be subject to the actual number of A Shares repurchased upon the completion of the Repurchase Plan or the expiry of the Repurchase Period.

Repurchase Price

The repurchase price of the A Shares shall not exceed RMB130.00 per A Share, and the maximum repurchase price shall not exceed 150% of the average trading price of the A Shares for the 30 trading days immediately preceding the date of approval of the Repurchase Plan by the Board. The actual repurchase price shall be determined by the Board during the Repurchase Period with reference to the price of the A Shares, and the financial position and operating conditions of the Company.

If the Company carried out any conversion of capital reserve into share capital, bonus issue, rights issue, share sub-division or consolidation or other events with similar nature during the Repurchase Period, the Company will make corresponding adjustments to the upper limit of the repurchase price pursuant to relevant regulations of the CSRC and the SSE.

Proposed Amount of Funds to be Used for Share Repurchase

The total amount of funds for the Share Repurchase shall be not less than RMB100 million (inclusive) and not more than RMB200 million (inclusive), which will come from the Company's internal resources.

Expected Changes in the Capital Structure of the Company after the Share Repurchase

Based on the total amount of funds to be used for the Share Repurchase, and assuming that all A Shares will be repurchased at the upper limit of the repurchase price of RMB130.00 per A Share, and that all the A Shares repurchased will be used for future employee stock ownership plans or equity incentive schemes and be subject to lock-up, it is expected that the capital structure of the Company will be changed as follows:

Type of shares	Before the Share Repurchase			After the Share Repurchase at the maximum repurchase amount ²			After the Share Repurchase at the minimum repurchase amount ²		
	Number of issued shares	% of issued shares of relevant class	% of total issued shares	Number of issued shares	% of issued shares of relevant class	% of total issued shares	Number of issued shares	% of issued shares of relevant class	% of total issued shares
A Shares									
A Shares subject to trading restrictions	-	-	-	1,538,461	1.11	0.90	769,230	0.56	0.45
A Shares not subject to trading restrictions	138,392,874	100.00	80.80	136,854,413	98.89	79.90	137,623,644	99.44	80.35
H Shares¹	<u>32,895,100</u>	<u>100.00</u>	<u>19.20</u>	<u>32,895,100</u>	<u>100.00</u>	<u>19.20</u>	<u>32,895,100</u>	<u>100.00</u>	<u>19.20</u>
Total issued shares	<u>171,287,974</u>		<u>100.00</u>	<u>171,287,974</u>		<u>100.00</u>	<u>171,287,974</u>		<u>100.00</u>

Notes:

1. 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.
2. The above changes have not taken into account of other factors. The actual number of A Shares to be repurchased and the actual capital structure of the Company will be based on the actual implementation of the Repurchase Plan.

Effect on the Daily Operations, Finances, Research and Development, Profitability, Debt Repayment Ability, Future Development and Maintenance of Listing Status of the Company

As of 30 June 2023, the total assets of the Company amounted to RMB7,254,168,200, the net assets attributable to the owners of the Company amounted to RMB5,709,617,300, and the monetary fund of the Company amounted to RMB2,830,509,900 (the above figures were unaudited and prepared in accordance with the Chinese Accounting Standards for Business Enterprises).

Assuming that the maximum amount of repurchase funds of RMB200 million is fully utilized, the repurchase funds will account for 2.76%, 3.50% and 7.07% of the total assets of the Company, the net assets attributable to owners of the Company and the monetary fund of the Company as of 30 June 2023, respectively.

The Repurchase Plan is not expected to have a significant impact on the daily operation, finance, research and development, profitability, debt repayment ability and future development of the Company. The shareholding structure of the Company after the Share Repurchase shall meet the listing requirements of the SSE as well as the Hong Kong Stock Exchange, and is not expected to affect the listing status of the Company or result in a change in control of the Company.

Explanation on Whether the Directors, Supervisors, Senior Management, Controlling Shareholders, Actual Controller and Repurchase Proposer of the Company are Involved in Trading of Shares of the Company within Six Months Prior to the Board Approving the Resolution on the Share Repurchase and Whether There Were Conflicts of Interest With The Repurchase Plan, Whether They Act Separately or in Collusion with Others in Conducting Insider Trading and Manipulate the Market and Plans to Increase or Reduce Their Shareholdings During the Repurchase Period

On 5 May 2023, the Company completed the vesting registration of the first tranche of new A Shares pursuant to the first attribution tranche of the First Grant under the 2021 Restricted A Share Incentive Scheme. The numbers of A Shares vested to the Directors, supervisors and senior management of the Company are as follows:

Name	Position	Number of vested A Shares
Hou Yongtai	Executive Director	24,260
Wu Jianying	Executive Director	33,964
Tang Minjie	Executive Director	24,260
Chen Yiyi	Executive Director	24,260
Tian Min	Secretary to the Board	7,278
Ren Caixia	Vice general manager	9,704
Wang Wenbin	Vice general manager	9,704
Zhang Jundong	Vice general manager	9,704

On 5 May 2023, the Company issued an announcement on the website of the SSE in relation to Shanghai Zhanze Corporate Management Partnership Enterprise (Limited Partnership)* (上海湛澤企業管理合夥企業(有限合夥), “**Shanghai Zhanze**”), which is controlled by Mr. Jiang Wei, the controlling shareholder and actual controller of the Company, proposing a plan to reduce its holding of A Shares in the share capital of the Company. On 3 July 2023, Shanghai Zhanze sold 1,730,000 A Shares through block trading. As of the date of this announcement, the shareholding reduction plan has not been completed.

Save as disclosed above, there was no trading of A Shares by the Directors, supervisors, senior management, controlling shareholders, actual controller and repurchase proposer of the Company within six months prior to the Board approving the resolution on the Share Repurchase. There were no acts in conducting insider trading and manipulation of the markets by the Directors, supervisors, senior management, controlling shareholders, actual controller and repurchase proposer of the Company.

As at the date of this announcement, the Company has not been informed of any new plan to increase or decrease its holding of the A Shares by the Directors, supervisors, senior management, the controlling shareholders, the actual controller and repurchase proposer of the Company during the Repurchase Period, and the Company is also not aware of any holding of the A Shares reduction plan of other Shareholders holding more than 5% of the A Shares in the next three or six months. If there is any such subsequent new plan for increase or decrease in shareholdings by the above persons, the Company will comply with the information disclosure obligations in a timely manner in accordance with relevant requirements.

Relevant Arrangements for Cancellation or Transfer of A Shares after the Share Repurchase

The repurchased A Shares will be fully used for future employee stock ownership plans or equity incentive schemes to be adopted in due course, and will be transferred by the Company pursuant to the applicable laws and regulations. In the event that the Company fails to complete the transfers of such A Shares within three years after the publication of the announcement on the results of the Share Repurchase and shareholding changes, the A Shares repurchased under the Repurchase Plan remained unused will be cancelled pursuant to the applicable laws, regulations and the authorization from the General Meeting and the Class Meetings.

Relevant Arrangements to Prevent Jeopardising Creditors’ Interests

The Share Repurchase will not affect the normal continuing operations of the Company and will not lead to the Company being insolvent. If the repurchased A Shares are to be cancelled in the future, the Company will then timely perform the relevant decision-making procedures and notify all creditors to fully protect the legitimate rights and interests of the creditors in accordance with the relevant provisions of the Company Law and other laws and regulations.

Specific Authorization from the General Meeting for the Board to Conduct the Share Repurchase

In order to ensure the smooth implementation of the Repurchase Plan, it is proposed that the General Meeting and the Class Meetings authorize the Board to implement the relevant matters of the Repurchase Plan. The scope of authorization includes but is not limited to:

- (i) to set up securities accounts exclusively for the Share Repurchase and to conduct other related business;
- (ii) to adjust or terminate the Repurchase Plan at its discretion in accordance with the Company's actual circumstance, stock price performance or regulatory requirements, etc.;
- (iii) to repurchase A Shares at their discretion during the Repurchase Period, including the making of the decisions as to the the timing, price and quantity of the Share Repurchase, etc.;
- (iv) to make corresponding amendments to the Articles of Association and other relevant documents in accordance with the actual Share Repurchase, and to attend to filing of business registration;
- (v) to handle the relevant reporting and approval matters, including but not limited to authorizing, signing, executing, amending and completing all necessary documents, contracts and agreements in connection with the Share Repurchase;
- (vi) to implement the cancellation of the repurchased A Shares and the reduction of registered capital in accordance with the relevant laws and regulations (if applicable), and to handle related matters; and
- (vii) to handle other matters not specified above but necessary for the Share Repurchase.

This authorization shall be effective for the period commencing on the date of consideration and approval of the Repurchase Plan at the General Meeting and the Class Meetings and ending on the date of completion of the abovementioned matters. Under the above authorization matters and within the validity period, except for those matters that are required to be re-resolved by the General Meeting or the Class Meetings or the Board according to the relevant laws and regulations and the Articles of Association, the Board may authorize the management of the Company to handle the matters relating to the Share Repurchase on behalf of the Board.

III. OPINIONS OF INDEPENDENT NON-EXECUTIVE DIRECTORS IN RELATION TO ISSUES SUCH AS THE COMPLIANCE, NECESSITY, JUSTIFICATION AND FEASIBILITY OF THE REPURCHASE PLAN

1. The Repurchase Plan is in compliance with the Company Law, the Securities Law, the Rules on Repurchase of Shares by Listed Companies (《上市公司股份回購規則》), the Self-Regulatory Guidelines No. 7 for Listed Companies on the Shanghai Stock Exchange – Share Repurchases promulgated by the Shanghai Stock Exchange (《上海證券交易所上市公司自律監管指引第 7 號 – 回購股份》) and other laws and regulations and the Articles of Association, and the voting procedures at the Board meeting at which the matter was considered were legal and in compliance with the relevant laws, regulations and the Articles of Association.
2. The shares to be repurchased are intended to be used for the employee stock ownership plans or equity incentive schemes, which is beneficial to further improve the long-term incentive mechanism, fully motivate the employees and promote the healthy and sustainable development of the Company.
3. The Share Repurchase will be funded by the Company’s internal resources, which has a relatively small impact to the Company’s relevant financial indicators, and will not have any material effect on the Company’s operations, finance and future development. After the completion of the Share Repurchase, the Company’s equity distribution meets the conditions of a listed company and will not affect the Company’s listing status.
4. The Share Repurchase will be implemented through centralized bidding trading, and will not prejudice the interests of the Company and all its Shareholders, especially the interests of the minority Shareholders.

Based on the above, the independent non-executive Directors are of the view that the Repurchase Plan is legal, compliant, necessary and feasible, and without prejudice to the interests of the Company and all its Shareholders, especially the interests of the minority Shareholders. Therefore, the independent non-executive Directors agreed to the Repurchase Plan and its submission to be considered in the General Meeting and the Class Meetings.

IV. RISK OF UNCERTAINTY FOR THE REPURCHASE PLAN

1. The Repurchase Plan is subject to Shareholders’ approval by way of special resolutions at the General Meeting and the Class Meetings;
2. There is a risk that the price of the A Shares will exceed the upper limit of the repurchase price during the Repurchase Period continuously, resulting in the Repurchase Plan not being able to be implemented successfully;
3. There is the risk that the Repurchase Plan may not be implemented successfully or be adjusted or terminated in accordance with the relevant rules owing to the occurrence of events which may materially affect the price of the Company’s shares, or any material changes to the Company’s production, operation, financial situation, external objective circumstances, or other events which may cause the Board to terminate the Repurchase Plan;

4. In the event that the Company fails to implement the employee stock ownership plans or equity incentive schemes or fully use the repurchased A Shares within the time limit prescribed by the relevant laws and regulations, it is subject to the risk of cancellation of the A Shares that have not yet been transferred; and
5. If new regulatory documents relating to the Share Repurchase are promulgated, there is a risk that the Repurchase Plan might be adjusted accordingly pursuant to the new regulatory rules during the Repurchase Period.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

V. GENERAL MEETING, CLASS MEETINGS AND CIRCULAR

The Company will respectively convene an extraordinary general meeting, A Shareholders' class meeting and H Shareholders' class meeting on 15 September 2023 at which approval will be sought from the Shareholders by way of special resolutions for, among other things, (i) the proposed Repurchase Plan; and (ii) the proposed authorization to the Board and its authorized persons to handle matters relating to the Repurchase Plan.

A circular containing, among other things, the details of the above resolutions will be despatched to the Shareholders in due course, for their consideration, discretionary approval and grant of authorization on the above matters at the forthcoming General Meeting and Class Meetings.

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

Shanghai, the PRC, 24 August 2023

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. Guo Yongqing, Mr. Jiang Zhihong, Mr. Su Zhi, Mr. Yang Yushe and Mr. Zhao Lei.

* *For identification purpose only*